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**HOUSE BILL NO. 2801**

Offered January 18, 2019

A *BILL to amend and reenact §§ 58.1-601 and 58.1-602, as they are currently effective, 58.1-604, as it is currently effective and as it may become effective, 58.1-605, as it is currently effective, 58.1-612, 58.1-615, as it is currently effective, 58.1-625, as it is currently effective and as it shall become effective, and 58.1-635, as it is currently effective, of the Code of Virginia and the fourth enactment of Chapter 766 of the Acts of Assembly of 2013; to amend the Code of Virginia by adding a section numbered 58.1-612.1; and to repeal the provisions of Chapter 766 of the Acts of Assembly of 2013 amending §§ 58.1-601, 58.1-602, 58.1-605, 58.1-606, 58.1-612, 58.1-615, and 58.1-635, as they may become effective, and to repeal the seventh and fifteenth enactments of Chapter 766 of the Acts of Assembly of 2013 and the twelfth enactment of Chapter 684 of the Acts of Assembly of 2015, as amended by Chapters 854 and 856 of the Acts of Assembly of 2018, relating to remote sales and use tax collection and sufficient activity by remote sellers and marketplace facilitators as to require registration for sales and use tax collection.*

\_\_\_\_\_  
Patrons—Brewer and Jones, J.C.

\_\_\_\_\_  
Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 58.1-601 and 58.1-602, as they are currently effective, 58.1-604, as it is currently effective and as it may become effective, 58.1-605, as it is currently effective, 58.1-612, 58.1-615, as it is currently effective, 58.1-625, as it is currently effective and as it shall become effective, and 58.1-635, as it is currently effective, of the Code of Virginia and the fourth enactment of Chapter 766 of the Acts of Assembly of 2013 are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 58.1-612.1 as follows:**

**§ 58.1-601. (Contingent expiration date) Administration of chapter.**

A. The Tax Commissioner shall administer and enforce the assessment and collection of the taxes and penalties imposed by this chapter, *including the collection of state and local sales and use taxes from remote sellers and marketplace facilitators.*

B. *In administering the collection of state and local sales and use taxes from remote sellers and marketplace facilitators, the Tax Commissioner shall:*

*1. Provide adequate information to remote sellers and marketplace facilitators to enable them to identify state and local sales and use tax rates and exemptions;*

*2. Provide adequate information to software providers to enable them to make software and services available to remote sellers and marketplace facilitators;*

*3. Ensure that if the Department requires a periodic audit the remote seller or marketplace facilitator may complete a single audit that covers the state and local sales and use taxes in all localities; and*

*4. Require no more than one sales and use tax return per month be filed with the Department by any remote seller or marketplace facilitator or any software provider on behalf of such entities.*

C. For purposes of evaluating the fiscal, economic and policy impact of sales and use tax exemptions, the Tax Commissioner may require from any person information relating to the evaluation of exempt purchases or sales, information relating to the qualification for exempt purchases, and information relating to direct or indirect government financial assistance ~~which~~ *that* the person receives. Such information shall be filed on forms prescribed by the Tax Commissioner.

**§ 58.1-602. (Contingent expiration date) Definitions.**

As used in this chapter, unless the context clearly shows otherwise, ~~the term or phrase:~~

"Advertising" means the planning, creating, or placing of advertising in newspapers, magazines, billboards, broadcasting and other media, including, without limitation, the providing of concept, writing, graphic design, mechanical art, photography and production supervision. Any person providing advertising as defined ~~herein~~ *in this section* shall be deemed to be the user or consumer of all tangible personal property purchased for use in such advertising.

"Amplification, transmission and distribution equipment" means, but is not limited to, production, distribution, and other equipment used to provide Internet-access services, such as computer and communications equipment and software used for storing, processing and retrieving end-user subscribers' requests.

"Business" includes any activity engaged in by any person, or caused to be engaged in by him, with the object of gain, benefit or advantage, either directly or indirectly.

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HB2801

59 "Cost price" means the actual cost of an item or article of tangible personal property computed in the  
60 same manner as the sales price as defined in this section without any deductions therefrom on account  
61 of the cost of materials used, labor, or service costs, transportation charges, or any expenses whatsoever.

62 "Custom program" means a computer program ~~which~~ *that* is specifically designed and developed  
63 only for one customer. The combining of two or more prewritten programs does not constitute a custom  
64 computer program. A prewritten program that is modified to any degree remains a prewritten program  
65 and does not become custom.

66 "Distribution" means the transfer or delivery of tangible personal property for use, consumption, or  
67 storage by the distributee, and the use, consumption, or storage of tangible personal property by a  
68 person ~~who~~ *that* has processed, manufactured, refined, or converted such property, but does not include  
69 the transfer or delivery of tangible personal property for resale or any use, consumption, or storage  
70 otherwise exempt under this chapter.

71 "Gross proceeds" means the charges made or voluntary contributions received for the lease or rental  
72 of tangible personal property or for furnishing services, computed with the same deductions, where  
73 applicable, as for sales price as defined in this section over the term of the lease, rental, service, or use,  
74 but not less frequently than monthly. "Gross proceeds" does not include finance charges, carrying  
75 charges, service charges, or interest from credit extended on the lease or rental of tangible personal  
76 property under conditional lease or rental contracts or other conditional contracts providing for the  
77 deferred payments of the lease or rental price.

78 "Gross sales" means the sum total of all retail sales of tangible personal property or services as  
79 defined in this chapter, without any deduction, except as provided in this chapter. "Gross sales" ~~shall~~  
80 *does* not include the federal retailers' excise tax or the federal diesel fuel excise tax imposed in § 4091  
81 of the Internal Revenue Code if the excise tax is billed to the purchaser separately from the selling price  
82 of the article, or the Virginia retail sales or use tax, or any sales or use tax imposed by any county or  
83 city under § 58.1-605 or 58.1-606.

84 "Import" and "imported" are words applicable to tangible personal property imported into the  
85 Commonwealth from other states as well as from foreign countries, and "export" and "exported" are  
86 words applicable to tangible personal property exported from the Commonwealth to other states as well  
87 as to foreign countries.

88 "In this Commonwealth" or "in the Commonwealth" means within the limits of the Commonwealth  
89 of Virginia and includes all territory within these limits owned by or ceded to the United States of  
90 America.

91 "Integrated process," when used in relation to semiconductor manufacturing, means a process that  
92 begins with the research or development of semiconductor products, equipment, or processes, includes  
93 the handling and storage of raw materials at a plant site, and continues to the point that the product is  
94 packaged for final sale and either shipped or conveyed to a warehouse. Without limiting the foregoing,  
95 any semiconductor equipment, fuel, power, energy, supplies, or other tangible personal property shall be  
96 deemed used as part of the integrated process if its use contributes, before, during, or after production,  
97 to higher product quality, production yields, or process efficiencies. Except as otherwise provided by  
98 law, ~~such term shall~~ *"integrated process" does* not mean general maintenance or administration.

99 "Internet" means collectively, the myriad of computer and telecommunications facilities, which  
100 comprise the interconnected ~~world-wide~~ *worldwide* network of computer networks.

101 "Internet service" means a service that enables users to access proprietary and other content,  
102 information electronic mail, and the Internet as part of a package of services sold to end-user  
103 subscribers.

104 "Lease or rental" means the leasing or renting of tangible personal property and the possession or use  
105 thereof by the lessee or renter for a consideration, without transfer of the title to such property.

