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Exempt Action Final Regulation Agency Background Document

Agency name	Department of Taxation
Virginia Administrative Code (VAC) citation(s)	23 VAC 10-210
Regulation title(s)	Virginia Retail Sales and Use Tax
Action title	Amendment of the Retail Sales and Use Tax Regulation to Conform to a Statutory Change in the Sales Tax Rate
Final agency action date	January 4, 2016
Date this document prepared	January 4, 2016

When a regulatory action is exempt from executive branch review pursuant to § 2.2-4002 or § 2.2-4006 of the Virginia Administrative Process Act (APA) or an agency's basic statute, the agency is not required, however, is encouraged to provide information to the public on the Regulatory Town Hall using this form. Note: While posting this form on the Town Hall is optional, the agency must comply with requirements of the Virginia Register Act, Executive Orders 17 (2014) and 58 (1999), and the *Virginia Register Form, Style, and Procedure Manual*.

Brief summary

Please provide a brief summary of the proposed new regulation, proposed amendments to the existing regulation, or the regulation proposed to be repealed. Alert the reader to all substantive matters or changes. If applicable, generally describe the existing regulation.

This regulatory action will amend the Virginia Retail Sales and Use Tax regulation sections 23 VAC 10-210-160, 23 VAC 10-210-220, 23 VAC 10-210-250, 23 VAC 10-210-340, 23 VAC 10-210-450, 23 VAC 10-210-485, 23 VAC 10-210-630, 23 VAC 10-210-680, 23 VAC 10-210-3080, 23 VAC 10-210-6041, 23 VAC 10-210-6042, and 23 VAC 10-210-6043 to correct the Retail Sales and Use Tax rate to conform to House Bill 2313 (2013 *Acts of Assembly, Chapter 766*) increasing the state Retail Sales and Use Tax rate from 4 percent to 4.3 percent and imposing an additional state Retail Sales and Use Tax in the Northern Virginia and Hampton Roads regions at the rate of 0.7 percent. The "Northern Virginia Region" is defined as the Counties of Arlington, Fairfax, Loudoun, and Prince William and the Cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park. The "Hampton Roads Region" is defined as the

Counties of Isle of Wight, James City, Southampton, and York and the Cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg.

The regulatory action will also amend 23 VAC 10-210-340, Collection of tax by dealers, to reflect the law change allowing dealers to absorb the sales and use tax during the sales tax holiday period pursuant to *Va. Code* § 58.1-626. The regulatory action also will amend 23 VAC 10-210-485, Dealer's Compensation or Discount, to reflect the current discount percentages provided by House Bill 29 and House Bill 30 (2010 *Acts of Assembly*, Chapters 872 and 874); House Bill 1500 (2011 *Acts of Assembly*, Chapter 890); House Bill 1300 and House Bill 1301 (2012 Special Session I *Acts of Assembly*, Chapters 2 and 3); House Bill 1500 (2013 *Acts of Assembly*, Chapter 806); House Bill 5001, House Bill 5002, and House Bill 5010 (2014 Special Session I *Acts of Assembly*, Chapters 1,2, and 3); and House Bill 1400 (2015 *Acts of Assembly*, Chapter 665).

As the purpose of this regulatory action is to update the Retail Sales and Use Tax rates set out in the regulations to conform to the statutory change in the rate, this regulatory action is exempt from the Administrative Process Act pursuant to *Va. Code* § 2.2-4006 (A)(1).

Statement of final agency action

Please provide a statement of the final action taken by the agency including: 1) the date the action was taken; 2) the name of the agency taking the action; and 3) the title of the regulation.

The Tax Commissioner approved the amendment of the Virginia Retail Sales and Use Tax regulations on December 2, 2015.

Family impact

Please assess the impact of this regulatory action on the institution of the family and family stability including to what extent the regulatory action will: 1) strengthen or erode the authority and rights of parents in the education, nurturing, and supervision of their children; 2) encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one's spouse, and one's children and/or elderly parents; 3) strengthen or erode the marital commitment; and 4) increase or decrease disposable family income.

Correcting the Retail Sales and Use Tax regulations to reflect these statutory changes will have no impact on the institution of the family and family stability and will not 1) strengthen or erode the authority and rights of parents in the education, nurturing, and supervision of their children; 2) encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one's spouse, and one's children and/or elderly parents; 3) strengthen or erode the marital commitment; and 4) increase or decrease disposable family income.