

# DEPARTMENT OF TAXATION

## 2010 Fiscal Impact Statement

1. **Patron** Mark L. Cole

2. **Bill Number** HB 17

**House of Origin:**

           **Introduced**

           **Substitute**

           **Engrossed**

3. **Committee** Passed House and Senate

4. **Title** Reduce Period of Limitation for Collection  
Action

**Second House:**

           **In Committee**

           **Substitute**

  X   **Enrolled**

### 5. **Summary/Purpose:**

This bill would reduce the period of limitations for TAX to make or institute collection action by levy, proceeding in court, or any other means available to the Tax Commissioner under the laws of the Commonwealth from twenty to ten years from the date of the assessment.

This bill would be effective for assessments dated July 1, 2010 and after.

6. **Fiscal Impact Estimates are:** Preliminary. (See Line 8.)

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

### 8. **Fiscal implications:**

#### Administrative Cost

TAX considers implementation of this bill as "routine," and does not require additional funding.

#### Revenue Impact

In general, some form of collection action is usually taken early on within the current twenty year limitations period. In the event that TAX had an outstanding receivable that was older than 10 years for which no attempted collection action was made, this bill would require TAX to discharge that assessment. Because it is highly unusual for TAX to not have instituted any collection action prior to ten years from the date of assessment, this bill may cause an unknown, but likely very minimal, revenue loss.

### 9. **Specific agency or political subdivisions affected:**

Department of Taxation

10. **Technical amendment necessary:** No.

## 11. Other comments:

### Current Law

For most of the taxes administered by TAX, the period of limitations for TAX to make an assessment is within three years from the last day prescribed by law for the timely filing of the return. In the case of a false or fraudulent return with the intent to evade payment or a failure to file a required return, the period of limitations for TAX to make an assessment is within six years from the last day prescribed by law for the timely filing of the return.

For income tax, the period of limitations for TAX to make an assessment is within three years from the last day prescribed by law for the timely filing of the return. In the case of a false or fraudulent return with the intent to evade payment or a failure to file a required return, there is no period of limitations for TAX to make an assessment.

### Proposal

This bill would reduce the period of limitations for TAX to make or institute collection action from twenty to ten years from the date of the assessment.

This bill would be effective for assessments dated July 1, 2010 and after.

cc : Secretary of Finance

Date: 2/22/2010 JKM  
HB17FER161