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HOUSE BILL NO. 2874**AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the House Committee on Finance
on January 31, 2007)

(Patron Prior to Substitute—Delegate McEachin)

*A BILL to amend the Code of Virginia by adding a section numbered 58.1-622.1, relating to sales and use tax; dealer discount for use of certified software products.***Be it enacted by the General Assembly of Virginia:****1. That the Code of Virginia is amended by adding a section numbered 58.1-622.1 as follows:***§ 58.1-622.1. Dealer discount offered for use of certified software products.**A. Notwithstanding the provisions of §§ 58.1-605, 58.1-606, and 58.1-622, for purposes of compensating a dealer holding a certificate of registration under § 58.1-613 for accounting for the taxes imposed by §§ 58.1-605 and 58.1-606 using a certified software product, such dealer shall be allowed the following percentages of the tax levied under §§ 58.1-605 and 58.1-606 and accounted for in the form of a deduction in submitting his return and paying the amount due by him if the amount due was not delinquent at the time of payment.*

<i>Monthly Taxable Sales</i>	<i>Percentage</i>
<i>\$ 0 to \$62,500</i>	<i>4%</i>
<i>\$ 62,501 to \$208,000</i>	<i>3%</i>
<i>\$ 208,001 and above</i>	<i>2%</i>

*The discount allowed by this subsection shall be computed according to the schedule provided, regardless of the number of certificates of registration held by a dealer. The discount, including any discounts allowed under this section in previous months, shall not exceed the purchase price of the certified software product.**B. Each dealer shall annually certify to the Department of Taxation the use of a certified software product to be eligible for the discount granted under this section.**C. For purposes of this section, "certified software product" means any software product that has been certified by the Department of Taxation as suitable for accounting for the tax imposed by §§ 58.1-605 and 58.1-606 that accurately determines the locality of the taxable transaction.***2. The Department of Taxation, together with representatives from local governments of the Commonwealth, shall develop a list of certified software products, after conducting an evaluation of available tax-related software to determine the accuracy of each program's local tax revenue allocation formula. The Department of Taxation shall develop a list of certified software products and make such list available, both electronically and in hard copy, no later than September 15th of each year beginning in 2007.****3. That the first enactment shall take effect July 1, 2008, for taxable transactions taking place on or after July 1, 2008.**