



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

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**23 VAC 10-140 – Income Tax Withholding Regulations**  
**Department of Taxation**  
July 10, 2006

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

The Department of Taxation (department) proposes to repeal numerous sections of these regulations.

### **Result of Analysis**

The benefits likely exceed the costs for all proposed changes.

### **Estimated Economic Impact**

The department proposes to repeal Sections 20, 30, 80, 90, 120, 140, 150, 160, 170, 180, 210, 220, 250, 260 and 270 of these regulations. Sections 120, 260 and 270 were “reserved” and had no content. Thus repealing sections 120, 260 and 270 will have no impact.

Regulation Sections 20, 30, 80, 90, 140, 150, 170, 180, 210, 220 and 250 pertain to Code of Virginia Sections 58.1-461, 58.1-462, 58.1-467, 58.1-468, 58.1-473, 58.1-474, 58.1-476, 58.1-477, 58.1-480, 58.1-481, 58.1-484, respectively. None of these regulation sections contain rules that either go beyond or contradict their respective related Code of Virginia sections. Repealing these regulation sections will therefore have no impact.

Section 160 addresses the penalty rates for employers who are required to deduct and withhold from wages and make returns and payments to the Tax Commissioner, but who fail to do so. The penalty rates differ from those listed in Code of Virginia Section 58.1-475. The penalty rates in the Code are higher. When there is a conflict between the Code of Virginia and regulations, the Code of Virginia applies. Thus the repealing of these regulations will not change penalty rates. The repeal will be beneficial nonetheless since the current contradictory information is misleading.

## **Businesses and Entities Affected**

The proposed repeal of these regulations will not significantly affect businesses and entities.

## **Localities Particularly Affected**

No localities are particularly affected.

## **Projected Impact on Employment**

The proposed repeal of these regulations will not affect employment.

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

The proposed repeal of these regulations will not significantly affect the use and value of private property.

## **Small Businesses: Costs and Other Effects**

The proposed repeal of these regulations will not significantly affect small businesses.

## **Small Businesses: Alternative Method that Minimizes Adverse Impact**

The proposed repeal of these regulations will not significantly affect small businesses.

## **Legal Mandate**

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a

statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.