

1994 SPECIAL SESSION I

INTRODUCED

LD1029721

SENATE BILL NO. 2005

Offered April 20, 1994

A *BILL to amend the Code of Virginia by adding a section numbered 58.1-1822.1, relating to the allowance of income tax credits in settlement of certain claims of tax overpayments by federal retirees.*

Patron—Nolen

Referred to the Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 58.1-1822.1, as follows:

§ 58.1-1822.1. *Settlement of certain tax overpayments to federal retirees.*

A. *This section shall be known and may be cited as the "Federal Retirees Tax Settlement Act."*

B. *For purposes of this section:*

"Claimant" means any person who paid individual income tax to the Commonwealth of Virginia on retirement income and who seeks a refund of said taxes.

"Department" means the Virginia Department of Taxation.

"Retirement income" means retirement or pension benefits received during taxable years beginning on or after January 1, 1985, but before January 1, 1989, from a federal retirement system created by the federal government for any officer or employee of the United States, including the United States Civil Service, the United States Armed Forces, or any agency or subdivision thereof.

"Settlement amount" means the total amount to be credited to a claimant in settlement of all claims for the refund of taxes paid to the Commonwealth of Virginia on retirement income and does not include any interest on payments made by a claimant to the Department.

C. The settlement amount shall be determined by the Department by recalculating a claimant's Virginia income tax liability during taxable years beginning on or after January 1, 1985, but before January 1, 1989, excluding the retirement income received, the difference being the overpayment. The Department shall calculate the settlement amount using information available from the federal government and the Department. Such settlement amount shall be presumed to be correct.

D.1. A claimant may enter into a settlement agreement with the Commonwealth to settle all disputes related to the taxation of retirement income. Any such settlement agreement shall contain a provision which shall entitle a claimant to receive an annual tax credit of up to \$200 until the total credits taken equal the settlement amount. Such credits shall be allowed for taxable years beginning on or after January 1, 1994.

2. By entering into a settlement agreement a claimant agrees to accept the settlement amount in full satisfaction of any claim for refund of Virginia income taxes paid on retirement income.

3. Any claimant who is party to any action pending in any state or federal court or any administrative forum for the recovery of refunds of taxes paid on retirement income agrees to nonsuit, dismiss, or otherwise withdraw from the action before the tax credit provided in this section may be allowed under the terms of a settlement agreement.

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