106 "Manufacturing, processing, refining, or conversion" includes the production line of the plant starting  
107 with the handling and storage of raw materials at the plant site and continuing through the last step of  
108 production where the product is finished or completed for sale and conveyed to a warehouse at the  
109 production site, and also includes equipment and supplies used for production line testing and quality  
110 control. ~~The term "manufacturing" shall~~ *"Manufacturing" also include* ~~includes~~ the necessary ancillary  
111 activities of newspaper and magazine printing when such activities are performed by the publisher of  
112 any newspaper or magazine for sale daily or regularly at average intervals not exceeding three months.

113 The determination *of* whether any manufacturing, mining, processing, refining or conversion activity  
114 is industrial in nature shall be made without regard to plant size, existence or size of finished product  
115 inventory, degree of mechanization, amount of capital investment, number of employees or other factors  
116 relating principally to the size of the business. Further, "industrial in nature" ~~shall include~~ *includes*, but  
117 *is* not be limited to, those businesses classified in codes 10 through 14 and 20 through 39 published in  
118 the Standard Industrial Classification Manual for 1972 and any supplements issued thereafter.

119 "Modular building" means, but ~~shall is~~ *is* not be limited to, single and multifamily houses, apartment  
120 units, commercial buildings, and permanent additions thereof, comprised of one or more sections that are

121 intended to become real property, primarily constructed at a location other than the permanent site, built  
 122 to comply with the Virginia Industrialized Building Safety Law (§ 36-70 et seq.) as regulated by the  
 123 Virginia Department of Housing and Community Development, and shipped with most permanent  
 124 components in place to the site of final assembly. For purposes of this chapter, a "modular building  
 125 ~~shall~~" *does* not include a mobile office as defined in § 58.1-2401 or any manufactured building subject  
 126 to and certified under the provisions of the National Manufactured Housing Construction and Safety  
 127 Standards Act of 1974 (42 U.S.C. § 5401 et seq.).

128 "Modular building manufacturer" means a person ~~or corporation who~~ *that* owns or operates a  
 129 manufacturing facility and is engaged in the fabrication, construction and assembling of building  
 130 supplies and materials into modular buildings, as defined in this section, at a location other than at the  
 131 site where the modular building will be assembled on the permanent foundation and may or may not be  
 132 engaged in the process of affixing the modules to the foundation at the permanent site.

133 "Modular building retailer" means any person ~~who~~ *that* purchases or acquires a modular building  
 134 from a modular building manufacturer, or from another person, for subsequent sale to a customer  
 135 residing within or outside of the Commonwealth, with or without installation of the modular building to  
 136 the foundation at the permanent site.

137 "Motor vehicle" means a "motor vehicle" as defined in § 58.1-2401, taxable under the provisions of  
 138 the Virginia Motor Vehicles Sales and Use Tax Act (§ 58.1-2400 et seq.) and upon the sale of which all  
 139 applicable motor vehicle sales and use taxes have been paid.

140 "Occasional sale" means a sale of tangible personal property not held or used by a seller in the  
 141 course of an activity for which ~~he~~ *it* is required to hold a certificate of registration, including the sale or  
 142 exchange of all or substantially all the assets of any business and the reorganization or liquidation of  
 143 any business, provided *that* such sale or exchange is not one of a series of sales and exchanges  
 144 sufficient in number, scope and character to constitute an activity requiring the holding of a certificate of  
 145 registration.

146 "Open video system" means an open video system authorized pursuant to 47 U.S.C. § 573 and, for  
 147 purposes of this chapter only, ~~shall~~ *include* Internet service regardless of whether the  
 148 provider of such service is also a telephone common carrier.

149 "Person" includes any individual, firm, copartnership, cooperative, nonprofit membership corporation,  
 150 joint venture, association, corporation, estate, trust, business trust, trustee in bankruptcy, receiver,  
 151 auctioneer, syndicate, assignee, club, society, or other group or combination acting as a unit, body  
 152 politic or political subdivision, whether public or private, or quasi-public, and the plural of ~~such term~~  
 153 ~~shall mean~~ "person" means the same as the singular.

154 "Prewritten program" means a computer program that is prepared, held or existing for general or  
 155 repeated sale or lease, including a computer program developed for in-house use and subsequently sold  
 156 or leased to unrelated third parties.

157 "Railroad rolling stock" means locomotives, of whatever motive power, autocars, railroad cars of  
 158 every kind and description, and all other equipment determined by the Tax Commissioner to constitute  
 159 railroad rolling stock.

160 "*Remote seller*" means any dealer deemed to have sufficient activity within the Commonwealth to  
 161 require registration under § 58.1-613 under the criteria specified in subdivision C 10 of § 58.1-612 or  
 162 any software provider acting on behalf of such dealer.

163 "Retail sale" or a "sale at retail" means a sale to any person for any purpose other than for resale in  
 164 the form of tangible personal property or services taxable under this chapter, and shall include any such  
 165 transaction as the Tax Commissioner upon investigation finds to be in lieu of a sale. All sales for resale  
 166 must be made in strict compliance with regulations applicable to this chapter. Any dealer making a sale  
 167 for resale which is not in strict compliance with such regulations shall be personally liable for payment  
 168 of the tax.

169 The terms "retail sale" and a "sale at retail" ~~shall~~ specifically include the following: (i) the sale or  
 170 charges for any room or rooms, lodgings, or accommodations furnished to transients for less than 90  
 171 continuous days by any hotel, motel, inn, tourist camp, tourist cabin, camping grounds, club, or any  
 172 other place in which rooms, lodging, space, or accommodations are regularly furnished to transients for  
 173 a consideration; (ii) sales of tangible personal property to persons for resale when because of the  
 174 operation of the business, or its very nature, or the lack of a place of business in which to display a  
 175 certificate of registration, or the lack of a place of business in which to keep records, or the lack of  
 176 adequate records, or because such persons are minors or transients, or because such persons are engaged  
 177 in essentially service businesses, or for any other reason there is likelihood that the Commonwealth will  
 178 lose tax funds due to the difficulty of policing such business operations; (iii) the separately stated charge  
 179 made for automotive refinish repair materials that are permanently applied to or affixed to a motor  
 180 vehicle during its repair; and (iv) the separately stated charge for equipment available for lease or  
 181 purchase by a provider of satellite television programming to the customer of such programming.

182 Equipment sold to a provider of satellite television programming for subsequent lease or purchase by the  
183 customer of such programming shall be deemed a sale for resale. The Tax Commissioner is authorized  
184 to promulgate regulations requiring vendors of or sellers to such persons to collect the tax imposed by  
185 this chapter on the cost price of such tangible personal property to such persons and may refuse to issue  
186 certificates of registration to such persons. The terms "retail sale" and a "sale at retail" also shall  
187 specifically include the separately stated charge made for supplies used during automotive repairs  
188 whether or not there is transfer of title or possession of the supplies and whether or not the supplies are  
189 attached to the automobile. The purchase of such supplies by an automotive repairer for sale to the  
190 customer of such repair services shall be deemed a sale for resale.

191 The term "transient" shall does not include a purchaser of camping memberships, time-shares,  
192 condominiums, or other similar contracts or interests that permit the use of, or constitute an interest in,  
193 real estate, however created or sold and whether registered with the Commonwealth or not. Further, a  
194 purchaser of a right or license which entitles the purchaser to use the amenities and facilities of a  
195 specific real estate project on an ongoing basis throughout its term shall not be deemed a transient,  
196 provided, however, that the term or time period involved is for seven years or more.

