

VIRGINIA TAX FACTS



**COMMONWEALTH OF VIRGINIA
DEPARTMENT OF TAXATION
RICHMOND, VIRGINIA**

www.tax.virginia.gov

July 2011

Table of Contents

INTRODUCTION	1
VIRGINIA TAXES	1
INCOME TAXES	2
Corporation Income Tax	2
Employer Income Tax Withholding	4
Fiduciary	6
Individual Income Tax	7
Pass-Through Entities	9
Registration of Nonresident Property Owners	10
TRANSFER TAXES	11
Estate Tax	11
Probate Tax (Tax on Wills and Administrations)	12
Recordation Tax	13
SALES AND USE TAXES	14
Aircraft Sales and Use Tax	14
Communications Sales and Use Taxes	15
Consumer's Use Tax	16
Digital Media Fee	17
Motor Vehicle Wholesale Fuel Sales Tax Return	18
Retail Sales Tax	19
Use Tax	21
Vending Machine Sales Tax	22
Watercraft Sales and Use Tax	23
MISCELLANEOUS TAXES AND FEES	24
Prepaid Wireless E-911 Fee	24
Bank Franchise Tax	25
Cigarette Tax	26
Other Tobacco Products Tax	31
Apple Excise Tax	33
Corn Assessment	34
Cotton Assessment	35
Egg Excise Tax	36
Forest Products Tax	37
Litter Tax	38
Peanut Excise Tax	39
Rolling Stock Tax on Railroads and Freight Car Companies	40
Sheep Assessment	41
Small Grains Assessment	42
Soft Drink Excise Tax	43
Soybean Assessment	44
Tire Recycling Fee	45
Writ Taxes	46
LOCAL TAXES	47
MAJOR TAXES AND FEES ADMINISTERED BY OTHER STATE AGENCIES	47
DEPARTMENT OF TAXATION DIRECTORY	49
Contact Information	49

VIRGINIA TAXES

State Taxes: The Virginia Department of Taxation (the Department) administers most state taxes, including but not limited to income taxes, sales and use taxes and miscellaneous excise taxes. The Department has staff at the main office located in Richmond as well as throughout the state.

Penalties and Interest: If an assessment is not paid when due, a penalty is added to the tax, and the taxpayer is notified. If the bill is not paid within 30 days of the notice, interest accrues at the underpayment rate established by Internal Revenue Service Code Section 6621 plus 2%.

Local Taxes: Local taxes in Virginia, including real estate taxes, tangible personal property taxes and utility taxes, are administered separately by the state's cities, counties and towns.

ONLINE SERVICES at www.tax.virginia.gov

- File business returns and pay online.
- Make estimated payments.
- Download forms and instructions.
- Get filing information and FAQs.
- Visit the Tax Policy Library.
- E-mail Customer Services.
- Use Live Chat to communicate online with a representative of the Department.
- Register online for business taxes.
- Use Web Upload for Sales, Use and Withholding Tax returns, payments, and Schedule VK-1, W-2 and 1099-R data.
- Obtain information on electronic filing.
- Use expanded tax tables and calculator.

ELECTRONIC FILING MANDATES

Individual Income Tax Return Preparers: Paid tax preparers who prepare 50 or more tax returns for a taxable year beginning on or after January 1, 2010, are required for every year thereafter, to file returns electronically. If a return is not eligible due to attachments, software that produces a 2D barcode must be used. Tax preparers may request a hardship waiver and taxpayers may opt out by completing a form.

Electronic Funds Transfer (EFT): EFT is required of business taxpayers whose average monthly liability exceeds \$20,000. This applies to Corporation Income Tax, Retail Sales and Use Tax, and Withholding Tax. The \$20,000 average monthly tax liability applies separately to each tax. In addition, all payroll service providers or bulk filers who act on behalf of 100 or more taxpayers to remit withholding taxes are required to pay by ACH Credit. Businesses are encouraged to voluntarily make their payments using EFT. More information is available on the the Department website.

Employers who qualify as a semi-weekly filer are required to file all returns VA-15, VA-16 and VA-6 and make all payments electronically effective July 1, 2011. Visit www.tax.virginia.gov for information on our Online Services: Business iFile, Web Upload, ACH Debit and ACH Credit.

Electronic Filing of W-2 and 1099 Data: Effective January 1, 2012 for calendar year 2011 and beyond, any employer who furnishes 50 or more employee income statements is required to file W-2 statements electronically. Employers required to file W-2s electronically and those electing to file their W-2s and 1099-Rs electronically must use Web Upload at www.tax.virginia.gov to submit this information to the Department.

The Tax Commissioner has the authority to waive the requirement to file or pay electronically should this cause undue hardship.

FORMS AND ASSISTANCE

For Assistance Contact:
Virginia Department of Taxation
P.O. Box 1115
Richmond, VA 23218-1115
(804) 367-8037

For Forms:
Forms Request Unit
P.O. Box 1317
Richmond, VA 23218-1317
Telephone: (804) 440-2541

INCOME TAXES

Corporation Income Tax

General Liability: Every corporation organized under the laws of Virginia, and every foreign corporation registered with the State Corporation Commission for the privilege of doing business in Virginia or receiving income from Virginia sources, must file a Corporation Income Tax return except: public service corporations (other than electric and gas suppliers, railroads and telecommunications companies); banks subject to the Bank Franchise Tax; credit unions; insurance companies; and corporations not conducted for profit which are exempt from United States Income Tax, with the exception that these are taxable on their unrelated business taxable income. Subchapter S corporations and most pass-through entities are required to submit an annual informational return (see Pass-Through Entities).

Income of a multistate corporation is determined by a double-weighted sales factor in which the sales factor is weighted 50 percent and the payroll and property factors are 25 percent each. The double-weighted sales factor is effective for taxable years beginning on or after January 1, 2000. Special formulas are provided for motor carriers, financial corporations, railway companies, and construction corporations using the completed contract method of accounting. Effective for taxable years beginning on and after July 1, 2011, manufacturing companies may elect to use a special apportionment formula.

Registration: Every corporation that is required to file an income tax return must file a Business Registration Application (Form R-1) or register online at www.tax.virginia.gov/iReg.

Filing Returns: A Corporation Income Tax return must be filed and the tax paid to the Department on or before the 15th day of the fourth month following the close of the corporation's taxable year.

The income tax return filing date for tax-exempt organizations with unrelated business taxable income is the 15th day of the sixth month following the close of the taxable year (the tax year is the same as that used for federal income tax purposes).

Extensions: An automatic six-month filing extension is allowed for Corporation Income Tax filers provided the return is filed within six months from the original due date of the return. At least 90 percent of the corporation's income tax must be paid by the original due date, or the corporation may be subject to an extension penalty of 2 percent per month on the balance of tax due with the return. Corporations are also subject to interest on any balance of tax due with a return filed on extension. Corporate extension payments can be paid online using VATAX Online for Businesses at www.tax.virginia.gov/iFile.

Estimated Tax: Corporations subject to Virginia income tax are required to make a declaration of estimated income tax if Virginia income tax for the taxable year can reasonably be expected to exceed \$1,000. A corporation whose accounting period is a calendar year is required to make a declaration of estimated tax and pay one-fourth of such estimated tax directly to the Department by April 15 of the taxable year. Subsequent installments are due June 15, September 15 and December 15.

Corporations whose accounting period is a fiscal year are required to make a declaration of estimated income tax and pay one-fourth of the tax directly to the Department by the 15th of the fourth month following the beginning of the corporation's fiscal year. Subsequent installments are due the 15th day of the sixth month, the 15th day of the ninth month, and the 15th day of the 12th month following the beginning of the corporation's fiscal year.

Tax Rate: The tax rate is 6 percent of the corporation's Virginia taxable income.

Penalties and Interest: A return must be filed even if there is no tax due. A penalty of 6 percent of the tax due will be added to the tax for each month or any part of a month that the return is not filed or the tax is not paid. The maximum penalty is 30 percent; the minimum penalty is \$10.

Interest at the underpayment rate established by Section 6621 of the Internal Revenue Code, plus 2 percent, will be added to the tax on late returns.

Download Forms	www.tax.virginia.gov
500	Virginia Corporation Income Tax Return
Schedule 500A	Mutistate Corporation Transacting or Conducting Part of Business Within Virginia and Part Without
Schedule 500AB	Add Back and Exceptions to Add Back of Interest and Intangible Expenses
Schedule 500ADJ	Schedule of Adjustments
Schedule AC	Schedule of Affiliated Corporations Consolidated and Combined Filers
Schedule 500FED	Schedule of Federal Line Items
500ES	Declaration of Estimated Income Tax for Corporations
500CP	Corporate Automatic Extension Payment Voucher
500EC	Modified Net Income Tax Return for Electric Cooperatives
500EL	Electric Suppliers Corporation Minimum Tax and Credit Schedule
500MT	Electric Cooperatives Minimum Tax and Credit Schedule
500V	Corporation Income Tax Payment Voucher (for use with Form 500)
500C	Underpayment of Virginia Estimated Tax by Corporations
500CR	Credit Computation Schedule for Form 500
500 NOLD	Corporation Application for Refund – Carryback of Net Operating Loss
500T	Telecommunications Companies Minimum Tax and Credit Schedule
500X	Amended Virginia Corporation Income Tax Return for 2007 and prior
301	Enterprise Zone Credit
304	Major Business Facility Job Tax Credit
305	Clean Fuel Vehicle Job Creation Tax Credit
306	Coalfield Employment Enhancement Tax Credit and Virginia Coal Employment and Production Incentive Tax Credit

Employer Income Tax Withholding

General Liability: An employer who pays wages to one or more employees for services performed in Virginia is required to deduct and withhold state income tax from those wages. Virginia law substantially conforms to the federal definition of “wages.” Virginia withholding is generally required on any payment for which federal withholding is required, except amounts paid pursuant to individual retirement accounts and simplified employee pension plans as defined in Sections 7701(a)(37) and 408(c) of the Internal Revenue Code. More information is available in the Employer Income Tax Withholding Instructions.

Registration: Every employer required to file an income tax return must file a Business Registration Application (Form R-1) or register online at www.tax.virginia.gov/iReg.

