

Adverse impact notification sent to Joint Commission on Administrative Rules, House Committee on Appropriations, and Senate Committee on Finance (COV § 2.2-4007.04.C): Yes  Not Needed

If/when this economic impact analysis (EIA) is published in the *Virginia Register of Regulations*, notification will be sent to each member of the General Assembly (COV § 2.2-4007.04.B).



## Virginia Department of Planning and Budget **Economic Impact Analysis**

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**23 VAC 10-112 – Declaration of Estimated Income Tax by Individuals**  
**Virginia Department of Taxation**  
**Town Hall Action/Stage: 4552/7539**  
July 14, 2016

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### **Summary of the Proposed Amendments to Regulation**

The Department of Taxation (Department) proposes to repeal sections 40 and 41 of the regulation that governs individuals in declaring and paying their estimated state income tax.

### **Result of Analysis**

Benefits outweigh costs for all proposed changes.

### **Estimated Economic Impact**

Current regulation contains two sections that govern the failure of individuals to pay estimated tax. The Department proposes to eliminate these sections because they are completely duplicative of unambiguous requirements in the Code of Virginia (COV). While there is likely some small benefit that accrues to taxpayers from having the rules that they must abide by in both regulation and the COV, that benefit is lost when laws change and the regulation becomes obsolete and confusing because it would be in conflict with the actual controlling legal requirement. Because of this, the benefits of eliminating regulation not needed to interpret the COV likely outweigh the costs of doing so.

**Businesses and Entities Affected**

This proposed regulatory change will affect all individuals who are subject to paying estimated taxes. Board staff reports that, for taxable year 2013, there were approximately 215,000 individuals who made estimated tax payments of Virginia individual income tax.

**Localities Particularly Affected**

No locality will be particularly affected by these proposed regulatory changes.

**Projected Impact on Employment**

These proposed regulatory changes are unlikely to affect employment in the Commonwealth.

**Effects on the Use and Value of Private Property**

These proposed changes will likely not affect the use or value of private property in the Commonwealth.

**Real Estate Development Costs**

These proposed regulatory changes are unlikely to affect real estate development costs in the Commonwealth.

**Small Businesses:****Definition**

Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

**Costs and Other Effects**

No small businesses are likely to incur any additional costs on account of these clarifying changes.

**Alternative Method that Minimizes Adverse Impact**

No small businesses are likely to incur any additional costs on account of these clarifying changes.

**Adverse Impacts:****Businesses:**

No businesses are likely to incur any additional costs on account of these clarifying changes.

**Localities:**

Localities in the Commonwealth are unlikely to see any adverse impacts on account of these proposed regulatory changes.

**Other Entities:**

No other entities are likely to be adversely affected by these proposed changes.

**Legal Mandates**

**General:** The Department of Planning and Budget has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia (Code) and Executive Order Number 17 (2014). Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the report should include but not be limited to: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

**Adverse impacts:** Pursuant to Code § 2.2-4007.04(C): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance within the 45-day period.

If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents, (3) a statement of the probable effect of the proposed regulation on affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation. Additionally, pursuant to Code § 2.2-4007.1, if there is a finding that a proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules shall be notified.

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