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SENATE BILL NO. 1474

Offered January 21, 2009

A *BILL to amend and reenact § 58.1-622 of the Code of Virginia, and to amend the Code of Virginia by adding a section numbered 58.1-622.1, relating to discounts paid to dealers under the sales and use tax.*

Patron—McEachin

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-622 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding a section numbered 58.1-622.1 as follows:

§ 58.1-622. Discount.

For the purpose of compensating a dealer holding a certificate of registration under § 58.1-613 for accounting for and remitting the tax levied by this chapter, such dealer shall be allowed the following percentages of the first three percent of the tax levied by §§ 58.1-603 and 58.1-604 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.

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

The discount allowed by this section shall be computed according to the schedule provided, regardless of the number of certificates of registration held by a dealer.

No discount shall be paid to any such dealer under this section unless the dealer uses a "certified software product," as defined in § 58.1-622.1, to account for the taxes imposed by this chapter and pursuant to the authority granted under §§ 58.1-605 and 58.1-606. The requirement to use a certified software product to be eligible for the discount under this section shall not be applicable to "small dealers," as defined by guidelines of the Department.

§ 58.1-622.1. Additional dealer discount.

In addition to the discount under § 58.1-622, for purposes of compensating a dealer holding a certificate of registration under § 58.1-613 for accounting for and remitting the taxes imposed pursuant to §§ 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.

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

The discount allowed by this section shall be computed according to the schedule provided, regardless of the number of certificates of registration held by a dealer. The aggregate discount paid to any dealer pursuant to this section, including any discounts allowed under this section in previous months, shall not exceed the purchase price of the certified software product.

Any dealer taking a deduction for such discount shall certify to the Department the use of a certified software product in accounting for and remitting the taxes imposed pursuant to §§ 58.1-605 and 58.1-606, when submitting his return for such taxes upon which the deduction has been taken.

For purposes of this section, "certified software product" means any software product that has been certified by the Department 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. The Department shall publish a list of certified software products in hard copy and on its Internet website, and shall periodically, but no less than annually, update such list.

2. That, after conducting an evaluation of available tax-related software to determine the accuracy of each program's local sales and use tax revenue allocation formula, the Department of Taxation shall, in consultation with representatives of the (i) Virginia Association of Counties, (ii) Virginia Municipal League, (iii) Virginia Retail Merchants Association, (iv) Retail Merchants Association of Tidewater Virginia, and (v) Virginia Chamber of Commerce, develop a list of certified software

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58 products as defined in § 58.1-622.1 of the Code of Virginia. The Department shall publish the list
59 in hard copy and on its Internet website, and shall periodically, but no less than annually, update
60 such list. The updated list shall be published no later than January 1st of each year beginning in
61 2010.

62 The Department shall also develop and make publicly available guidelines that implement the
63 provisions of this act. The guidelines, among other items, shall define a "small dealer" for
64 purposes of § 58.1-622 of the Code of Virginia and shall address policies and issues relating to the
65 discount allowed under § 58.1-622.1 for the purchase price of a certified software product. In
66 developing the guidelines, the Department shall consult with the representatives listed in this
67 enactment. The development of the guidelines shall be exempt from the Administrative Process Act
68 (§ 2.2-4000 et seq. of the Code of Virginia).

69 3. That the first enactment of this act shall become effective July 1, 2010, for taxable transactions
70 taking place on or after such date.