How Often To File: An employer’s filing status is determined by the average amount of income tax withheld each month. When registering for an account number, employers are asked to estimate this figure so the Department can assign a filing status. Based on that information, a quarterly, monthly, semi-weekly, or seasonal filing status is assigned. In addition, all employers must file an annual summary. Employers are not responsible for monitoring their monthly tax liabilities to see if a status change is needed. The Department reviews each account annually and makes any necessary changes.

Quarterly Filing: If an employer’s average monthly withholding tax liability is less than \$100, the account will be assigned a quarterly filing status. Quarterly returns must be filed on Form VA-5 with full payment for the tax due, or EFT payments for the tax due must be made, by the last day of the month following the close of the quarter. A return must be filed for each quarter even if there is no tax due.

Monthly Filing: If the average monthly withholding tax liability is at least \$100, but less than \$1,000, a monthly filing status will be assigned. File Form VA-5 with payment, or pay by EFT by the 25th day of the following month. A return must be filed for each month, even if there is no tax due.

Semi-Weekly Filing: If the average monthly liability is \$1,000 or more, a semi-weekly filing status will be assigned. If the Virginia income tax withheld as of the close of any federal period is more than \$500, a payment must be made within three banking days. Federal cut-off days for withholding deposits are generally Tuesday and Friday of each week. At the end of each calendar quarter, reconciliation must be filed on Form VA-16, along with payment of any remaining tax due for the quarter. All semi-weekly filers are required to file their returns and make payments electronically.

Seasonal Filing: Seasonal filers (those employers who have employees only during certain months of the year) are required to file returns for the months designated at the time they register for an account, even if there is no tax due. Seasonal returns are filed on Form VA-5 and are due on the normal monthly filing dates.

Household Employer: Effective for taxable years beginning on or after January 1, 2009, employers of household employees may elect to file and pay the Virginia income tax withheld from their employees’ salaries on an annual basis at the same time they submit the employees’ Forms W-2 for the year.

All Filers must file Form VA-6: On or before February 28 each year, Form VA-6 (Employer’s Annual or Final Summary of Virginia Income Tax Withheld) must be filed with copies of each W-2, 1099-R, or other income statements reflecting Virginia income tax withheld for the prior calendar year. Effective for calendar years beginning on and after January 1, 2011, any employer who furnishes 50 or more employee income statements is required to submit its W-2 statements online/electronically through Web Upload at www.tax.virginia.gov. Employers who are not required to file electronically but wish to do so must also use Web Upload.

Payroll Service Providers/Bulk Filers: All persons who act on behalf of 100 or more taxpayers to remit Individual Income Tax withholding payments must remit all such withholding payments by ACH credit transactions.

Download Forms www.tax.virginia.gov

R-1H	Household Employer Annual Withholding Registration Form
VA-4	Employee's Withholding Exemption Certificate
VA-5	Employer's Return of Income Tax Withheld (Monthly or Quarterly, or Seasonal)
VA-6	Employer's Annual or Final Summary of Virginia Income Tax Withheld Effective with the 2011 calendar year VA-6, due February 28, 2012, all semi-weekly filers must file their VA-6 electronically.
VA-6H	Household Employer's Annual or Final Summary of Virginia Income Tax Withheld
VA-15	Employer's Voucher for Payment of Virginia Income Tax Withheld (Semi-Weekly) Effective July 1, 2011, all semi-weekly forms and payments must be filed electronically.
VA-16	Employer's Quarterly Reconciliation and Return of Virginia Income Tax Withheld Effective with the 2011 third quarter reconciliation due October 31, 2011, the VA-16 and payments are required to be filed electronically. However, amended VA-16s and VA-16s filed for periods prior to the 2011 third quarter reconciliation must be filed on paper forms.

Fiduciary

General Liability: The fiduciary of a resident estate or trust must file a return: (1) if the estate or trust is required to file a federal fiduciary income tax return or (2) if it had any Virginia taxable income for the taxable year. "Resident estate or trust" means the estate of a Virginia resident decedent, a trust created under the will of a Virginia resident, or an estate or trust administered by a Virginia resident or under the supervision of a Virginia court. The fiduciary of a nonresident estate or trust receiving income from Virginia sources must also file a return.

Filing Procedure: A fiduciary return must be filed after the close of a calendar year, but not later than May 1, with the Commissioner of the Revenue, Director of Finance, or Director of Tax Administration for the Virginia city or county where the fiduciary qualified. If there has been no qualification in this state, the return should be filed with the official in the city or county where the fiduciary resides, does business or has an office, or where one or more of the beneficiaries reside.

Fiduciaries filing on a basis other than a calendar year must file their returns by the 15th day of the fourth month after the close of their taxable year. A copy of the federal fiduciary income tax return, as filed with the Internal Revenue Service, must be attached to the Virginia return.

Tax Rate Schedule

If taxable income is				
Over	But not over	Tax is	Of excess over	
\$0	\$3,000	2%		
\$3,000	\$5,000	\$60+3%	\$3,000	
\$5,000	\$17,000	\$120+5%	\$5,000	
\$17,000		\$720+5.75%	\$17,000	

Extensions: An automatic six-month filing extension is allowed for Fiduciary Income Tax filers provided the return is filed within six months from the original due date of the return. At least 90 percent of the fiduciary's income tax must be paid by the original due date or the fiduciary may be subject to an extension penalty of 2 percent per month on the balance of tax due with the return. Fiduciary filers' underpayments are also subject to interest on any balance of tax due with a return filed on extension.

Estimated Income Tax: An estate or trust must make installment payments of estimated income tax if its Virginia income tax can reasonably be expected to be \$150 or more for the taxable year. In the case of an estate only, payment of estimated income tax is not required unless the last day of the taxable year is more than two years after the date of the decedent's death.

Download Forms	www.tax.virginia.gov
770	Virginia Fiduciary Income Tax Return
770IP	Virginia Automatic Extension Payment Voucher
770ES	Estimated Income Tax Payment Vouchers for Estates, Trusts, and Unified Nonresidents
760C	Underpayment of Estimated Tax by Individuals, Estates and Trusts

Individual Income Tax

Filing Procedure

The Virginia Individual Income Tax applies to the entire income of Virginia residents and to income from Virginia sources received by nonresident individuals. Generally, all residents and nonresidents with Virginia taxable income are required to file a return (see section on "Filing Exception"). The computation of Virginia taxable income begins with federal adjusted gross income. Full-year residents file Form 760.

Part-Year Resident: Any individual who moved into or out of Virginia during the taxable year and who received taxable income from Virginia sources must file a Part-Year Resident return, Form 760PY. If all of the income is from Virginia sources, Form 760 can be filed instead.

Nonresident: Every nonresident who received taxable income from Virginia sources must file a Virginia Nonresident Income Tax return, Form 763.

Filing Exception: If you do not have Virginia income tax withheld and you have not paid any estimated tax, then you are not required to file a Virginia income tax return if your Virginia Adjusted Gross Income was less than the amount shown in the table below.

Virginia Adjusted Gross Income is your federal adjusted gross income (from your federal income tax return) plus any Virginia additions, minus the Age Deduction and any Virginia subtractions.

	Taxable Years 2005, 2006 and 2007	Taxable Years 2008 and 2009	Taxable Years 2010 and 2011	Taxable Years 2012 and Beyond
Single	\$7,000	\$11,250	\$11,650	\$11,950
Married	\$14,000	\$22,500	\$23,300	\$23,900
Married, filing a separate return	\$7,000	\$11,250	\$11,650	\$11,950

Where to File: File your return with the Commissioner of the Revenue, Director of Finance, or Director of Tax Administration for the city or county where you reside, or directly with the Department.

When to File: File by May 1 if you are a calendar year filer. Individuals filing on a basis other than a calendar year must file their returns by the 15th day of the fourth month after the close of their taxable year. The full amount of income tax due on the return should be paid when the return is filed.

Extensions: An automatic six-month filing extension is allowed for Individual Income Tax filers provided the return is filed within six months from the original due date of the return. At least 90 percent of the income tax must be paid by the original due date, or the individual may be subject to an extension penalty of 2 percent per month on the balance of tax due with the return. Filers' underpayments are also subject to interest on any balance of tax due with a return filed on extension.

Estimated Income Tax: If the Virginia income tax liability, after subtracting income tax withheld and any allowable credits, is expected to be more than \$150, then estimated tax payments must be made on Form 760ES (or have additional income tax withheld throughout the year from wages or other income).

Farmers, fishermen and merchant seamen with two-thirds of their estimated Virginia Gross Income from self-employed farming, fishing or being a merchant seaman have special filing requirements which allow them to make fewer payments.

File Form 760ES Payment Voucher 1 annually by May 1. Estimated payments are due in equal installments on or before May 1, June 15, September 15, and January 15 of the following year.

Tax Rate Schedule

If taxable income is:			
Over	But not over	Tax is	Of excess over
\$0	\$3,000	2%	
\$3,000	\$5,000	\$60+3%	\$3,000
\$5,000	\$17,000	\$120+5%	\$5,000
\$17,000		\$720+5.75%	\$17,000

Download Forms www.tax.virginia.gov

760	Virginia Individual Resident Income Tax Return
760PY	Virginia Part-Year Resident Individual Income Tax Return
763	Virginia Nonresident Individual Income Tax Return
763-S	Virginia Special Nonresident Claim for Individual Income Tax Withheld
CU-7	Virginia Consumer's Use Tax Return for Individuals
Schedule ADJ	Virginia Schedule ADJ
Schedule 760PY ADJ	Virginia Schedule 760PY ADJ
Schedule of Income	Virginia Schedule of Income Form 760PY
Schedule 763 ADJ	Virginia Schedule 763 ADJ
Schedule CR	Credit Computation Schedule
Schedule NPY	Schedule of Adjustments for Part-Year Residents and Nonresidents (prior to 2010)
Schedule OSC	Credit for Tax Paid to Another State
760IP	Virginia Automatic Extension Payment Voucher
760ES	Virginia Estimated Income Payment Vouchers for Individuals
760C	Underpayment of Virginia Estimated Tax by Individuals, Estates, and Trusts
760F	Underpayment of Virginia Estimated Tax by Farmers, Fishermen and Merchant Seamen

Pass-Through Entities

General Liability: Every pass-through entity doing business in Virginia or having income from Virginia sources is required to file an income tax return with the Department for each taxable year.

