

DEPARTMENT OF TAXATION

2010 Fiscal Impact Statement

1. **Patron** Adam P. Ebbin

3. **Committee** House Finance

4. **Title** Individual Income Tax Filing Date

2. **Bill Number** HB 1278

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

TAX understands that the patron will be introducing an amendment in the nature of a substitute for this bill. This fiscal impact statement is applicable to that substitute version.

This bill would change the dates that Virginia individual income tax returns are due from May 1, to April 15, to conform to the federal due dates. This change in due dates would apply to the due dates for income tax returns for individuals and estates and trusts, estimated income tax declaration and payments, and underpayment dates. Currently, these dates are May 1.

This bill would be effective for taxable years beginning on or after January 1, 2010.

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

7. **Budget amendment necessary:** No.

8. **Fiscal implications:**

Administrative Impact

TAX has not assigned any administrative costs to this bill because the changes required by a single bill such as this can be implemented as part of the annual changes to our systems and forms. As stand-alone legislation, TAX considers implementation of this bill as "routine," and does not require additional funding.

TAX will provide specific administrative costs on any legislation that is not "routine." Additionally, TAX will review all state tax legislation likely to be enacted prior to the passage by each house. If the aggregate number of routine bills likely to pass either house is unusually large, it is possible that additional resources will be required. If so, TAX will identify the costs at that time.

Revenue Impact

The bill would change the due dates within the same fiscal year; therefore, this bill would have no revenue impact.

9. Specific agency or political subdivisions affected:

Department of Taxation

Technical amendment necessary: No.

11. Other comments:

Current Law

For federal purposes, individuals and estates and trusts must file income tax returns by April 15. The first federal estimated tax payment must also be made by April 15. Currently, Virginia's due dates are two weeks after the due date of federal returns and federal estimated payments for individuals and estates and trust in order to provide additional time for taxpayers to compute their tax liabilities.

The Virginia income tax return for individuals and estates and trusts must be filed by May 1 of each year for calendar year filers. For taxpayers who file for a taxable year that is not a calendar year, the return is due before the fifteenth day of the fourth month following the close of the taxable year.

For individuals and estates and trusts, if the Virginia tax liability, after subtracting income tax withheld and other allowable credits, is expected to be more than \$150 for a taxable year, such taxpayer must make estimated payments throughout the taxable year. The first payment must be made when the declaration of estimated tax is due on May 1. The payment of estimated tax must be made in four equal installments, with the remaining three payments due on June 15, September 15 and January 15.

The underpayment interest rate is applied to omitted taxes and assessments. The rate that applies beginning during the third month following the taxable year also applies through May 1. The underpayment interest rate is the federal underpayment rate plus two percent. The underpayment interest, which is assessed if the taxpayer has not paid 90 percent of the tax due by the due date of the return, begins to accrue on May 1.

In general, the returns for the tangible personal property tax, the machinery and tools tax, and the merchants' capital tax are due May 1.

Proposal

This bill would change the dates that Virginia individual income tax returns are due from May 1, to April 15, to conform to the federal due dates. This change in due dates would apply to the due dates for income tax returns for individuals and estates and trusts,

estimated income tax declaration and payments, and underpayment dates. Currently, these dates are May 1.

This bill would not change the May 1 due dates for the tangible personal property tax, the machinery and tools tax, and the merchants' capital tax.

This bill would be effective for taxable years beginning on or after January 1, 2010.

cc : Secretary of Finance

Date: 2/2/2010 JKM
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