



Economic Impact Analysis Virginia Department of Planning and Budget

23 VAC 10-300 – Estate Tax Regulations
Department of Taxation
September 5, 2006

Summary of the Proposed Amendments to Regulation

The Department of Taxation (department) proposes to repeal Sections 10 (Title), 40 (Nonresident's tax), 60 (Filing returns and payment of tax), and 70 (Filing returns and payment of tax) of these regulations.

Result of Analysis

The benefits likely exceed the costs for one or more proposed changes.

Estimated Economic Impact

Section 10 (Title) describes the history of the estate tax. While interesting, it may be more appropriate on the department's web site and guidance documents than part of law.

Section 40 (Nonresident's tax) is essentially identical in meaning to Code Section § 58.1-903. Repealing Sections 40 will therefore have no impact.

Section 60 (Filing returns and payment of tax) contradicts Code Section § 58.1-905. The Code states that

If the personal representative has obtained an extension of time for filing the federal estate tax return or paying the federal estate tax or any portion thereof, the filing required by subsection A or payment required by subsection C shall be similarly extended until the end of the time period granted in the federal extension.

Section 60 states that “There is no provision for extension of time for payment.” 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.

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.