Pass-through entities include Subchapter S corporations, partnerships, limited liability companies (LLCs), electing large partnerships, and business trusts. For purposes of this requirement, a pass-through entity is a business entity recognized as a separate entity for federal income tax purposes, but the owners of which report their distributive or pro rata shares of the entity's income, gains, losses, deductions and credits on their own income tax returns. Unlike ordinary corporations ("C" corporations), a pass-through entity typically does not pay income tax itself; rather, the entity's income and related items are reported by the owners on their individual returns, and the tax is computed and paid at the owner level. Fiduciary Income Tax filers are not subject to this filing requirement. In addition, single-member LLCs that are disregarded for federal income tax purposes and investment pass-through entities are excluded from the requirement. The Virginia Pass-Through Entity Income Tax return is Form 502.

A pass-through entity that has taxable income for the taxable year derived from or connected with Virginia sources is required to pay withholding tax if any portion of income is allocable to a nonresident shareholder. The tax is 5 percent of the nonresident owner's share of income from Virginia sources for each of the nonresident owners. The withholding tax payment is due on the filing due date of the pass-through entity's return. For more information, see Form 502 instructions and the publication "Guidelines for Pass-Through Entity Withholding" (PD 07-150) which are available on our website.

When and Where to File: Form 502 must be filed with the Department no later than the 15th day of the fourth month after the close of the entity's taxable year. Original and amended returns should be mailed to Virginia Department of Taxation, P.O. Box 1500, Richmond, VA 23218-1500.

Extension of Time to File: An automatic six-month filing extension is allowed for pass-through entity filers, provided the return is filed within six months from the original due date of the return, or within 30 days of a valid federal extension, whichever is later. The automatic extension of time to file does not extend the payment due date. Payment is due on the original due date of the return. See Form 502 instructions for details on the late payment, late filing and extension penalties. Any unpaid balance of tax is also subject to interest.

Download Forms www.tax.virginia.gov

502	Pass-Through Entity Return of Income
502 Schedule A	Multistate Pass-Through Entity
502ADJ	Pass-Through Entity Schedule of Adjustments
502V	Pass-Through Entity Tax Payment Voucher
502 VK-1	Owner's Share of Income and Virginia Modifications and Credits
502W	Pass-Through Entity Withholding Tax Payment Voucher and Instructions

Registration of Nonresident Property Owners

General Liability: Nonresident individuals, nonresident estates and trusts, partnerships and S corporations which have any nonresident partners or shareholders, and corporations which are not formed or organized under Virginia law that rent or sell real property in Virginia are required to register with the Department.

“Brokers,” as defined in the Internal Revenue Code Section 6045(c), including realtors and property management firms, are required to obtain a registration form from each nonresident of Virginia who receives \$600 or more annually from the real property. “Real estate reporting persons,” as defined in the Internal Revenue Code Section 6045(e), are required to obtain a registration form from each nonresident seller of real estate. Sales of real estate not subject to the Virginia income tax are exempt from registration.

Filing Procedure: Brokers and real estate reporting persons must submit completed registration forms to the Department by the 15th day of the month following the month in which the forms were received from the owner (in the case of rental property) or the date of closing (in the case of property sales). If a nonresident property owner fails to complete a registration form within 60 days after being requested to do so by the broker or at the time of closing, the broker or real estate reporting person must complete a registration on behalf of the property owner.

Download Forms

www.tax.virginia.gov

R-5	Nonresident Real Property Owner Registration Form
R-5E	Nonresident Real Property Owner Exemption Certificate
R-5P	Nonresident Real Property Shareholder/Partner Schedule

TRANSFER TAXES

Estate Tax

General Liability: The Virginia Estate Tax, a transfer tax on the estates of resident decedents and the estates of nonresident decedents having real estate or tangible personal property in Virginia, has been repealed for the estates of decedents whose date of death is on or after July 1, 2007.

Prior to July 1, 2007, the tax also applied to estates of alien decedents having real estate or tangible personal property located in Virginia, as well as intangible personal property attributable to Virginia. The tax was based on the federal credit for state death taxes as it existed on January 1, 1978 and reported on the federal estate tax return (Form 706). Accordingly, only estates required to file a federal estate tax return were subject to the Virginia requirements. The federal filing requirements based on the gross value of the estate, are shown below:

Date of Death	Gross Value Subject to Estate Tax Filing Requirements Exceeding
Through December 31, 1997	\$600,000
January 1, 1998 – December 31, 1998	\$625,000
January 1, 1999 – December 31, 1999	\$650,000
January 1, 2000 – December 31, 2001	\$675,000
January 1, 2002 – December 31, 2003	\$1,000,000
January 1, 2004 – December 31, 2005	\$1,500,000
January 1, 2006 – June 30, 2007	\$2,000,000

Filing Procedure

Dates of Death Prior to July 1, 2007: The personal representative of the estate is required to file the return and pay any tax due within nine months after the date of death. When a federal extension of time to file or to pay the tax is granted, the Virginia return and/or payment is extended to the same date and for the same portion of the tax as for federal purposes.

An approved copy of the federal extension form must be attached to the Virginia return when it is filed. A copy of the federal return and all attachments and schedules must accompany the Virginia return. The "Personal Representative" means the executor, administrator, beneficiary, or any person in actual or constructive possession of any property of the decedent. Refer to the instructions for Form EST-80 for details.

Dates of Death on or after July 1, 2007: Legislation enacted by the 2006 General Assembly, repeals the Virginia Estate Tax for the estates of decedents whose date of death occurs on or after July 1, 2007.

Download Forms www.tax.virginia.gov

EST-80	Virginia Estate Tax Return for Years Prior to January 1, 2005
EST-80	Virginia Estate Tax Return for Years Between January 1, 2005 and January 1, 2007

Probate Tax (Tax on Wills and Administrations)

General Liability: A state tax is imposed on the probate of wills and grants of administration not exempt by law.

Filing Procedure: A probate tax return must be filed with the circuit clerk of the court at the time the will is offered for probate, or grant of administration is sought, if the estate exceeds \$15,000 in value at the time of death.

Tax Rates: There is no tax on estates valued at \$15,000 or less. For estates exceeding \$15,000, the tax is 10 cents per \$100, or fraction of \$100, including the first \$15,000.

Download Forms www.tax.virginia.gov

PT-1 Probate Tax Return

Recordation Tax

General Liability: Virginia imposes a state tax on the admission to record of deeds, deeds of trusts, mortgages, leases, and contracts relating to real estate.

Collection of Tax: The tax on every deed, contract or other legal instrument will be determined and collected by the clerk of the court in whose office it is first offered for recordation. After that, such instrument may be recorded in the office of any other clerk without payment of the state tax (local taxes may be due).

Tax Rates

Deeds generally: The tax rate is 25 cents on every \$100 (or fraction of \$100) of the consideration or the actual value of the property conveyed, whichever is greater. An additional tax may be imposed by the localities equal to one-third of the state tax. In addition to the tax on deeds, a grantor tax is imposed at the rate of 50 cents on every \$500 (or fraction of \$500) of the consideration or value of the interest exclusive of the value of any lien or encumbrance.

Deeds of trust or mortgages: The tax rates on the bonds or other obligations secured by the deed of trust or mortgage are as follows:

- on the first \$10 million, 25 cents on every \$100 or portion thereof;
- on the next \$10 million, 22 cents on every \$100 or portion thereof;
- on the next \$10 million, 19 cents on every \$100 or portion thereof;
- on the next \$10 million, 16 cents on every \$100 or portion thereof; and,
- on all over \$40 million, 13 cents on every \$100 or portion thereof.

An additional tax may be imposed by the localities equal to one-third of the state tax.

For Assistance:

Contact the clerk of the court in the appropriate jurisdiction.

Information is also available from:

Virginia Department of Taxation

P.O. Box 2460

Richmond, VA 23218-2460

(804) 371-0842

SALES AND USE TAXES

Aircraft Sales and Use Tax

General Liability: A tax is imposed on the retail sale of every aircraft sold in Virginia or upon the use in Virginia of any aircraft required to be licensed by the Department of Aviation.

Exemptions

The Virginia Aircraft Sales and Use Tax Act does not apply to any aircraft sold or used by:

1. The United States or any of its governmental agencies;
2. The state of Virginia or any of its political subdivisions;
3. Any air carrier operating in intrastate, interstate or foreign commerce as a common carrier, providing scheduled air service pursuant to authority issued by the U.S. Department of Transportation and under Federal Aviation Regulations, Parts 121, 129, or 135.
4. Any nonprofit charitable organization exempt from taxation under §501(c)(3) of the Internal Revenue Code and organized exclusively to provide charitable long distance, advanced life support, air ambulance services for indigent medical patients; or
5. Any nonprofit organization organized primarily for distributing food, clothing, medicines, and other necessities of life to, and providing shelter for, needy persons in the United States and throughout the world; or
6. Effective July 1, 2007 any aircraft that is considered a Warbird, manufactured and intended for military use, excluding those manufactured after 1954, and (ii) used only for (a) exhibit or display to the general public and otherwise used for educational purposes (including such flights as are necessary for testing, maintaining, or preparing such aircraft for safe operation), or (b) air show and flight demonstrations (including such flights necessary for testing, maintaining, or preparing such aircraft for safe operation), but not including any aircraft used for commercial purposes, including Transportation and other services for a fee; or
7. Effective July 1, 2011, any aircraft that is purchased or used by a qualified company that: (i) is headquartered in the Commonwealth, (ii) makes new capital investment of at least \$4 million in aviation- related real estate and real estate improvements in the Commonwealth on publicly-owned, public-use airports, (iii) creates in the Commonwealth at least 50 new jobs that pay at least one and half times the prevailing average wage in the locality in which the jobs are located, (iv) owns or uses aircraft that are used primarily for intrastate, interstate, or foreign commerce; and, (v) has entered into a memorandum of understanding with the Virginia Economic Development Partnership, after consultation with the Department of Aviation; or
8. Any aircraft that is purchased in Virginia but registered outside of the Commonwealth and removed from the Commonwealth within 60 days of purchase.

