

**DEPARTMENT OF TAXATION  
2015 Fiscal Impact Statement**

1. **Patron** Richard C. Sullivan, Jr.
3. **Committee** Senate Finance
4. **Title** Payment of Withholding Taxes

2. **Bill Number** HB 2307  
**House of Origin:**  
           **Introduced**  
           **Substitute**  
           **Engrossed**  
  
**Second House:**  
  X   **In Committee**  
           **Substitute**  
           **Enrolled**

**5. Summary/Purpose:**

This bill would allow any employer otherwise subject to the semi-weekly income tax withholding requirements to request a waiver from such requirements, provided that the employer has no more than five employees subject to Virginia income tax withholding. If the Tax Commissioner grants a waiver, the employer would be allowed to file withholding returns and pay the withholding tax on a monthly basis.

The effective date of this bill is not specified.

6. **Budget amendment necessary:** No.
7. **Fiscal Impact Estimates are:** Not available. (See Line 8).
8. **Fiscal implications:**

Administrative Costs

The Department of Taxation ("the Department") considers implementation of this bill as routine, and does not require additional funding.

Revenue Impact

This bill would have a minimal negative General Fund revenue impact, beginning in Fiscal Year 2016. Because the waiver created by this bill would only be claimed by employers with five or fewer employees subject to Virginia income tax withholding, the impact would likely be minimal.

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

Department of Taxation

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

## 11. Other comments:

### Current Law

Currently, if federal law requires an employer to withhold tax from any payment, the Department also requires Virginia income tax withholding from these payments. Filing frequency for income tax withholding payments and returns are based on the following criteria:

- If the employer's withholding liability is less than \$100 per month, its withholding returns and tax payments are due quarterly.
- If the employer's withholding liability is more than \$100 but less than \$1,000, its withholding returns and tax payments are due monthly.
- If the employer's monthly withholding liability is \$1,000 or more, its withholding returns and tax payments are due within three banking days following the close of any period for which the employer is required to deposit federal withholding taxes.

For federal purposes, an employer must generally deposit federal income tax withheld on a semi-weekly basis if the total taxes paid during the prior four calendar quarters exceeded \$50,000. An employer must deposit federal income tax withheld on a monthly basis if such taxes were \$50,000 or less. If an employer has a monthly Virginia withholding liability of \$1,000 or more and files on a semi-weekly basis for federal purposes, it is also required to file on a semi-weekly basis for Virginia purposes.

### Proposed Legislation

This bill would allow any employer otherwise subject to the semi-weekly income tax withholding requirements to request a waiver from such requirements, provided that the employer has no more than five employees subject to Virginia income tax withholding. If the Tax Commissioner grants a waiver, the employer would be allowed to file withholding returns and pay the withholding tax on a monthly basis.

The effective date of this bill is not specified.

cc : Secretary of Finance

Date: 2/12/2015 CWM  
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