



Economic Impact Analysis Virginia Department of Planning and Budget

23 VAC 10-115 – Virginia Fiduciary Income Tax Regulations
Department of Taxation
July 18, 2006

Summary of the Proposed Amendments to Regulation

The Department of Taxation (department) proposes to repeal Sections 30 (Imposition of tax), 120 (Place of filing), and 130 (Extension of time for filing returns) of these regulations.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

Section 30 of these regulations addresses the tax on the Virginia taxable income for each taxable year of estates and trusts. The tax rates in the regulation are identical to the tax rates listed in Code of Virginia Section § 58.1-320, except for taxable income in excess of \$12,000 but not in excess of \$17,000. The tax rate for this range of taxable income is lower in the Code than in the regulation. When there is a conflict between the Code of Virginia and regulations, the Code of Virginia applies. Thus, eliminating this regulation section will not change applicable tax rates. The repeal will be beneficial nonetheless since the current contradictory information is misleading.

Sections 120 (Place of filing) and 130 (Extension of time for filing returns) of these regulations are essentially identical in meaning to Code Sections § 58.1-382 and § 58.1-383, respectively. Repealing Sections 120 and 130 will therefore have no impact.

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.