Filing Procedure

Filing Return and Licensing: The purchaser of the aircraft must file a return with the Department and pay the tax prior to filing for a license with the Department of Aviation. Upon receipt of payment, the Department will certify payment to the Department of Aviation. Checks should be made payable to the Virginia Department of Taxation. The purchaser of the aircraft must file for a license with the Department of Aviation.

Dealer Exclusion and Monthly Returns: Dealers may choose to exclude purchases of one or more aircraft from the sales tax, provided they register using Form R-1 or register online at www.tax.virginia.gov/iReg.

Dealers whose applications are approved will be required to pay the tax rate of 2 percent on gross receipts from the lease, charter, or other use of aircraft. Once a dealer makes the election, he or she must file a return and pay the tax monthly based on the gross receipts arising from all taxable transactions during the preceding month. Monthly returns and payments are due or before the 20th of each month for the preceding month.

Tax Rate: The tax rate is 2 percent of the sales price. If the aircraft is licensed in this state six months or more after its acquisition from outside this state, the tax is 2 percent of the aircraft's current market value or purchase price, whichever is lower.

Download Forms www.tax.virginia.gov

- | | |
|-------|--|
| AST-2 | Dealer's Aircraft Sales and Use Tax Return (must be filed even if no tax is due) |
| AST-3 | Virginia Aircraft Sales and Use Tax Return |

Communications Sales and Use Taxes

General Liability: The Communications Sales and Use Tax is imposed on the charge for or sale of communications services and is collected from consumers by their service providers. In cases where a consumer purchases taxable communications services and no tax is collected from the consumer on the purchase by the service provider, the consumer is responsible for paying the communications use tax.

Under the communications taxes provisions, the Department also administers a uniform statewide E-911 tax on landline telephone services, and a public rights-of-way use fee on cable television service.

Effective July 1, 2011, the collection of the postpaid wireless E-911 surcharge was transferred from the E-911 Wireless Services Board to the Department of Taxation.

Registration: Every provider that is required to file an income tax return must file a Business Registration Application (Form R-1) or register online at www.tax.virginia.gov/iReg.

Filing Returns: On or before the 20th of each month, providers are required to file a return showing the gross sales, gross proceeds, or cost price from all taxable sales of communications services made during the preceding calendar month and all cable television public rights-of-way use fees and landline and postpaid wireless telephone E-911 fees incurred during the preceding calendar month. The provider must pay the amount of tax due at the time the return is filed. The Department furnishes the return that the provider files.

Tax Rates: The Communications Sales and Use Tax rate is 5 percent of taxable services. The landline E-911 fee is \$0.75 per line. The postpaid wireless E-911 surcharge is \$0.75 per month on each wireless service device. The public rights-of-way use fee is set by the Virginia Department of Transportation each year. The rate is calculated annually by the Department of Transportation on a per-subscriber basis. Refer to Form CT-75 for current rate.

Download Forms	www.tax.virginia.gov
CT-75	Virginia Communications Taxes Return
CT-1	Report of Termination, Renewal, Acquisition or Sale of Cable Franchise Agreements in Effect on January 1, 2007
CT-7	Virginia Communications Taxes Use Tax Return
CT-10	Communications Sales and Use Tax Certificate of Exemption

Consumer's Use Tax

General Liability: Both individuals and businesses are required to pay Consumer's Use Tax. The use tax applies to the use, consumption or storage of tangible personal property in Virginia when the Virginia sales or use tax was not paid at the time of purchase. Consumer's Use Tax may also be owed if an item was purchased tax-free outside Virginia and used in Virginia. Exceptions: 1) sales or use tax does not apply to magazine or newspaper subscriptions, and 2) if the total amount of purchases during the year was from out-of-state mail order catalog(s) only, and totaled \$100 or less for the entire year, you do not have to pay the use tax.

Filing Procedures

Individuals: Individuals who were not charged the sales tax on a purchase of tangible personal property must file and pay the Consumer's Use Tax.

Individuals may elect to have the Consumer's Use Tax deducted from their overpayment on their Individual Income Tax return or they can pay the tax on their income tax returns. Individuals who elect to file a separate form must file Form CU-7 no later than May 1. The tax must be paid when the return is filed.

Businesses: Businesses are required to file a Consumer's Use Tax return to report the cost price of tangible personal property arising from all taxable transactions on which the Virginia sales or use tax was not collected by the seller.

Businesses are required to file Form ST-7 or Form ST-9 showing the cost price arising from all taxable transactions during the preceding month on or before the 20th of the month. The tax must be paid when the return is filed.

Tax Rate: The tax rate is 5 percent (4 percent state tax and 1 percent local tax). Also, the tax rate on food purchased for home consumption is 2.5 percent (1.5 percent state tax and 1 percent local tax).

Download Forms	www.tax.virginia.gov
CU-7	Virginia Consumer's Use Tax Return for Individuals
ST-7	Virginia Consumer's Use Tax Return for Businesses
ST-9	Retail Sales and Use Tax Return
ST-10 - ST-23	Exemption Certificates (see forms used for Retail Sales)

Digital Media Fee

General Liability: A fee is imposed on the in-room rental or purchase of digital media offered in guest rooms rented out for continuous occupancy for fewer than 90 days, such as hotels and motels.

Exemptions

1. Federal government agencies
2. State and local government agencies
3. Certain Nonprofit Entities

Registration: Dealers must file a Business Registration Application (Form R-1) or register online at www.tax.virginia.gov/iReg.

Filing Procedure: Every provider will be required to file a monthly Form DM-1, Digital Media Fee Return and remit the Digital Media Fee due on or before the 20th day of the month following the month in which the fee is billed. The Digital Media Fee must be reported on Form DM-1, Digital Media Fee Return. The Digital Media Fee cannot be reported on the provider's Form ST-9, Retail Sales and Use Tax Return.

Tax Rate: The tax rate is 10 percent of the sales or rental price.

Download Forms www.tax.virginia.gov

DM-1 Virginia Digital Media Fee Return

Motor Vehicle Wholesale Fuel Sales Tax Return

General Liability: A motor vehicle wholesale fuel sales tax is imposed on sales of fuel to any retail dealer for retail sale in a Transportation District.

Exemptions:

1. Federal government agencies
2. State and local government agencies
3. Sales for resale and immediate transportation and resale out of state or a Transportation District

Registration: Dealers must file a Business Registration Application (Form R-1) or register online at www.tax.virginia.gov/iReg.

Filing Procedure: On or before the 20th of each month, distributors are required to file a monthly Form DFT-1, Motor Vehicle Wholesale Fuel Sales Tax return, showing the gross sales, gross proceeds, or cost price from all taxable sales of fuels made during the preceding calendar month. The distributor must pay the amount of tax due at the time the return is filed.

Tax Rate: The rate is 2.1 percent of the sales price charged by the distributor.

Download Forms

www.tax.virginia.gov

DFT-1

DFT-1 - Motor Vehicle Wholesale Fuel Sales Tax

DFT-1A

DFT-1A - Schedule of Motor Vehicle Wholesale Fuel Sales Tax

Retail Sales Tax

General Liability: For the privilege of making retail sales in Virginia, a seller is subject to a sales tax imposed on gross receipts from retail sales of tangible personal property. The seller collects the tax from the customer by separately stating the amount of the tax and adding it to the sales price or charge. Retail sales are defined as sales to a consumer or to any person for any purpose other than for resale. The tax also applies to the furnishing of transient accommodations and the lease or rental of tangible personal property as part of an established business. The tax on accommodations, leases and rentals is based upon the lessor's gross proceeds from leases and rentals and is collected by the lessor by separately stating the amount of tax and adding it to the charge made to the lessee.

Effective July 1, 2011, sales of agricultural produce and eggs are exempt from tax when such items are raised and sold by an individual at retail in local farmers markets and at roadside stands, provided that the annual income from such sales by the agricultural or egg producer do not exceed \$1,000.

Registration: Every dealer in Virginia must file a Business Registration Application (Form R-1) with the Department or register online at www.tax.virginia.gov/iReg.

Filing Procedure

Monthly Filing: On or before the 20th of each month, dealers are required to file a return showing the gross sales, gross proceeds or cost price, as the case may be, arising from all taxable transactions during the preceding month. At the time of filing the return, the dealer must pay the amount of tax due, either with the return or by EFT.

Quarterly Filing: The Department determines annually those dealers who should be placed on a quarterly filing basis. Quarterly returns must be filed on or before the 20th of the month following the close of each quarterly period. Quarterly periods end March 31, June 30, September 30 and December 31. At the time of filing the return, the dealer must pay the amount of tax due, either with the return or by EFT.

Tax Rates: Generally, the tax rate is 5 percent (4 percent state tax and 1 percent local tax). The sales and use tax rate on food purchased for home consumption is 2.5 percent (1.5 percent state tax and 1 percent local tax).

Effective beginning with the January 2011 return due February 20, 2011, legislation enacted in the 2010 Session of the General Assembly imposes a new Prepaid Wireless E-911 Fee of \$0.50 on each retail purchase of prepaid wireless calling service. Dealers are allowed to retain 5 percent of the Prepaid Wireless E-911 Fee collected as compensation if the return and payment of the fee is timely. A new line has been added to Sales and Use Tax returns to report this new fee. More information on the Prepaid Wireless E-911 Fee is included in the Miscellaneous Taxes and Fees section of this publication.

Penalties and Interest: A return must be filed for each required period even if there is no tax due. If a dealer fails to file or pay the full amount of the tax when due, a penalty of 6 percent of the tax due will be added to the tax for each month or any part of a month that the return is not filed or the tax is not paid. The maximum penalty is 30 percent; the minimum penalty is \$10.

Interest at the underpayment rate established by Section 6621 of the Internal Revenue Code, plus 2 percent, will be added to the tax on late returns.

Download Forms www.tax.virginia.gov

ST-9 Dealer's Retail Sales and Use Tax Return. Consolidated filers use Form ST-9CO.

