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SENATE BILL NO. 84

Offered January 8, 2014

Prefiled December 20, 2013

A BILL to amend and reenact § 58.1-624 of the Code of Virginia, relating to sales and use tax; direct payment of tax to the Department of Taxation.

 Patron—Ruff

 Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That § 58.1-624 of the Code of Virginia is amended and reenacted as follows:****§ 58.1-624. Direct payment permits.**

A. Notwithstanding any other provision of this chapter, the Tax Commissioner may authorize (i) a manufacturer, mine operator, or public service corporation that is a user, consumer, distributor, or lessee to which sales, distributions, leases, or storage of tangible personal property are made under circumstances which normally make it impossible at the time thereof to determine the manner in which such property will be used by such person; or (ii) any person who stores tangible personal property in this Commonwealth for use both within and outside this Commonwealth; or (iii) a provider of satellite television programming, to pay any tax levied by this chapter directly to this Commonwealth and waive the collection of the tax by the dealer. No such authority shall be granted or exercised except upon application to the Tax Commissioner and the issuance by the Tax Commissioner of a direct payment permit. If a direct payment permit is granted, then payment of the tax on all sales, distributions, and leases, including sales, distributions, leases, and storage of tangible personal property and sales of taxable services for use known at the time thereof, shall be made directly to the Tax Commissioner by the permit holder.

B. On or before the twentieth day of each month every permit holder shall make and file with the Tax Commissioner a return for the preceding month in the form prescribed by the Tax Commissioner showing the total value of the tangible personal property so used, the amount of tax due from the permit holder, which amount shall be paid to the Tax Commissioner with such return, and such other information as the Tax Commissioner deems necessary. The Tax Commissioner, upon written request by the permit holder, may grant a reasonable extension of time for making and filing returns and paying the tax. Interest on such tax shall be chargeable on every such extended payment at the rate determined in accordance with § 58.1-15.

C. A permit granted pursuant to this section shall continue to be valid until surrendered by the holder or cancelled for cause by the Tax Commissioner.

D. Persons who hold a direct payment permit which has not been cancelled shall not be required to pay the tax to the dealer as otherwise herein provided. Such persons shall notify each dealer from whom purchases or leases of tangible personal property are made of their direct payment permit number and that the tax is being paid directly to the Tax Commissioner. Upon receipt of such notice, such dealer shall be absolved from all duties and liabilities imposed by this chapter for the collection and remittance of the tax with respect to sales, distributions, leases, or storage of tangible personal property to such permit holder. Dealers who make sales upon which the tax is not collected by reason of the provisions of this section shall maintain records in such manner that the amount involved and identity of each such purchaser may be ascertained.

E. Upon the cancellation or surrender of a direct payment permit, the provisions of this chapter, without regard to this section, shall thereafter apply to the person who previously held such permit, and such person shall promptly so notify in writing dealers from whom purchases, leases, and storage of tangible personal property are made of such cancellation or surrender. Upon receipt of such notice, the dealer shall be subject to the provisions of this chapter, without regard to this section, with respect to all sales, distributions, leases, or storage of tangible personal property thereafter made to such person.

INTRODUCED

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