



COMMONWEALTH of VIRGINIA

Department of Taxation

ORDER TO ALLOW ANNUAL FILING FOR STATE WITHHOLDING TAXES FOR EMPLOYERS OF DOMESTIC SERVICE EMPLOYEES

Whereas, pursuant to 2007 Acts, ch. 426 (House Bill 964), employers are permitted to annually file payroll and tax reports and pay the unemployment tax required by § 60.2-511 for domestic service employees effective for wages paid on and after January 1, 2009; and

Whereas this permission is restricted to instances in which the relevant employment consists exclusively of domestic service in the private home of the employer, as defined in §§ 31.3121 (a) (7)-1, 31.3306 (c) (2)-1, and 31.3401 (a) (3)-1 of the Employment Tax Regulations promulgated pursuant to §§ 3121, 3306, and 3401 of the Internal Revenue Code, as amended; and

Whereas this permission is further restricted to employers who have a total payroll in each calendar quarter that does not exceed \$5,000, regardless of the number of employees providing domestic services; and

Whereas *Va. Code* § 58.1-112 grants to the Tax Commissioner the authority to determine the frequency, form and manner with which returns must be filed; and in the case of any return or payment that is required to be filed or paid more often than annually the Tax Commissioner may set thresholds or conditions in which taxpayers may file their returns less frequently; and

Whereas I find that an annual withholding filing for domestic service employers would create uniformity between the requirements imposed on such employers by the Virginia Employment Commission and the Virginia Department of Taxation and thus would aid in voluntary compliance and simplify tax filings by domestic service employers;

It is therefore ORDERED that these employers of domestic service employees be allowed the option to file on an annual basis. Furthermore, I order that an optional withholding tax form be created and administered for wages paid beginning January 1, 2009, to be reported in 2010; and



It is further ordered that this order shall be classified as a guidance document and preserved as required by *Va. Code* § 58.1-112 and that the modifying the forms and instructions for monthly withholding returns to reflect this order is adequate to inform the affected class so that no further publication is required.



Janie E. Bowen, Tax Commissioner

10/10/08

Date