ST-6 Direct Pay Permit Sales and Use Tax Return

Exemption Certificates

ST-10	Dealers who purchase tangible personal property for resale, lease, or rental
ST-10A	Catalogs and other printed materials distributed outside Virginia; property delivered to factory or agent for foreign export; advertising for placement in the media
ST-10B	Special motor vehicle equipment for handicapped persons
ST-11	Manufacturing, processing, refining, converting, mining, basic research and research and development in experimental or laboratory sense, or certified pollution control equipment
ST-11A	Construction contractors installing industrial manufacturing machinery; certified pollution control equipment or real property construction materials purchased in Virginia for installation in a state or foreign country in which such materials could be purchased free from a sales or use tax; tangible property used for agricultural production for market, which becomes part of the realty owned by farmers; and computer and software equipment for certain data centers.
ST-11B	Semiconductor Manufacturers
ST-12	Commonwealth of Virginia, political subdivisions of the Commonwealth of Virginia, or the United States
ST-13	Medical-Related Exemptions
ST-13A	Nonprofit churches
ST-14	Out-of-state dealers who purchase tangible personal property in Virginia for immediate transportation out of Virginia in their own vehicles for resale outside this state
ST-14A	Out-of-state livestock brokers or dealers
ST-15	Fuel for domestic consumption
ST-16	Watermen who extract fish, bivalves, or crustaceans from waters for commercial purposes
ST-17	Harvesters of forest products
ST-18	Farmers
ST-19	Shipping lines and companies building or repairing ships for use in interstate or foreign commerce
ST-20	Public service corporations, commercial radio and television companies, cable television systems, taxicab operators and certain airlines
ST-20A	Production companies, program producers, radio, television and cable TV companies and other entities engaged in the production and creation of exempt audiovisual works and the licensing, distributing and broadcasting of the same
ST-22	Railroad rolling stock when sold by or leased from the manufacturer
ST-23	Individuals purchasing multi-fuel heating stoves for residential heating
ST-24	Fabrication of Foodstuffs

Use Tax

General Liability: The use tax applies to tangible personal property used, consumed or stored in Virginia, but purchased outside the state that would have been subject to sales tax if purchased in this state. The use tax also applies to purchases, leases or rentals made in Virginia if the sales tax was not paid at the time of purchase, lease or rental.

Registration: Every individual partnership, corporation, etc., outside Virginia that engages in business in Virginia as a dealer is required to register, collect and pay the tax on all taxable tangible personal property sold or delivered for storage, use or consumption in the state. Those vendors who are not required to register are encouraged to do so as a service to their Virginia customers.

A new business can register online at www.tax.virginia.gov/iReg or download a Registration Application (Form R-1).

Filing Procedure: On or before the 20th of each month, dealers are required to file, on a form furnished by the Department, a return showing the gross sales, gross proceeds or cost price, as the case may be, arising from all taxable transactions during the preceding month. At the time of filing the return, the dealer must pay the amount of tax due either with the return or by EFT.

Tax Rate: The tax rate is 5 percent (4 percent state tax and 1 percent local tax). Nonprescription drugs and proprietary medicines are exempted from state Sales and Use Tax. The Sales and Use Tax rate on food purchased for human consumption is 2.5 percent (1.5 percent state tax and 1 percent local tax).

Effective beginning with the January 2011 return due February 20, 2011, legislation enacted in the 2010 Session of the General Assembly imposes a new Prepaid Wireless E-911 Fee of \$0.50 on each retail purchase of prepaid wireless calling service. Dealers are allowed to retain 5% of the Prepaid Wireless E-911 Fee collected as compensation if the return and payment of the fee is timely. A new line has been added to the Out of State Dealer's Use Tax returns (ST-8) to report this new fee. More information on the Prepaid Wireless E-911 Fee is included in the Miscellaneous Taxes and Fees section of this publication.

Download Forms	www.tax.virginia.gov
ST-6	Direct Payment Permit Sales and Use Tax Return
ST-7	Virginia Consumer's Use Tax Return for Business
ST-8	Out-of-State Dealer's Use Tax Return

Vending Machine Sales Tax

General Liability: A tax is imposed on dealers placing vending machines through which they sell tangible personal property. The tax is computed on the cost price (or manufactured cost) of tangible personal property sold through the vending machines. This tax does not apply to non-vending machine dealers such as service station operators who use vending machines at their businesses to sell merchandise. These dealers are subject to the retail sales tax provisions.

Registration: Every individual, partnership, corporation, etc., desiring to engage in the business of placing vending machines through which they sell tangible personal property must file a Business Registration Application (Form R-1) or register online at www.tax.virginia.gov/iReg. A separate application must be filed for each county and city in which vending machines are placed.

Filing Procedure

Generally, dealers are required to file monthly on a form furnished by the Department showing the cost price or manufactured cost of tangible personal property sold through vending machines during the preceding month. The dealer must pay the amount of tax due at the time of filing the return. The Department determines annually those dealers who should file and pay on a quarterly basis. Quarterly returns must be filed on or before the 20th of the month following the close of each quarterly period ending March 31, June 30, Sept. 30 and Dec. 31.

A return, voucher and schedule should be filed as soon as possible after the close of the reporting period but not later than the 20th day of the following month. A return must be filed for each reporting period even if no tax is due.

Tax Rates: The tax rate is 6 percent (5 percent state and 1 percent local tax) of wholesale purchases. Dealers may also request authorization from the Tax Commissioner to report tax based upon 5 percent of gross sales.

Download Forms www.tax.virginia.gov

VM-2 Vending Machine Dealer's Return

Watercraft Sales and Use Tax

General Liability: A sales tax is imposed upon the purchaser of any watercraft sold in Virginia, upon the use in Virginia of any watercraft required to be titled with the Department of Game and Inland Fisheries and not sold in Virginia, and upon the gross receipts from the lease, charter, or other use of any watercraft by a registered dealer.

In general, for purposes of this tax a watercraft means any vessel propelled by machinery whether or not the machinery is the principal source of propulsion or any sail-powered boat in excess of 18 feet in length measured along the centerline. A watercraft, however, would not include a seaplane on the water, or a watercraft which has a valid marine titling document issued by the United States Coast Guard. Any motor purchased separately to be used to power a watercraft is subject to watercraft tax.

All transactions subject to the Virginia Watercraft Sales and Use Tax are exempt from the Virginia Retail Sales and Use Tax; however, all watercraft not subject to the Virginia Watercraft Sales and Use Tax are subject to the Virginia Retail Sales and Use Tax.

Dealers are exempt from tax on purchases of watercraft for resale and also on purchases of watercraft for lease, charter or other use for compensation, but are subject to tax on the gross receipts from lease, charter, or other use.

Registration: In order to be exempt from tax on purchases for resale, dealers must file a Business Registration Application (Form R-1) or register online at www.tax.virginia.gov/iReg. By agreement with the Department, dealers may collect and remit watercraft tax on behalf of their customers.

Filing Procedure

Dealer Returns: On or before the 20th of each month, dealers are required to file, on forms furnished by the Department, returns showing gross receipts from lease, charter and other compensatory use and also gross receipts from sales if authorized by agreement with the Department to collect and remit watercraft tax on behalf of customers.

Individual Purchasers: Individual purchasers must pay the Watercraft Sales and Use Tax before the watercraft is titled with the Department of Game and Inland Fisheries. All watercraft are required to be titled prior to their operation in Virginia. The tax may be paid at any of the offices of the Department of Taxation or the Department of Game and Inland Fisheries. If the watercraft is purchased from a dealer authorized by agreement to collect the tax, the tax may be paid to the dealer.

Tax Rate: The tax rate is 2 percent of the purchase price or of the current market value if purchased six months or more before it is required to be titled for use in Virginia. The maximum watercraft tax not imposed on the gross receipts of a registered dealer for any transaction is \$2,000.

Download Forms www.tax.virginia.gov

WCT-2	Virginia Watercraft Sales and Use Tax Return
WCT-2A	Worksheet and Instructions from WCT-2
WCT-3A	Individual Watercraft Tax Worksheet

MISCELLANEOUS TAXES

Prepaid Wireless E-911 Fee

General Liability: Effective January 1, 2011, a Prepaid Wireless E-911 Fee of \$0.50 is imposed on each retail purchase of prepaid wireless calling service. The fee is collected at the point of sale by the retail merchant or service provider.

Filing Procedure: In-state dealers are required to report and pay this fee on the Retail Sales and Use Tax returns, Form ST-9 or (ST-9CO if consolidated). Out-of-state dealers will use Form ST-8. Every dealer is required to file a return on or before the 20th of the month following the close of the reporting period. A return must be filed even if no tax or fee is due.

Registration: The Prepaid Wireless E-911 Fee will be collected by all dealers with sufficient contact or nexus with the Commonwealth to be subject to the fee using the same rules that apply to the Retail Sales and Use Tax. A dealer who is already registered for the Retail Sales and Use Tax does not need to register separately for this fee. If the dealer is not registered for Retail Sales and Use Tax, the Business Registration Application (Form R-1) must be filed.

Fee Rate: \$0.50 on each retail purchase of prepaid wireless calling service.

Additional information: See Guidelines and Rules for the Prepaid Wireless E-911 Fee (Public Document 10-284 in the Policy Library, Rulings of the Tax Commissioner) available at www.tax.virginia.gov.

Download Forms

www.tax.virginia.gov

Form ST-9

Dealers Retail Sales and Use Tax Return (Consolidated filers use Form ST-9CO)

Form ST-8

Out-of-State Dealers Use Tax Return

Bank Franchise Tax

General Liability: The Commonwealth of Virginia levies a franchise tax on the net capital of banks and trust companies.

Filing Procedure: Each bank or trust company must file a return in duplicate on or before March 1 of each tax year with the Commissioner of the Revenue for the county, city or town in which the principal office of the bank or trust company is located. The bank also must submit one copy each of Schedules C and H to the assessing officer of every other city, incorporated town or county where any branch of the bank or trust company is located.

Assessment and Payment of the Tax: The Commissioner of the Revenue will certify one copy of the return and send it to the Department. The Department will send to the bank or trust company a notice of assessment on or about May 1, and the taxes assessed for the tax year must be paid directly to the Department on or before June 1 of that year. Any bank or trust company paying franchise taxes assessed by a city, incorporated town or county is entitled to a credit upon the state taxes assessed against the bank or trust companies (see Tax Rate and Local Credit).

Official Report of Condition and Income: Each Bank Franchise Tax return must include a copy of the official report of condition and income of the bank or trust company that was filed with the comptroller of the currency or with the State Corporation Commission as of the close of business December 31 of the preceding year.

