

**DEPARTMENT OF TAXATION
2007 Fiscal Impact Statement**

1. Patron W. Roscoe Reynolds

2. Bill Number SB 862

3. Committee House Finance

House of Origin:

☐ Introduced

☐ Substitute

☐ Engrossed

4. Title Withholding Tax; Information Furnished

Second House:

☒ In Committee

☐ Substitute

☐ Enrolled

5. Summary/Purpose:

This bill would provide that an individual filing a withholding tax return, through use of an electronic medium, on behalf of an organization is not required to furnish his social security number with the return. The bill would also provide that such a person would be required to provide his name, social security number, wages and taxes withheld in any file or report that includes the same information for all employees of the organization.

The effective date of this bill is not specified.

6. No Fiscal Impact. (See Line 8.)

7. Budget amendment necessary: No.

8. Fiscal implications:

TAX would have no administrative costs to implement this bill. This bill would have no revenue impact.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Current Law

Virginia law does not require individuals filing withholding tax returns on behalf of an organization to provide their social security number with such returns. TAX has general authority to prescribe the forms for all of the taxes it administers. Currently the forms for withholding tax require the taxpayer identification number of the taxpayer, not the officer or employee who signs on behalf of a corporation or other organization.

At one time the registration form for electronic funds transfer (EFT) required that an individual setting up electronic withdrawals from a bank account furnish his social security number. After receiving a complaint about this requirement in December, TAX reexamined the EFT registration process and determined that the use of the social security number could be avoided. TAX has modified the forms and procedures accordingly.

Proposal

This bill would prohibit TAX from requiring that a person filing withholding taxes furnish his social security number when filing such a return using an electronic medium with TAX. The person would have to include his social security number if his own wages and withholding are included in the return.

cc : Secretary of Finance

Date: 2/5/2007 JOC
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