

COMMONWEALTH OF VIRGINIA

Department of Taxation
Richmond, Virginia 23282

MEMORANDUM

TO: Russell C. Whitehead, Jr., Supervisor
Taxpayer Assistance Section

DATE: June 24, 1986

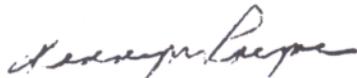
RE: Sales Tax Refunds to Businesses
Located in Urban Enterprise Zones

This will reply to your memorandum of April 14, 1986, in which you wish to determine the proper refunds to be issued to businesses located in urban enterprise zones.

Your first question dealt with whether the dealer's discount should be refunded to such businesses. While the dealer's discount should not normally be refunded, the department has previously agreed on an informal basis with the Department of Housing and Community Development to refund the discount to qualifying businesses located in urban enterprise zones. This was done because Section 59.1-279.B of the Code of Virginia requires such businesses to annually submit requests for tax refunds to the Department of Housing and Community Development, which then certifies the requests and transmits them to this department. Because the law does not give a business the option of providing exemption certificates to or seeking refunds from suppliers, it was agreed that the business should not be penalized for the dealer's discount simply because it is legally required to seek a refund directly from the department.

Your second question was whether there is anything to prohibit you from asking the businesses to seek refunds from their suppliers. As noted above, an urban enterprise zone business does not have the choice of seeking refunds from its suppliers. Therefore, a business located in an urban enterprise zone should not be advised to seek refunds from its suppliers.

I hope that this will answer your questions. Please feel free to contact us if any further questions arise.



Danny M. Payne, Director
Tax Policy Division