Tax Rate and Local Credit

State Tax: \$1 per \$100 of taxable value on January 1 of each year except for new banks.

Local Tax: Any city, county or town may impose a tax not to exceed 80 percent of the state rate of taxation.

New Banks: The Bank Franchise Tax for new banks will be prorated as follows:

1. First transacting business before March 31, \$1 on each \$100 of net capital, no proration.
2. First transacting business between April 1 and June 30, 75 cents on each \$100 of net capital.
3. First transacting business between July 1 and September 30, 50 cents on each \$100 of net capital.
4. First transacting business between October 1 and December 31, 25 cents on each \$100 of net capital.

Local Credit: A credit is allowed for amounts paid to cities, towns or counties for taxes assessed on a bank's net capital.

Download Forms

www.tax.virginia.gov

Form 64	Bank Franchise Tax Return
(Form 64) - Schedule C	Assessed Value of Real Estate
(Form 64) - Schedule D	Book Value of Tangible Personal Property Otherwise Taxed in this State
(Form 64) - Schedule E	Computation of Capital Attributed to United States Obligations
(Form 64) - Schedule F	Retained Earnings and Surplus of Subsidiaries
(Form 64) - Schedule G	Reserve for Loan Losses
(Form 64) - Schedule H	City, Town or County Taxes
Form 65	Notice of Assessment for Bank Franchise Tax

For Assistance Contact

Local Commissioner of the Revenue, Director of Finance, or Director of Tax Administration **OR**
Virginia Department of Taxation, P.O. Box 715, Richmond, VA 23218-0715; (804) 371-0730

Cigarette Tax

General Liability: Virginia imposes a cigarette excise tax (Code of Virginia §58.1-1000 et seq.) in the amount of 1.5 cents per cigarette. This equates to 30 cents per pack for a standard pack of 20 cigarettes, or \$3 per carton. Payment of the tax is evidenced by affixing a Virginia Revenue Stamp (cigarette stamp) to each pack of cigarettes.

Only suppliers who have applied for and received a Stamping Agent Permit from the Department may purchase Virginia cigarette stamps. The Department is the only authorized dealer of cigarette stamps and the stamps may not be resold by, returned to, transferred to, or purchased from, parties other than the Department.

Every stamping agent who sells, stores or receives cigarettes for the purpose of distribution to any person, firm, corporation or association within Virginia must pay the state excise tax on such cigarettes by affixing the stamps to the cigarette packs. There are only a few exceptions to this requirement, which are outlined under Exemptions to Stamping Requirements.

Other than exempt cigarettes, all cigarettes for sale in Virginia should have the revenue stamp affixed to each pack. Persons in possession of unstamped cigarettes are liable for the payment of the excise tax as well as a penalty of \$2.50 to \$25 per pack, up to a total maximum penalty of \$250,000.

Local Cigarette Taxes: Several Virginia localities levy local cigarette taxes. The local Commissioner of Revenue should be contacted directly for information on local tax rates and stamping requirements.

The Northern Virginia Cigarette Tax Board: The Northern Virginia Cigarette Tax Board (NVCTB) administers local cigarette taxes for the following 16 Northern Virginia localities: Fairfax County, City of Fairfax, Alexandria, Falls Church, Manassas, Lovettsville, Hillsboro, Middleburg, Haymarket, Dumfries, Purcellville, Leesburg, Warrenton, Clifton, Herndon and Vienna.

Wholesalers are not authorized to sell cigarettes into the jurisdictions covered by the NVCTB until such time as they have obtained a Virginia stamping permit and have been approved to do so by the Board.

A special "Dual" tax stamp must be affixed to cigarette packs intended for sale in NVCTB communities. Cigarette distributors, retailers and consumers should be aware that local ordinances permit the NVCTB to seize cigarettes and issue fines against anyone found possessing or transporting unstamped or improperly stamped cigarettes within communities in their jurisdiction.

Visit the NVCTB website at www.nvctb.org or call (703) 802-0373 for more information on communities subject to their jurisdiction, tax rates and other compliance requirements.

Roll-Your-Own Cigarettes: Although roll-your-own (RYO) tobacco is subject to the cigarette tax, the cigarette tax on RYO is administered in the same manner as the Tobacco Products Tax. RYO tobacco means any tobacco labeled for, or suitable for, use and purchase by consumers as tobacco for making cigarettes for personal consumption. The tax rate is 10% of the manufacturer's sales price.

Roll-Your-Own Cigarette Machines: Some tobacco shops and cigarette retailers may have installed "self-serve" cigarette machines that allow the customer to make their own cigarettes. Typically, the customer can purchase tobacco and cigarette tubes and then use the store's machine to make the cigarettes. Establishments that have these machines are considered by federal agencies to be cigarette manufacturers for tax and enforcement purposes. Store owners possessing or considering purchasing these machines should contact the Virginia Office of the Attorney General for further guidance regarding the use of these machines.

Illegal Cigarettes: It is unlawful for any person to stamp or offer for sale a package of cigarettes of a manufacturer or brand family that is not included in the Tobacco Directory maintained by the Virginia Office of the Attorney General.

Cigarette wholesalers, retailers and consumers should be aware that products known as and referred to as “bidis” or “beedies” are considered to be cigarettes. As such, the brands must be approved by the Office of the Attorney General in order to be sold in Virginia.

The purchase of, or the distribution into Virginia of, cigarettes that are intended to be sold outside the United States or would otherwise violate federal law if sold in Virginia is prohibited and is a class 5 felony. In addition, the Department may assess a civil penalty of up to 500 percent of the retail value of the cigarettes involved or \$5,000, whichever is greater. Such cigarettes are also subject to seizure by the Department or other enforcement agencies. Packages of these cigarettes are typically marked with wording such as “US Tax Exempt,” “For Sale Outside US Only,” or other similar wording.

Permits: Only cigarette manufacturers, cigarette wholesale distributors or retailers may be licensed as stamping agents. To become a licensed stamping agent you must file an application for a Cigarette Stamping Permit and Tobacco Products Tax Distributor’s License. There is a \$600 application fee due with the application and a criminal background check will be conducted on the principal operatives of the company. Applicants should allow at least 30 days for processing of their applications and the issuance of their permits. Permits are valid for a period of three years from the date of issue.

Principal operatives requiring a criminal background check includes anyone who meets any of the following criteria: any officer, director, manager, sole proprietor, partner, member, stockholder, or any other person possessing an ownership interest of 10 percent or greater in the applicant entity. Background checks will also be required for anyone who exercises authority or control over the purchase, storage, sale or distribution of cigarettes or OTP, or over the compliance with any cigarette or tobacco products tax laws.

Any person who assumes any of the roles mentioned above after the initial application is filed must apply to the Department for a background check within 30 days of assuming that role. Cigarette distributors with multiple locations must obtain a separate permit for each stamping location. There is an additional \$100 fee for each background check submitted subsequent to the initial application.

Reports: All stamping agents must file a Form TT-13 (Virginia Based Stamping Agents) or TT-14 (Stamping Agents Based Outside of Virginia) by the 20th of each month to report their cigarette stamp inventory activity and stamp usage for the prior month. Stamping agents are required to file a report even if they had no stamping activity for the month.

There is no tax payment due with the TT-13 or TT-14.

There is a \$250 late-filing or non-filing penalty for reports received after the 20th of the month. A stamping agent permit may be revoked by the Department if more than two monthly reports are not filed, or not timely filed, within one calendar year.

Reports Required by Attorney General: All stamping agents and Other Tobacco Products distributors selling roll-your-own tobacco are also required to file a monthly report, Form AG-1 or AG-2, with the Office of the Attorney General. Forms and additional information are available on the Office of the Attorney General website.

Cigarette Stamp Purchases: Cigarette stamps may be purchased from the Department by completing Form TT 2, Order for Virginia Cigarette Tax Stamps. Present the completed form with your payment to the Department’s Fiscal Office, currently located at 3600 West Broad Street, Richmond. **Please note that this location will change in the fall of 2011. Please visit our website or contact the Department at (804) 367-8465 to confirm the location before visiting.**

Stamps are also available for purchase from the Treasurer’s Office of the following localities:

- City of Bristol
- City of Culpeper
- City of Danville
- City of Fairfax
- City of Lynchburg
- City of Roanoke
- City of Waynesboro

Stamping agents are eligible for a discount on the purchase price of cigarette stamps at the rate of 2 percent of the amount charged for the stamps. Stamps may also be purchased on credit provided the stamping agent has a bond on file with the Department.

Stamping agents may also apply for a credit for the write-off of a bad debt related to the sale of cigarettes. Only the cigarette taxes attributable to the debt being written off are eligible for this credit. To apply for the credit, file Form TT-12 and its Schedule A. Once the credit is granted, it may be applied to the cost of future cigarette stamp purchases.

Please contact the Fiscal Office at (804) 367-8465 for more information on stamp purchases.

Exemptions to Stamping Requirement / Failure to Affix Stamps: All packs of cigarettes must be stamped prior to shipping them to either other wholesaler distributors or retail outlets.

There are only three exceptions to the stamping requirement. Cigarette packs do not have to have the Virginia cigarette stamp affixed if:

1. The cigarettes are sold to a cigarette dealer who is engaged in business as a cigarette dealer in another state and such cigarettes are purchased for resale in another state; such cigarettes at the time of sale are properly stamped with revenue stamps authorized and issued by another state.
2. The cigarettes are sold to the United States or any instrumentality thereof for the purpose of resale to and consumption by, members of the armed services (cigarettes sold directly to members of the armed forces must be stamped), and;
3. Cigarettes are sold to ships regularly engaged in foreign commerce or coastwise shipping between points in Virginia and are intended for sale or consumption on those ships.

Stamping agents are subject to a penalty of up to \$250,000 for failure to properly affix the required stamps. It shall be prima facie evidence of intent to defraud when the number of unstamped cigarettes is the greater of 30 packs, or 5% of the cigarette inventory in the place of business of such person or business. Notwithstanding these threshold limits, if the number of unstamped packs exceeds 500 packs, it shall be prima facie evidence of willful intent to defraud. Each pack not having proper stamps affixed is deemed a separate offense. The Department may also revoke the stamping agent's permit for non-compliance with cigarette stamping requirements.