197 The terms "retail sale" and "sale at retail" shall do not include a transfer of title to tangible personal  
198 property after its use as tools, tooling, machinery or equipment, including dies, molds, and patterns, if (i)  
199 at the time of purchase, the purchaser is obligated, under the terms of a written contract, to make the  
200 transfer and (ii) the transfer is made for the same or a greater consideration to the person for whom the  
201 purchaser manufactures goods.

202 "Retailer" means every person engaged in the business of making sales at retail, or for distribution,  
203 use, consumption, or storage to be used or consumed in the Commonwealth.

204 "Sale" means any transfer of title or possession, or both, exchange, barter, lease or rental, conditional  
205 or otherwise, in any manner or by any means whatsoever, of tangible personal property and any  
206 rendition of a taxable service for a consideration, and includes the fabrication of tangible personal  
207 property for consumers who furnish, either directly or indirectly, the materials used in fabrication, and  
208 the furnishing, preparing, or serving for a consideration of any tangible personal property consumed on  
209 the premises of the person furnishing, preparing, or serving such tangible personal property. A  
210 transaction whereby the possession of property is transferred but the seller retains title as security for the  
211 payment of the price shall be deemed a sale.

212 "Sales price" means the total amount for which tangible personal property or services are sold,  
213 including any services that are a part of the sale, valued in money, whether paid in money or otherwise,  
214 and includes any amount for which credit is given to the purchaser, consumer, or lessee by the dealer,  
215 without any deduction therefrom on account of the cost of the property sold, the cost of materials used,  
216 labor or service costs, losses or any other expenses whatsoever. "Sales price" shall does not include (i)  
217 any cash discount allowed and taken; (ii) finance charges, carrying charges, service charges or interest  
218 from credit extended on sales of tangible personal property under conditional sale contracts or other  
219 conditional contracts providing for deferred payments of the purchase price; (iii) separately stated local  
220 property taxes collected; (iv) that portion of the amount paid by the purchaser as a discretionary gratuity  
221 added to the price of a meal; or (v) that portion of the amount paid by the purchaser as a mandatory  
222 gratuity or service charge added by a restaurant to the price of a meal, but only to the extent that such  
223 mandatory gratuity or service charge does not exceed 20 percent of the price of the meal. Where used  
224 articles are taken in trade, or in a series of trades as a credit or part payment on the sale of new or used  
225 articles, the tax levied by this chapter shall be paid on the net difference between the sales price of the  
226 new or used articles and the credit for the used articles.

227 "Semiconductor cleanrooms" means the integrated systems, fixtures, piping, partitions, flooring,  
228 lighting, equipment, and all other property used to reduce contamination or to control airflow,  
229 temperature, humidity, vibration, or other environmental conditions required for the integrated process of  
230 semiconductor manufacturing.

231 "Semiconductor equipment" means (i) machinery or tools or repair parts or replacements thereof; (ii)  
232 the related accessories, components, pedestals, bases, or foundations used in connection with the  
233 operation of the equipment, without regard to the proximity to the equipment, the method of attachment,  
234 or whether the equipment or accessories are affixed to the realty; (iii) semiconductor wafers and other  
235 property or supplies used to install, test, calibrate or recalibrate, characterize, condition, measure, or  
236 maintain the equipment and settings thereof; and (iv) equipment and supplies used for quality control  
237 testing of product, materials, equipment, or processes; or the measurement of equipment performance or  
238 production parameters regardless of where or when the quality control, testing, or measuring activity  
239 takes place, how the activity affects the operation of equipment, or whether the equipment and supplies  
240 come into contact with the product.

241 "Storage" means any keeping or retention of tangible personal property for use, consumption or  
242 distribution in the Commonwealth, or for any purpose other than sale at retail in the regular course of  
243 business.

244 "Tangible personal property" means personal property ~~which that~~ may be seen, weighed, measured,  
 245 felt, or touched, or is in any other manner perceptible to the senses. ~~The term "tangible "~~*Tangible*  
 246 personal property" ~~shall does~~ not include stocks, bonds, notes, insurance or other obligations or  
 247 securities. ~~The term "tangible "~~*Tangible* personal property" ~~shall include includes~~ (i) telephone calling  
 248 cards upon their initial sale, which shall be exempt from all other state and local utility taxes, and (ii)  
 249 manufactured signs.

250 "Use" means the exercise of any right or power over tangible personal property incident to the  
 251 ownership thereof, except that it does not include the sale at retail of that property in the regular course  
 252 of business. ~~The term "Use"~~ does not include the exercise of any right or power, including use,  
 253 distribution, or storage, over any tangible personal property sold to a nonresident donor for delivery  
 254 outside of the Commonwealth to a nonresident recipient pursuant to an order placed by the donor from  
 255 outside the Commonwealth via mail or telephone. ~~The term "Use"~~ does not include any sale determined  
 256 to be a gift transaction, subject to tax under § 58.1-604.6.

257 "Use tax" refers to the tax imposed upon the use, consumption, distribution, and storage as ~~herein~~  
 258 defined *in this section*.

259 "Used directly," when used in relation to manufacturing, processing, refining, or conversion, refers to  
 260 those activities ~~which that~~ are an integral part of the production of a product, including all steps of an  
 261 integrated manufacturing or mining process, but not including ancillary activities such as general  
 262 maintenance or administration. When used in relation to mining, ~~it shall refer~~ "used directly" *refers* to  
 263 the activities specified ~~above,~~ *in this definition* and, in addition, any reclamation activity of the land  
 264 previously mined by the mining company required by state or federal law.

265 "Video programmer" means a person ~~or entity~~ that provides video programming to end-user  
 266 subscribers.

267 "Video programming" means video and/or information programming provided by or generally  
 268 considered comparable to programming provided by a cable operator, including, but not limited to,  
 269 Internet service.

270 **§ 58.1-604. (Contingent expiration date) Imposition of use tax.**

271 There is hereby levied and imposed, in addition to all other taxes and fees now imposed by law, a  
 272 tax upon the use or consumption of tangible personal property in this Commonwealth, or the storage of  
 273 such property outside the Commonwealth for use or consumption in this Commonwealth, in the amount  
 274 of 4.3 percent:

275 1. Of the cost price of each item or article of tangible personal property used or consumed in this  
 276 Commonwealth. Tangible personal property that has been acquired for use outside this Commonwealth  
 277 and subsequently becomes subject to the tax imposed hereunder shall be taxed on the basis of its cost  
 278 price if such property is brought within this Commonwealth for use within six months of its acquisition;  
 279 but if so brought within this Commonwealth six months or more after its acquisition, such property shall  
 280 be taxed on the basis of the current market value (but not in excess of its cost price) of such property at  
 281 the time of its first use within this Commonwealth. Such tax shall be based on such proportion of the  
 282 cost price or current market value as the duration of time of use within this Commonwealth bears to the  
 283 total useful life of such property (but it shall be presumed in all cases that such property will remain  
 284 within this Commonwealth for the remainder of its useful life unless convincing evidence is provided to  
 285 the contrary).

286 2. Of the cost price of each item or article of tangible personal property stored outside this  
 287 Commonwealth for use or consumption in this Commonwealth.

288 3. A transaction taxed under § 58.1-603 shall not also be taxed under this section, nor shall the same  
 289 transaction be taxed more than once under either section.

290 4. The use tax shall not apply with respect to the use of any article of tangible personal property  
 291 brought into this Commonwealth by a nonresident individual, visiting in Virginia, for his personal use,  
 292 while within this Commonwealth.

293 5. ~~(Contingent repeal date — see note) The use tax shall not apply to out-of-state mail order catalog~~  
 294 ~~purchases totaling \$100 or less during any calendar year.~~

295 **§ 58.1-604. (Contingent effective date) Imposition of use tax.**

296 There is hereby levied and imposed, in addition to all other taxes and fees now imposed by law, a  
 297 tax upon the use or consumption of tangible personal property in this Commonwealth, or the storage of  
 298 such property outside the Commonwealth for use or consumption in this Commonwealth, in the amount  
 299 of three and one-half percent through midnight on July 31, 2004, and four percent beginning on and  
 300 after August 1, 2004:

301 1. Of the cost price of each item or article of tangible personal property used or consumed in this  
 302 Commonwealth. Tangible personal property which has been acquired for use outside this Commonwealth  
 303 and subsequently becomes subject to the tax imposed hereunder shall be taxed on the basis of its cost  
 304 price if such property is brought within this Commonwealth for use within six months of its acquisition;

305 but if so brought within this Commonwealth six months or more after its acquisition, such property shall  
306 be taxed on the basis of the current market value (but not in excess of its cost price) of such property at  
307 the time of its first use within this Commonwealth. Such tax shall be based on such proportion of the  
308 cost price or current market value as the duration of time of use within this Commonwealth bears to the  
309 total useful life of such property (but it shall be presumed in all cases that such property will remain  
310 within this Commonwealth for the remainder of its useful life unless convincing evidence is provided to  
311 the contrary).

312 2. Of the cost price of each item or article of tangible personal property stored outside this  
313 Commonwealth for use or consumption in this Commonwealth.

314 3. A transaction taxed under § 58.1-603 shall not also be taxed under this section, nor shall the same  
315 transaction be taxed more than once under either section.

316 4. The use tax shall not apply with respect to the use of any article of tangible personal property  
317 brought into this Commonwealth by a nonresident individual, visiting in Virginia, for his personal use,  
318 while within this Commonwealth.

319 ~~5. The use tax shall not apply to out-of-state mail order catalog purchases totaling \$100 or less  
320 during any calendar year.~~

321 **§ 58.1-605. (Contingent expiration date) To what extent and under what conditions cities and  
322 counties may levy local sales taxes; collection thereof by Commonwealth and return of revenue to  
323 each city or county entitled thereto.**

324 A. No county, city or town shall impose any local general sales or use tax or any local general retail  
325 sales or use tax except as authorized by this section.

326 B. The council of any city and the governing body of any county may levy a general retail sales tax  
327 at the rate of one percent to provide revenue for the general fund of such city or county. Such tax shall  
328 be added to the rate of the state sales tax imposed by §§ 58.1-603 and 58.1-604 and shall be subject to  
329 all the provisions of this chapter and the rules and regulations published with respect thereto. No  
330 discount under § 58.1-622 shall be allowed on a local sales tax.

331 C. 1. The council of any city and the governing body of any county desiring to impose a local sales  
332 tax under this section may do so by the adoption of an ordinance stating its purpose and referring to this  
333 section, and providing that such ordinance shall be effective on the first day of a month at least 60 days  
334 after its adoption. A certified copy of such ordinance shall be forwarded to the Tax Commissioner so  
335 that it will be received within five days after its adoption.

336 2. *Prior to any change in the rate of any local sales and use tax, the Tax Commissioner shall  
337 provide remote sellers and marketplace facilitators with at least 30 days' notice. Any change in the rate  
338 of any local sales and use tax shall only become effective on the first day of a calendar quarter. Failure  
339 to provide notice pursuant to this section shall require the Commonwealth and the locality to apply the  
340 preceding effective rate until 30 days after notification is provided.*

341 D. Any local sales tax levied under this section shall be administered and collected by the Tax  
342 Commissioner in the same manner and subject to the same penalties as provided for the state sales tax.

343 E. All local sales tax moneys collected by the Tax Commissioner under this section shall be paid  
344 into the state treasury to the credit of a special fund which is hereby created on the Comptroller's books  
345 under the name "Collections of Local Sales Taxes." Such local sales tax moneys shall be credited to the  
346 account of each particular city or county levying a local sales tax under this section. The basis of such  
347 credit shall be the city or county in which the sales were made as shown by the records of the  
348 Department and certified by it monthly to the Comptroller, namely, the city or county of location of  
349 each place of business of every dealer paying the tax to the Commonwealth without regard to the city or  
350 county of possible use by the purchasers. If a dealer has any place of business located in more than one  
351 political subdivision by reason of the boundary line or lines passing through such place of business, the  
352 amount of sales tax paid by such a dealer with respect to such place of business shall be treated for the  
353 purposes of this section as follows: one-half shall be assignable to each political subdivision where two  
354 are involved, one-third where three are involved, and one-fourth where four are involved.

355 F. As soon as practicable after the local sales tax moneys have been paid into the state treasury in  
356 any month for the preceding month, the Comptroller shall draw his warrant on the Treasurer of Virginia  
357 in the proper amount in favor of each city or county entitled to the monthly return of its local sales tax  
358 moneys, and such payments shall be charged to the account of each such city or county under the  
359 special fund created by this section. If errors are made in any such payment, or adjustments are  
360 otherwise necessary, whether attributable to refunds to taxpayers, or to some other fact, the errors shall  
361 be corrected and adjustments made in the payments for the next two months as follows: one-half of the  
362 total adjustment shall be included in the payments for the next two months. In addition, the payment  
363 shall include a refund of amounts erroneously not paid to the city or county and not previously refunded  
364 during the three years preceding the discovery of the error. A correction and adjustment in payments  
365 described in this subsection due to the misallocation of funds by the dealer shall be made within three  
366 years of the date of the payment error.

367 G. Such payments to counties are subject to the qualification that in any county wherein is situated  
 368 any incorporated town constituting a special school district and operated as a separate school district  
 369 under a town school board of three members appointed by the town council, the county treasurer shall  
 370 pay into the town treasury for general governmental purposes the proper proportionate amount received  
 371 by him in the ratio that the school age population of such town bears to the school age population of  
 372 the entire county. If the school age population of any town constituting a separate school district is  
 373 increased by the annexation of territory since the last estimate of school age population provided by the  
 374 Weldon Cooper Center for Public Service, such increase shall, for the purposes of this section, be added  
 375 to the school age population of such town as shown by the last such estimate and a proper reduction  
 376 made in the school age population of the county or counties from which the annexed territory was  
 377 acquired.

378 H. One-half of such payments to counties are subject to the further qualification, other than as set  
 379 out in subsection G ~~above~~, that in any county wherein is situated any incorporated town not constituting  
 380 a separate special school district which has complied with its charter provisions providing for the  
 381 election of its council and mayor for a period of at least four years immediately prior to the adoption of  
 382 the sales tax ordinance, the county treasurer shall pay into the town treasury of each such town for  
 383 general governmental purposes the proper proportionate amount received by him in the ratio that the  
 384 school age population of each such town bears to the school age population of the entire county, based  
 385 on the latest estimate provided by the Weldon Cooper Center for Public Service. The preceding  
 386 requirement pertaining to the time interval between compliance with election provisions and adoption of  
 387 the sales tax ordinance shall not apply to a tier-city. If the school age population of any such town not  
 388 constituting a separate special school district is increased by the annexation of territory or otherwise  
 389 since the last estimate of school age population provided by the Weldon Cooper Center for Public  
 390 Service, such increase shall, for the purposes of this section, be added to the school age population of  
 391 such town as shown by the last such estimate and a proper reduction made in the school age population  
 392 of the county or counties from which the annexed territory was acquired.