Requirements:

Cigarette Retailer Requirements

Virginia does not require cigarette retailers to have a license to sell cigarettes. However, even though stamping agents are required to affix the stamps to cigarettes prior to shipping to retail outlets, every cigarette retailer is responsible for inspecting their shipments upon receipt to ensure cigarette stamps have been properly affixed. Unstamped packs should be removed from inventory and set aside for return to the cigarette supplier. The Department conducts regular random inspections of cigarette retailers throughout the Commonwealth. Any person who is not a stamping agent who sells, purchases, transports, receives or possesses unstamped cigarettes for the purpose of evading taxes is subject to civil penalties ranging from \$2.50 to \$25 per pack up to a maximum total penalty of \$250,000 depending on circumstances. Possession of more than 30 packs of unstamped cigarettes by any person who is not a stamping agent is presumed to be for the purpose of

evading taxes. In addition, possession of 3,000 packs (300 cartons) or less of unstamped cigarettes is a class 2 misdemeanor, and possession of over 3,000 unstamped packs (300 cartons) is a class 6 felony.

Individual Consumer Requirements

Consumers should be aware that all cigarette packs should have the Virginia stamp affixed regardless of where in Virginia the cigarettes were purchased, including Internet purchases. Typically, but not always, Virginia consumers come into possession of unstamped cigarettes through Internet purchases. However, consumers should be aware that the purchase of untaxed or illegal cigarettes by any means or from any source is prohibited.

If you do purchase unstamped cigarettes, Form TT-7 (Consumer Cigarette Tax Return) should be completed and submitted with your cigarette tax payment to the Department. You must file your return by the 10th of the month following the month of purchase. Payment of the consumer cigarette tax does not make possession of illegal cigarettes legal.

Cigarette Manufacturer Requirements

Virginia does not license cigarette manufacturers to produce or sell cigarette products in the Commonwealth. However, all manufacturers producing cigarettes in the Commonwealth, or shipping cigarettes into or within Virginia, must file a monthly report of such activities on Form TT-18. The manufacturer must identify all purchasers of cigarettes by name and address; and also state the quantities (in sticks) of cigarettes purchased by brand. This report is due on the 10th of each month following the month of purchases.

Failure to file the monthly report is a class 2 misdemeanor. In addition, the Department may also impose a civil penalty of up to \$5,000 for each failure to file or refusal to provide the requested information.

Manufacturers must also file their Federal PACT act report with the Department by the 20th of each month. Cigarette manufacturers selling cigarettes to consumers within Virginia, whether directly or through a distributor or similar intermediary, must either A) become a participating manufacturer (PM) and perform its financial obligations under the Master Settlement Agreement or, B) be a non-participating manufacturer (NPM) and place into a qualified escrow fund by April 15 of each year such amounts as directed under the Code of Virginia §3.1-336.2 (2).

Please contact the Office of the Attorney General Tobacco Unit at (804) 786-0148 if you have questions on certified brands and escrow requirements.

Additional Information and Appeals

For further information on cigarette tax penalties and enforcement issues, read Rulings of the Commissioner, PD 10-186 Cigarette Tax Guidelines.

Taxpayers may appeal cigarette tax and penalty assessments to the Department using the administrative appeals process as established in Code of Virginia §58.1-1821 and explained in detail in the Virginia Taxpayers Bill of Rights. Both of these documents are available on the Department's website at www.tax.virginia.gov.

Disposition of Taxes: Revenue generated by the cigarette tax, permit application fees and cigarette tax penalties is deposited into the Virginia Health Care Fund.

Download Forms **Except where noted, you may download these forms online from the Department's website at tax.virginia.gov**

TT-1	Application for Permit to Purchase and Virginia Revenue Stamps
TT-1 A	Schedule A: TT-1 Personal Data Form
TT-2	Order for Virginia Cigarette Tax Stamps
TT-7	Consumer Cigarette Tax Return
TT-12	Application for Cigarette Tax Credit Certificate
TT-13	Monthly Report of Resident Cigarette Wholesaler
TT-14	Monthly Report of Non-resident Cigarette Wholesaler
TT-18	Monthly Report of Cigarette Manufacturers
TT-18 A	Cigarette Manufacturers Monthly Reconciliation
AG-1	Stamping Agent's Report to OAG of NPM Cigarettes (Visit the Attorney General of Virginia's website at vaag.com)
AG-2	Stamping Agent's Report to OAG of PM Cigarettes (Visit the Attorney General of Virginia's website at vaag.com)

Stamp Purchasing Information:

Fiscal Office
Virginia Department of Taxation
(804) 367-8465

General Assistance, Permit or Reporting Information:

Tobacco Unit
Virginia Department of Taxation
P.O. Box 715
Richmond, VA 23218-0715
(804) 371-0730

Other Tobacco Products Tax

General Liability: Virginia imposes a tax on the selling of tobacco products in the Commonwealth by any person engaged in the business of a tobacco product distributor (Code of Virginia §58.1-1021 et seq). You must receive a license from the Department to legally conduct business as a tobacco product distributor.

All tobacco products offered for sale in the Commonwealth by a distributor prior to January 1, 2011 were subject to the tax rate of 10 percent of the manufacturer's sale price. Beginning January 1, 2011, moist snuff and loose leaf tobacco are taxed at new rates and all other tobacco products remain taxed at the 10 percent rate. In addition, manufacturers shipping tobacco products into the Commonwealth must file a monthly report providing names and addresses of shipment recipients as well as the type of product, brand and quantities shipped.

Rates Effective January 1, 2011: The tobacco products tax on moist snuff is \$0.18 per ounce based on net weight and the tax on loose leaf tobacco is \$0.21 for each unit that is less than 4 ounces, \$0.40 for each unit that is at least 4 ounces but not more than 8 ounces, and \$0.70 for each unit more than 8 ounces but not more than 24 ounces. Other units are taxed by net weight at \$0.21 per unit plus \$0.21 for each 4 ounce increment that the unit exceeds 16 ounces. All other tobacco products are taxed at the rate of 10 percent of the manufacturer's sale price.

Registration: To become a licensed dealer for other tobacco products (OTP), you must file an application for and receive a permit. The application forms are: Form TT-1 (Application for Cigarette Stamping Permit and Tobacco Products Tax Distributor's License) and Schedule A (Personal Data Form). There is a \$600 application fee due with the application and a criminal background check will be conducted on the principal operatives of the company. Applicants should allow at least 60 days for processing of their applications and the issuance of their permits. Permits are valid for three years from the date of issue.

Principal operatives requiring a criminal background check include anyone who meets any of the following criteria: any officer, director, manager, sole proprietor, partner, member, stockholder, or any other person possessing an ownership interest of 10 percent or greater in the applicant entity. Background checks will also be required for anyone who exercises authority or control over the purchase, storage, sale or distribution of cigarettes or OTP, or over the compliance with any cigarette or tobacco products tax laws.

Any person who assumes any of the roles mentioned above after the initial application is filed must apply to the Department for a background check within 30 days of assuming that role. OTP distributors with multiple locations pay only one fee. There is an additional \$100 fee for each background check submitted subsequent to the initial application.

Filing Procedure: OTP distributors liable for the OTP tax must file Form TT-8 (Tobacco Products Tax Return) each month to report OTP purchases made the previous month. Form TT-8 and the OTP tax payment are due by the 20th of the month.

Penalties and Interest: A return must be filed for each required period even if there is no tax due. If a dealer fails to file or pay the full amount of the tax when due, a penalty of 5 percent of the tax due will be added to the tax for each month or any part of a month that the return is not filed or the tax is not paid. The maximum penalty is 20 percent; the minimum penalty is \$10. Interest at the underpayment rate established by Section 6621 of the Internal Revenue Code, plus 2 percent, will be added to the tax on late returns.

Download Forms**www.tax.virginia.gov**

TT-1	Application for Cigarette Stamping Permit and Tobacco Products Tax Distributor's License
TT-1 Schedule A	Schedule A - Application for Cigarette Stamping Permit and Tobacco Products Tax Distributor's License - Personal Data Form
TT-8	Virginia Tobacco Products Tax Return and Instructions

Additional Information: For further information on Tobacco Products Tax, please read: Rulings of the Tax Commissioner, PD 10-276, Guidelines and Rules for the Tobacco Products Tax.

For Assistance Contact:

Tobacco Unit

Virginia Department of Taxation

P.O. Box 715

Richmond, VA 23218-0715

(804) 371-0730

Additional information including forms, guidelines and frequently asked questions is available on the Department's website.

Apple Excise Tax

General Liability: The producer is liable for the payment of the tax on all apples grown for sale. A producer is defined as any person who, in a calendar year, grows or causes to be grown within the Commonwealth, for sale, a minimum of 5,000 tree run bushels of apples. Tree run bushel means a container, with a content of not less than 2,140 cubic inches or more than 2,500 cubic inches, of apples that have not yet been graded or sized. An excise tax is levied on apples grown in Virginia for sale by a producer.

Filing Procedure: Producers do not need to register for the Apple Tax.

The Apple Excise Tax return must be filed by the producer with the Department on an annual basis. The annual period for the return runs from January 1 through December 31. The return is due and the tax payable on January 31 of the following year.

Assessment Rate: The tax is 2.5 cents per tree run bushel.

Download Forms www.tax.virginia.gov

APL-45 Virginia Apple Excise Tax Return

Corn Assessment

General Liability: An assessment is levied on corn produced in Virginia for sale. The handler (defined as a processor, dealer, shipper, country buyer or exporter who purchases corn from farmers; a farmer who sells his/her corn out of state; or any person acquiring property in corn from a producer, when the actual or constructive possession of such corn is taken as part payment or in satisfaction of such claim) is responsible for payment of the assessment. The assessment must be deducted by handlers from payments to farmers for corn purchased.

Registration: To register for the corn assessment, handlers must file a Business Registration Application (Form R-1) or register online at www.tax.virginia.gov/iReg.

Filing Procedure: Handlers must file corn assessment returns with the Department on a quarterly basis even if no tax is due. Returns are due by the last day of the month following the end of each quarter. Quarters end March 31, June 30, September 30, and December 31.

Assessment Rate: The assessment is 1 cent per bushel.