393 I. Notwithstanding the provisions of subsection H, the board of supervisors of a county may, in its  
 394 discretion, appropriate funds to any incorporated town not constituting a separate school district within  
 395 such county which has not complied with the provisions of its charter relating to the elections of its  
 396 council and mayor, an amount not to exceed the amount it would have received from the tax imposed  
 397 by this chapter if such election had been held.

398 J. It is further provided that if any incorporated town which would otherwise be eligible to receive  
 399 funds from the county treasurer under subsection G or H of this section be located in a county which  
 400 does not levy a general retail sales tax under the provisions of this law, such town may levy a general  
 401 retail sales tax at the rate of one percent to provide revenue for the general fund of the town, subject to  
 402 all the provisions of this section generally applicable to cities and counties. Any tax levied under the  
 403 authority of this subsection shall in no case continue to be levied on or after the effective date of a  
 404 county ordinance imposing a general retail sales tax in the county within which such town is located.

405 **§ 58.1-612. Tax collectible from dealers; "dealer" defined; jurisdiction.**

406 A. The tax levied by §§ 58.1-603 and 58.1-604 shall be collectible from all persons ~~who~~ *that* are  
 407 dealers, as ~~hereinafter~~ *hereinafter* defined *in this section*, and ~~who~~ *that* have sufficient contact with the  
 408 Commonwealth to qualify under (i) subsections ~~(i)~~ B and C or (ii) *subsections* B and D.

409 B. ~~The term "dealer,"~~ as *As* used in this chapter, ~~shall include "dealer" includes~~ every person ~~who~~  
 410 *that*:

411 1. Manufactures or produces tangible personal property for sale at retail, for use, consumption, or  
 412 distribution, or for storage to be used or consumed in this Commonwealth;

413 2. Imports or causes to be imported into this Commonwealth tangible personal property from any  
 414 state or foreign country, for sale at retail, for use, consumption, or distribution, or for storage to be used  
 415 or consumed in this Commonwealth;

416 3. Sells at retail, or ~~who~~ *that* offers for sale at retail, or ~~who~~ *that* has in ~~his~~ *its* possession for sale at  
 417 retail, or for use, consumption, or distribution, or for storage to be used or consumed in this  
 418 Commonwealth, tangible personal property;

419 4. Has sold at retail, used, consumed, distributed, or stored for use or consumption in this  
 420 Commonwealth, tangible personal property and ~~who~~ *that* cannot prove that the tax levied by this chapter  
 421 has been paid on the sale at retail, the use, consumption, distribution, or storage of such tangible  
 422 personal property;

423 5. Leases or rents tangible personal property for a consideration, permitting the use or possession of  
 424 such property without transferring title thereto;

425 6. Is the lessee or rentee of tangible personal property and ~~who~~ *that* pays to the owner of such  
 426 property a consideration for the use or possession of such property without acquiring title thereto;

427 7. As a representative, agent, or solicitor, of an out-of-state principal, solicits, receives and accepts

428 orders from persons in this Commonwealth for future delivery and whose principal refuses to register as  
 429 a dealer under § 58.1-613; or

430 8. Becomes liable to and owes this Commonwealth any amount of tax imposed by this chapter,  
 431 whether ~~he~~ *it* holds, or is required to hold, a certificate of registration under § 58.1-613.

432 C. A dealer shall be deemed to have sufficient activity within the Commonwealth to require  
 433 registration under § 58.1-613 if ~~he~~ *it*:

434 1. Maintains or has within this Commonwealth, directly or through an agent or subsidiary, an office,  
 435 warehouse, or place of business of any nature;

436 2. Solicits business in this Commonwealth by employees, independent contractors, agents or other  
 437 representatives;

438 3. Advertises in newspapers or other periodicals printed and published within this Commonwealth, on  
 439 billboards or posters located in this Commonwealth, or through materials distributed in this  
 440 Commonwealth by means other than the United States mail;

441 4. Makes regular deliveries of tangible personal property within this Commonwealth by means other  
 442 than common carrier. A person shall be deemed to be making regular deliveries hereunder if vehicles  
 443 other than those operated by a common carrier enter this Commonwealth more than 12 times during a  
 444 calendar year to deliver goods sold by him;

445 5. Solicits business in this Commonwealth on a continuous, regular, seasonal, or systematic basis by  
 446 means of advertising that is broadcast or relayed from a transmitter within this Commonwealth or  
 447 distributed from a location within this Commonwealth;

448 6. Solicits business in this Commonwealth by mail, if the solicitations are continuous, regular,  
 449 seasonal, or systematic and if the dealer benefits from any banking, financing, debt collection, or  
 450 marketing activities occurring in this Commonwealth or benefits from the location in this  
 451 Commonwealth of authorized installation, servicing, or repair facilities;

452 7. Is owned or controlled by the same interests which own or control a business located within this  
 453 Commonwealth;

454 8. Has a franchisee or licensee operating under the same trade name in this Commonwealth if the  
 455 franchisee or licensee is required to obtain a certificate of registration under § 58.1-613; ~~or~~

456 9. Owns tangible personal property that is for sale located in this Commonwealth, or that is rented or  
 457 leased to a consumer in this Commonwealth, or offers tangible personal property, on approval, to  
 458 consumers in this Commonwealth; *or*

459 *10. Receives more than \$250,000 in gross revenue, or other minimum amount as may be required by*  
 460 *federal law, from retail sales in the Commonwealth in the previous or current calendar year, provided*  
 461 *that in determining the amount of a dealer's gross revenues, the sales made by all commonly controlled*  
 462 *persons as defined in subsection D shall be aggregated.*

463 D. A dealer is presumed to have sufficient activity within the Commonwealth to require registration  
 464 under § 58.1-613 (unless the presumption is rebutted as provided herein) if any commonly controlled  
 465 person maintains a distribution center, warehouse, fulfillment center, office, or similar location within the  
 466 Commonwealth that facilitates the delivery of tangible personal property sold by the dealer to its  
 467 customers. The presumption in this subsection may be rebutted by demonstrating that the activities  
 468 conducted by the commonly controlled person in the Commonwealth are not significantly associated  
 469 with the dealer's ability to establish or maintain a market in the Commonwealth for the dealer's sales.  
 470 For purposes of this subsection, a "commonly controlled person" means any person that is a member of  
 471 the same "controlled group of corporations," as defined in § 1563(a) of the Internal Revenue Code of  
 472 1954, as amended or renumbered, as the dealer or any other entity that, notwithstanding its form of  
 473 organization, bears the same ownership relationship to the dealer as a corporation that is a member of  
 474 the same "controlled group of corporations," as defined in § 1563(a) of the Internal Revenue Code of  
 475 1954, as amended or renumbered.

476 E. Notwithstanding any other provision of this section, the following shall not be considered to  
 477 determine whether a person ~~who~~ *that* has contracted with a commercial printer for printing in the  
 478 Commonwealth is a "dealer" and whether such person has sufficient contact with the Commonwealth to  
 479 be required to register under § 58.1-613:

480 1. The ownership or leasing by that person of tangible or intangible property located at the Virginia  
 481 premises of the commercial printer which is used solely in connection with the printing contract with the  
 482 person;

483 2. The sale by that person of property of any kind printed at and shipped or distributed from the  
 484 Virginia premises of the commercial printer;

485 3. Activities in connection with the printing contract with the person performed by or on behalf of  
 486 that person at the Virginia premises of the commercial printer; and

487 4. Activities in connection with the printing contract with the person performed by the commercial  
 488 printer within Virginia for or on behalf of that person.

489 F. In addition to the jurisdictional standards contained in subsections C and D, nothing contained



490 herein ( in this chapter other than in subsection E) shall limit any authority which that this  
 491 Commonwealth may enjoy under the provisions of federal law or an opinion of the United States  
 492 Supreme Court to require the collection of sales and use taxes by any dealer who that regularly or  
 493 systematically solicits sales within this Commonwealth. Furthermore, nothing contained in subsection C  
 494 shall require any broadcaster, printer, outdoor advertising firm, advertising distributor, or publisher which  
 495 broadcasts, publishes, or displays or distributes paid commercial advertising in this Commonwealth  
 496 which is intended to be disseminated primarily to consumers located in this Commonwealth to report or  
 497 impose any liability to pay any tax imposed under this chapter solely because such broadcaster, printer,  
 498 outdoor advertising firm, advertising distributor, or publisher accepted such advertising contracts from  
 499 out-of-state advertisers or sellers.

500 G. (Contingent effective date) Pursuant to any federal legislation that grants states the authority to  
 501 require remote sellers to collect sales and use tax, the Commonwealth is authorized, as permitted by  
 502 such federal legislation, to require collection of sales and use tax by any remote seller, or a single or  
 503 consolidated provider acting on behalf of a remote seller. If the federal legislation has an exemption for  
 504 sellers whose sales are less than a minimum amount, then in determining such amount, the sales made  
 505 by all persons related within the meanings of subsections (b) and (c) of § 267 or § 707(b)(1) of the  
 506 Internal Revenue Code of 1986 shall be aggregated.

507 **§ 58.1-612.1. Tax collectible from marketplace facilitators; "marketplace facilitator" defined.**

508 A. As used in this chapter:

509 "Marketplace facilitator" means a person that facilitates a retail sale by a marketplace seller by (i)  
 510 listing or advertising for sale by a marketplace seller in a marketplace tangible personal property and  
 511 (ii) either directly or indirectly through agreements or arrangements with third parties collecting  
 512 payment from the purchaser and transmitting that payment to the marketplace seller for compensation,  
 513 regardless of whether the marketplace facilitator receives compensation for its services.

514 "Marketplace seller" means a person that is not a commonly controlled person, as defined in  
 515 subsection D of § 58.1-612, to a marketplace facilitator and that makes sales through any physical or  
 516 electronic marketplace operated by such marketplace facilitator, even if such seller would not have been  
 517 required to collect and remit sales and use tax had the sale not been made through such marketplace.

518 B. The tax levied under this chapter shall be collectible from all persons that are marketplace  
 519 facilitators. Nothing in this chapter shall be construed to interfere with the ability of a marketplace  
 520 facilitator and a marketplace seller to enter into an agreement with each other regarding fulfillment of  
 521 the requirements of this chapter.

522 C. A marketplace facilitator shall be required to register under § 58.1-613 if it engages, either  
 523 directly, or indirectly through a commonly controlled person as defined in subsection D of § 58.1-612,  
 524 in any of the following activities:

525 1. Transmitting or communicating an offer or acceptance between a purchaser in Virginia and a  
 526 marketplace seller;

527 2. Owning or operating the infrastructure, whether electronic or physical, or technology that brings  
 528 purchasers and marketplace sellers together; or

529 3. Providing a virtual currency that purchasers are allowed or required to use to purchase products  
 530 from the marketplace seller.

531 D. A marketplace facilitator shall be considered a dealer for purposes of this chapter and shall  
 532 collect the tax imposed by this chapter on all transactions that it facilitates through its marketplace.

533 E. No marketplace seller shall collect sales and use tax on a transaction made through a  
 534 marketplace facilitator's marketplace.

535 F. A marketplace facilitator shall be relieved from liability, including penalties and interest, for the  
 536 incorrect collection or remittance of sales and use tax on transactions it facilitates or for which it is the  
 537 seller if the error is due to reasonable reliance on (i) an invalid exemption certificate provided by the  
 538 marketplace seller or the purchaser; (ii) incorrect information provided by the Commonwealth; or (iii)  
 539 incorrect information provided by the marketplace seller or purchaser regarding the tax classification or  
 540 proper sourcing of an item or transaction, provided that the marketplace facilitator can demonstrate it  
 541 made a reasonable effort to obtain accurate information from the marketplace seller or purchaser. The  
 542 relief from liability afforded to the marketplace facilitator pursuant to this subsection shall not exceed  
 543 the total amount of tax due from the marketplace facilitator on the incorrect transaction independent of  
 544 any penalties or interest that would have otherwise applied. Any deficiency resulting from incorrect  
 545 information provided by the marketplace seller or as the result of an audit shall be the liability of the  
 546 marketplace seller.

547 G. A marketplace facilitator is the sole entity subject to audit by the Department for sales and use  
 548 tax collection for all transactions facilitated by the marketplace facilitator unless the marketplace  
 549 facilitator can demonstrate that its failure to collect the proper tax was due to incorrect information  
 550 provided by the marketplace seller.

551 *H. If a marketplace facilitator lacks physical presence in the Commonwealth and has both facilitated*  
 552 *and made direct sales into the Commonwealth, both types of sales shall be considered in determining*  
 553 *whether it has established economic nexus.*

554 *I. When a marketplace seller that is not otherwise required to register for the collection of the tax*  
 555 *under any of the provisions contained in subdivisions C 1 through 9 of § 58.1-612 makes both direct*  
 556 *sales and sales on a marketplace facilitator's marketplace, only the marketplace seller's direct sales*  
 557 *shall be considered in determining whether the marketplace seller is required to register for the*  
 558 *collection of the tax under subdivision C 10 of § 58.1-612.*

559 *J. If a marketplace seller makes a retail sale through a marketplace facilitator that is taxed pursuant*  
 560 *to the provisions of § 58.1-612.1, such retail sale shall not be counted toward the \$250,000 gross*  
 561 *revenue threshold specified in subdivision C 10 of § 58.1-612 for such marketplace seller.*

562 **§ 58.1-615. (Contingent expiration date) Returns by dealers.**

563 A. Every dealer required to collect or pay the sales or use tax shall, on or before the twentieth day  
 564 of the month following the month in which the tax shall become effective, transmit to the Tax  
 565 Commissioner a return showing the gross sales, gross proceeds, or cost price, as the case may be,  
 566 arising from all transactions taxable under this chapter during the preceding calendar month, and  
 567 thereafter a like return shall be prepared and transmitted to the Tax Commissioner by every dealer on or  
 568 before the twentieth day of each month, for the preceding calendar month. In the case of dealers  
 569 regularly keeping books and accounts on the basis of an annual period which varies 52 to 53 weeks, the  
 570 Tax Commissioner may make rules and regulations for reporting consistent with such accounting period.

571 Notwithstanding any other provision of this chapter, a dealer may be required by the Tax  
 572 Commissioner to file sales or use tax returns on an accounting period less frequent than monthly when,  
 573 in the opinion of the Tax Commissioner, the administration of the taxes imposed by this chapter would  
 574 be enhanced. If a dealer is required to file other than monthly, each such return shall be due on or  
 575 before the twentieth day of the month following the close of the period. Each such return shall contain  
 576 all information required for monthly returns.

577 A sales or use tax return shall be filed by each registered dealer even though the dealer is not liable  
 578 to remit to the Tax Commissioner any tax for the period covered by the return.

579 *The Tax Commissioner shall not require that more than one sales and use tax return per month be*  
 580 *filed with the Department by any remote seller or any software provider on behalf of such remote seller.*

581 B. [Expired.]

582 C. Any return required to be filed with the Tax Commissioner under this section shall be deemed to  
 583 have been filed with the Tax Commissioner on the date that such return is delivered by the dealer to the  
 584 commissioner of the revenue or the treasurer for the locality in which the dealer is located and receipt is  
 585 acknowledged by the commissioner of the revenue or treasurer. The commissioner of the revenue or the  
 586 treasurer shall stamp such date on the return, and shall mail the return to the Tax Commissioner no later  
 587 than the following business day. The commissioner of the revenue or the treasurer may collect from the  
 588 dealer the cost of postage for such mailing.

589 D. Every dealer ~~who~~ that elects to file a consolidated sales tax return for any taxable period and ~~who~~  
 590 *that* is required to remit payment by electronic funds transfer pursuant to subsection B of § 58.1-202.1  
 591 beginning on and after July 1, 2010, shall file ~~his~~ *its* monthly return using an electronic medium  
 592 prescribed by the Tax Commissioner. A waiver of this requirement may be granted if the Tax  
 593 Commissioner determines that it creates an unreasonable burden on the dealer.

594 **§ 58.1-625. (Effective until July 1, 2022) Collection of tax.**

595 A. The tax levied by this chapter shall be paid by the dealer, but the dealer shall separately state the  
 596 amount of the tax and add such tax to the sales price or charge. Thereafter, such tax shall be a debt  
 597 from the purchaser, consumer, or lessee to the dealer until paid and shall be recoverable at law in the  
 598 same manner as other debts. No action at law or suit in equity under this chapter may be maintained in  
 599 this Commonwealth by any dealer ~~who~~ *that* is not registered under § 58.1-613 or is delinquent in the  
 600 payment of the taxes imposed under this chapter.

601 B. Notwithstanding any exemption from taxes which any dealer now or hereafter may enjoy under  
 602 the Constitution or laws of this or any other state, or of the United States, such dealer shall collect such  
 603 tax from the purchaser, consumer, or lessee and shall pay the same over to the Tax Commissioner as  
 604 herein provided.

605 C. Any dealer collecting the sales or use tax on transactions exempt or not taxable under this chapter  
 606 shall transmit to the Tax Commissioner such erroneously or illegally collected tax unless or until ~~he~~ *it*  
 607 can affirmatively show that the tax has since been refunded to the purchaser or credited to ~~his~~ *its*  
 608 account.

609 D. *1.* Any dealer ~~who~~ *that* neglects, fails, or refuses to collect such tax upon every taxable sale,  
 610 distribution, lease, or storage of tangible personal property made by ~~him~~ *it*, ~~his~~ *its* agents, or employees  
 611 shall be liable for and pay the tax ~~himself~~ *itself*, and such dealer shall not thereafter be entitled to sue  
 612 for or recover in this Commonwealth any part of the purchase price or rental from the purchaser until

613 such tax is paid. Moreover, any dealer ~~who that~~ neglects, fails, or refuses to pay or collect the tax  
 614 herein provided, either by ~~himself itself~~ or through ~~his its~~ agents or employees, ~~shall be~~ is guilty of a  
 615 Class 1 misdemeanor.

616 2. *Notwithstanding subdivision 1, any remote seller or marketplace facilitator that has collected an*  
 617 *incorrect amount of sales and use tax shall be relieved from liability for such amount, including any*  
 618 *penalty or interest, if the error is a result of the remote seller's or marketplace facilitator's reasonable*  
 619 *reliance on information provided by the Commonwealth.*

620 E. (Contingent effective date) ~~Notwithstanding subsection D, any remote seller, single provider, or~~  
 621 ~~consolidated provider who has collected an incorrect amount of sales or use tax shall be relieved from~~  
 622 ~~liability for such additional amount, including any penalty or interest, if collection of the improper~~  
 623 ~~amount is a result of the remote seller, single provider, or consolidated provider's reasonable reliance~~  
 624 ~~upon information provided by the Commonwealth, including, but not limited to, any information~~  
 625 ~~obtained from software provided by the Department of Taxation pursuant to subsection B of § 58.1-601.~~

626 F. All sums collected by a dealer as required by this chapter shall be deemed to be held in trust for  
 627 the Commonwealth.

628 F. *Notwithstanding the foregoing provisions of this section, any dealer is authorized during the*  
 629 *period of time set forth in §§ 58.1-611.2 and 58.1-611.3 or subdivision 18 of § 58.1-609.1 not to collect*  
 630 *the tax levied by this chapter or levied under the authority granted in §§ 58.1-605 and 58.1-606 from the*  
 631 *purchaser, and to absorb such tax himself itself. A dealer electing to absorb such taxes shall be liable for*  
 632 *payment of such taxes to the Tax Commissioner in the same manner as he it is for tax collected from a*  
 633 *purchaser pursuant to this section.*

634 G. *The Department shall be the sole agency responsible for resolving all issues related to the*  
 635 *collection of tax by a marketplace facilitator or a remote seller.*

636 H. *A remote seller that has not met the threshold in subdivision C 10 of § 58.1-612 in the previous*  
 637 *calendar year shall begin collecting sales and use tax within 60 days but not less than 30 days after its*  
 638 *gross receipts exceed \$250,000 for the current calendar year.*

639 **§ 58.1-625. (Effective July 1, 2022) Collection of tax.**

640 A. The tax levied by this chapter shall be paid by the dealer, but the dealer shall separately state the  
 641 amount of the tax and add such tax to the sales price or charge. Thereafter, such tax shall be a debt  
 642 from the purchaser, consumer, or lessee to the dealer until paid and shall be recoverable at law in the  
 643 same manner as other debts. No action at law or suit in equity under this chapter may be maintained in  
 644 this Commonwealth by any dealer ~~who that~~ is not registered under § 58.1-613 or is delinquent in the  
 645 payment of the taxes imposed under this chapter.

646 B. Notwithstanding any exemption from taxes which any dealer now or hereafter may enjoy under  
 647 the Constitution or laws of this or any other state, or of the United States, such dealer shall collect such  
 648 tax from the purchaser, consumer, or lessee and shall pay the same over to the Tax Commissioner as  
 649 herein provided.

650 C. Any dealer collecting the sales or use tax on transactions exempt or not taxable under this chapter  
 651 shall transmit to the Tax Commissioner such erroneously or illegally collected tax unless or until ~~he it~~  
 652 can affirmatively show that the tax has since been refunded to the purchaser or credited to ~~his its~~  
 653 account.

654 D. 1. Any dealer ~~who that~~ neglects, fails, or refuses to collect such tax upon every taxable sale,  
 655 distribution, lease, or storage of tangible personal property made by ~~him it, his its~~ agents, or employees  
 656 shall be liable for and pay the tax ~~himself itself~~, and such dealer shall not thereafter be entitled to sue  
 657 for or recover in this Commonwealth any part of the purchase price or rental from the purchaser until  
 658 such tax is paid. Moreover, any dealer ~~who that~~ neglects, fails, or refuses to pay or collect the tax  
 659 herein provided, either by ~~himself itself~~ or through ~~his its~~ agents or employees, ~~shall be~~ is guilty of a  
 660 Class 1 misdemeanor.

661 2. *Notwithstanding subdivision 1, any remote seller or marketplace facilitator that has collected an*  
 662 *incorrect amount of sales and use tax shall be relieved from liability for such amount, including any*  
 663 *penalty or interest, if the error is a result of the remote seller's or marketplace facilitator's reasonable*  
 664 *reliance on information provided by the Commonwealth.*

665 E. (Contingent effective date — see Editor's note) ~~Notwithstanding subsection D, any remote seller,~~  
 666 ~~single provider, or consolidated provider who has collected an incorrect amount of sales or use tax shall~~  
 667 ~~be relieved from liability for such additional amount, including any penalty or interest, if collection of~~  
 668 ~~the improper amount is a result of the remote seller, single provider, or consolidated provider's~~  
 669 ~~reasonable reliance upon information provided by the Commonwealth, including, but not limited to, any~~  
 670 ~~information obtained from software provided by the Department of Taxation pursuant to subsection B of~~  
 671 ~~§ 58.1-601.~~

672 F. All sums collected by a dealer as required by this chapter shall be deemed to be held in trust for  
 673 the Commonwealth.

674 F. Notwithstanding the foregoing provisions of this section, any dealer is authorized during the  
 675 period of time set forth in § 58.1-611.2 not to collect the tax levied by this chapter or levied under the  
 676 authority granted in §§ 58.1-605 and 58.1-606 from the purchaser, and to absorb such tax ~~himself~~ *itself*.  
 677 A dealer electing to absorb such taxes shall be liable for payment of such taxes to the Tax  
 678 Commissioner in the same manner as ~~he~~ *it* is for tax collected from a purchaser pursuant to this section.

679 G. *The Department shall be the sole agency responsible for resolving all issues related to the*  
 680 *collection of tax by a marketplace facilitator or a remote seller.*

681 H. *A remote seller that has not met the threshold in subdivision C 10 of § 58.1-612 in the previous*  
 682 *calendar year shall begin collecting sales and use tax on the first day of the month following a*  
 683 *12-month period in which its gross receipts exceed \$250,000.*

684 **§ 58.1-635. (Contingent expiration date) Failure to file return; fraudulent return; civil penalties.**

685 A. When any dealer fails to make any return and pay the full amount of the tax required by this  
 686 chapter, there shall be imposed, in addition to other penalties provided herein, a specific penalty to be  
 687 added to the tax in the amount of six percent if the failure is for not more than one month, with an  
 688 additional six percent for each additional month, or fraction thereof, during which the failure continues,  
 689 not to exceed ~~thirty~~ 30 percent in the aggregate. In no case, however, shall the penalty be less than ~~ten~~  
 690 ~~dollars~~ \$10 and such minimum penalty shall apply whether or not any tax is due for the period for  
 691 which such return was required. If such failure is due to providential or other good cause shown to the  
 692 satisfaction of the Tax Commissioner, such return with or without remittance may be accepted exclusive  
 693 of penalties. In the case of a false or fraudulent return where willful intent exists to defraud the  
 694 Commonwealth of any tax due under this chapter, or in the case of a willful failure to file a return with  
 695 the intent to defraud the Commonwealth of any such tax, a specific penalty of ~~thirty~~ 50 percent of the  
 696 amount of the proper tax shall be assessed. All penalties and interest imposed by this chapter shall be  
 697 payable by the dealer and collectible by the Tax Commissioner in the same manner as if they were a  
 698 part of the tax imposed.

699 B. It shall be prima facie evidence of intent to defraud the Commonwealth of any tax due under this  
 700 chapter when any dealer reports ~~his~~ *its* gross sales, gross proceeds or cost price, as the case may be, at  
 701 ~~fifty~~ 50 percent or less of the actual amount.

702 C. Interest at a rate determined in accordance with § 58.1-15, shall accrue on the tax until the same  
 703 is paid, or until an assessment is made, pursuant to § 58.1-15, after which interest shall accrue as  
 704 provided therein.

705 D. *Notwithstanding any other provision of this section, any remote seller or marketplace facilitator*  
 706 *that has collected an incorrect amount of sales and use tax shall be relieved from liability for such*  
 707 *amount, including any penalty or interest, if the error is a result of the remote seller's or marketplace*  
 708 *facilitator's reasonable reliance on information provided by the Commonwealth.*

709 **2. That the provisions of Chapter 766 of the Acts of Assembly of 2013 amending §§ 58.1-601,**  
 710 **58.1-602, 58.1-605, 58.1-606, 58.1-612, 58.1-615, and 58.1-635, as they may become effective, of the**  
 711 **Code of Virginia are repealed.**

712 **3. That the fourth enactment of Chapter 766 of the Acts of Assembly of 2013 is amended and**  
 713 **reenacted as follows:**

714 **4. That Article 22 (§§ 58.1-540 through 58.1-549) of Chapter 3 of Title 58.1 of the Code of**  
 715 **Virginia, §§ ~~58.1-609-13~~, 58.1-2289, as it may become effective, 58.1-2290, and 58.1-2701, as it may**  
 716 **become effective, of the Code of Virginia and the second enactment of Chapter 822 of the Acts of**  
 717 **Assembly of 2009, as amended by Chapter 535 of the Acts of Assembly of 2012, are repealed.**

718 **4. That the seventh and fifteenth enactments of Chapter 766 of the Acts of Assembly of 2013 and**  
 719 **the twelfth enactment of Chapter 684 of the Acts of Assembly of 2015, as amended by Chapters**  
 720 **854 and 856 of the Acts of Assembly of 2018, are repealed.**

721 **5. That nothing in this act shall be construed to appropriate or transfer any transportation**  
 722 **revenues for nontransportation purposes pursuant to the twenty-second enactment of Chapter 896**  
 723 **of the Acts of Assembly of 2007 or the fourteenth enactment of Chapter 766 of the Acts of**  
 724 **Assembly of 2013.**

725 **6. That the provisions of this act requiring remote sales and use tax collection by remote sellers**  
 726 **and marketplace facilitators shall not apply to any retail sales transactions occurring before July**  
 727 **1, 2019; however, transactions occurring before July 1, 2019, may be included in the calculation of**  
 728 **gross revenue pursuant to the provisions of subdivision C 10 of § 58.1-612 of the Code of Virginia,**  
 729 **as amended by this act. Upon written application and for good cause shown, in order to ensure**  
 730 **the accurate and timely collection of taxes due, the Department of Taxation shall have the**  
 731 **discretion to temporarily suspend or delay the collection or reporting requirements, or both, of a**  
 732 **marketplace facilitator or remote seller for a period not to exceed 184 days after collection is**  
 733 **required.**

734 **7. That the Department of Taxation shall develop guidelines implementing the provisions of this**  
 735 **act, including protections from penalties and interest for marketplace facilitators and remote**

736 sellers that act in good faith but collect an incorrect amount of sales and use tax before January 1,  
737 2026. Such guidelines shall be exempt from the provisions of the Administrative Process Act  
738 (§ 2.2-4000 et seq. of the Code of Virginia).

**INTRODUCED**

HB2801