Download Forms

CO-1

www.tax.virginia.gov

Virginia Corn Assessment Return (a return should be filed even if no tax is due)

Cotton Assessment

General Liability: An assessment is levied on any cotton sold in Virginia. The handler is responsible for deducting the assessment from payments for cotton purchased from the owner. For purposes of this tax, “handler” means a commercial enterprise that gins cotton.

Registration: To register for the Cotton Assessment handlers must file a Business Registration Application (Form R-1) or register online at www.tax.virginia.gov/iReg.

Filing Procedure: A return must be filed and the tax paid on or before the last day of the month following the end of each quarter. Quarters end March 31, June 30, September 30 and December 31.

Assessment Rate: The assessment for cotton ginned on or after September 1, 2006 is \$.95 per bale. The assessment for cotton ginned prior to September 1, 2006 is \$.85 per bale.

Download Forms www.tax.virginia.gov

CX-1 Virginia Cotton Assessment (a return should be filed even if no tax is due)

Egg Excise Tax

General Liability: A tax is levied on shell eggs and egg products sold or consumed in Virginia. The handler of such eggs is responsible for payment of the tax. For purposes of this tax, “handler” includes:

1. Any person who operates a grading station, a packer, a huckster, a distributor, or other person who purchases, sells or handles eggs that are used at the wholesale level for consumption in Virginia, or a farmer who packs, processes or otherwise performs the functions of a handler; or
2. Any person in Virginia who purchases eggs, or the liquid equivalent thereof, from anyone other than a registered handler for use or consumption at wholesale in Virginia. Every person, whether in-state or out-of-state, who engages in business in the Commonwealth as a handler, is required to register. Generally, the last handler who sells eggs or egg products to a retailer or food service establishment located in Virginia is responsible for collecting and remitting the tax to the Department.

The term “registered handler” means any person who has registered with the Tax Commissioner for receiving monthly return forms and reporting the Egg Excise Tax. Eggs shall be deemed to be used in Virginia if, at a Virginia location, they are incorporated into another product so as to lose their character as eggs. Eggs shall be deemed to be consumed in Virginia if they are actually consumed in Virginia or sold at a location in Virginia.

There is an exemption for eggs of any producer selling less than 500 cases per year or the liquid equivalent and eggs, when sold between registered handlers.

Registration: To register for the Egg Excise Tax, handlers must file a Business Registration Application (Form R-1) or register online at www.tax.virginia.gov/iReg.

Filing Procedure: The Virginia Egg Excise Tax Report (Form EG-1) and payment of tax must be filed each month by the handler with the Department. Monthly returns must be filed and tax paid by the 20th of the following month. The supplementary egg products worksheet (Form EG-2) is due at the same time to the Virginia Egg Board.

Tax Rate: The tax rate is 5 cents per case (30 dozen) for shell eggs, and 11 cents per hundred pounds of liquid eggs or liquid equivalent of other egg products.

Download Forms www.tax.virginia.gov

EG-1 Virginia Egg Excise Tax Report Form (a form should be filed even if no tax is due)

EG-2 Virginia Egg Products Worksheet Form

For Assistance Contact:
The Department of Taxation

Or

Virginia Egg Board
911 Saddleback Court
McLean, Virginia 22102
(703) 790-1984

Forest Products Tax

General Liability: A tax is levied upon every person engaging in this state in the business of manufacturing, shipping or severing timber or any other forest products from the soil for sale, profit, or commercial use. This includes owners, wood yard owners or operators, lessees, concessionaires, agents, contractors, shippers or manufacturers.

Registration: To register for the Forest Products Tax you must file a Business Registration Application (Form R-1) or register online at www.tax.virginia.gov/iReg.

Filing Procedure: The Forest Products Tax return must be filed and the tax paid with the Department within 30 days after the close of each quarter. Quarters end March 31, June 30, September 30 and December 31.

Small Manufacturers: Any manufacturer of rough lumber who during any one calendar year manufactures 500,000 or less board feet may elect to pay a flat tax of (1) \$460 when the amount cut is between 300,000 board feet and 500,000 board feet; or (2) \$230 when the amount is 300,000 board feet or less.

In such cases, the tax is due within 30 days after the last day of December of each year. The manufacturer must submit with the tax payment a statement certifying that he actually manufactured a quantity of rough lumber in accordance with the above schedule during the preceding calendar year.

Certain Small Severers: Any person who severs for sale 100 or less cords of fuel wood or 500 or less posts or fish net poles during any one calendar year may elect to pay the tax due within 30 days after the last day of December. Such individuals should submit with the tax payment a statement certifying the quantity of products severed during the preceding year.

Tax Rates: The rates on forest products are provided in a chart with the tax return (Form 1034).

Download Forms www.tax.virginia.gov

1034	Forest Products Tax Return (a return should be filed even if no tax is due)
1035	Forest Products Tax Return (Small Manufacturers and Certain Small Severers)

Litter Tax

General Liability: A litter tax is imposed on every person in the state who on January 1 of the taxable year was engaged in business as a manufacturer, wholesaler, distributor, or retailer of certain enumerated products. This tax does not apply to individual consumers. The tax is imposed on:

- | | |
|--|--|
| 1. An individual as a sole proprietor; | 5. Corporations, but not shareholders; |
| 2. Partnerships, but not partners; | 6. Associations, but not members; and |
| 3. Limited liability companies, but not members; | 7. Trusts or estates operating such businesses |
| 4. S Corporations, but not shareholders; | |

Any person who manufactures, wholesales, distributes, or retails any of the following products is subject to the tax:

- | | |
|---------------------------------------|--|
| 1. Food for human or pet consumption | 9. Glass containers |
| 2. Groceries | 10. Metal containers |
| 3. Cigarettes and tobacco products | 11. Plastic or fiber containers made of synthetic material |
| 4. Soft drinks and carbonated waters | 12. Cleaning agents and toiletries |
| 5. Beer and other malt beverages | 13. Non-drug drugstore sundry products |
| 6. Wine | 14. Distilled spirits |
| 7. Newspapers and magazines | 15. Motor vehicle parts |
| 8. Paper products and household paper | |

Effective July 1, 2011, the tax is not imposed on an individual who raises and sells agricultural produce and eggs in local farmers markets and at roadside stands, provided that his or her annual income from such sales does not exceed \$1,000, and that any container he provides to hold purchased items has been previously used.

Registration: To register for the Litter Tax file a Business Registration Application (Form R-1) with the Department or register online at www.tax.virginia.gov/iReg.

Filing Procedure: The Litter Tax return (Form 200) must be filed with the Department and the tax paid on or before May 1 regardless of whether the taxpayer operates on a calendar or fiscal year basis for tax purposes. When the return is filed, the full amount of the tax as shown on the face of the return should be paid. The Code of Virginia does not provide for an extension of time to file Form 200 and pay the litter tax.

Tax Rates: An annual \$10 litter tax is imposed on each Virginia business establishment from which such a business is conducted on January 1 of the taxable year.

In addition to the \$10 litter tax, each business operating as a manufacturer, wholesaler, distributor or retailer of groceries, soft drinks, carbonated waters, or beer or other malt beverages shall pay an additional annual litter tax of \$15 for each Virginia business establishment from which such business is conducted.

Download Forms www.tax.virginia.gov

200 Virginia Litter Tax Return

Peanut Excise Tax

General Liability: An excise tax is levied on peanuts grown and sold in Virginia for processing. The processor is liable for the payment of the tax on all peanuts such processor purchases. A processor is defined as any person, individual, corporation, partnership, trust, association, cooperative, and any and all other business units, devices and arrangements that clean, shell or crush peanuts.

Registration: To register for the Peanut Excise Tax file a Business Registration Application(Form R-1) with the Department or register online at www.tax.virginia.gov/iReg.

Filing Procedure: The Peanut Excise Tax return must be filed by the processor with the Department on a semi-annual basis. The semi-annual periods for the returns run from January 1 through June 30, and July 1 through December 31. The returns are due and the tax payable on July 10 and February 15.

Tax Rate: The tax rate is 30 cents per 100 pounds beginning July 1, 2010 and ending June 30, 2013. Beginning July 1, 2013 the rate will revert back to 15 cents per 100 pounds.

Download Forms

www.tax.virginia.gov

PN-1

Peanut Excise Tax Return (a return should be filed even if no tax is due)

Rolling Stock Tax on Railroads and Freight Car Companies

General Liability: The Commonwealth of Virginia levies an annual *ad valorem* tax on the rolling stock of railroads and freight car companies.

Filing Procedure: Each railroad and freight car company must file a return of its rolling stock on or before April 15.

Tax Rate: The tax rate is \$1 per \$100 of assessed value. Taxes are payable on or before June 1.

Download Forms www.tax.virginia.gov

RR-5 Class 5 (Locomotives, Passenger, Freight and Work Equipment
owned as of December 31)

RR5S Class 5 –Summary

RR2-1 Statement to the Department of Taxation

RR3-1 Report to the Department of Taxation

RR1S Supplemental Information

For Forms and Assistance:

Virginia Department of Taxation
Railroad and Pipeline Appraisal Section
P.O. Box 565
Richmond, VA 23218-0565
(804) 371-0848

Sheep Assessment

General Liability: An assessment is levied on sheep and lambs sold in Virginia. The handler (defined as an operator of a stockyard, livestock dealership, slaughter house, packing plant, or livestock auction market or any person or business entity making a purchase from a producer at the point at which the sheep or lamb is sold or traded) is responsible for payment of tax on all sheep and lambs. The assessment must be deducted by the handlers from payments to owners of the sheep and lambs.

Registration: To register for the Sheep Assessment handlers must file a Business Registration Application (Form R-1) with the Department or register online at www.tax.virginia.gov/iReg.

Filing Procedure: A return must be filed and the tax paid on or before the last day of the month following the end of each quarter. Quarters end March 31, June 30, September 30 and December 31.

Assessment Rate: The assessment is \$0.50 cents per head.

Download Forms

www.tax.virginia.gov

SH-1

Sheep Assessment (a return should be filed even if no tax is due)

Small Grains Assessment

General Liability: The handler of small grains who purchases small grains (barley, oats, rye or wheat) produced in Virginia shall deduct from payments made to the farmer the amount of the assessment levied thereon and shall remit such assessment to the Department along with a statement of the gross volume of Virginia-produced small grains which has been handled. "Handler" means any person who purchases small grains from a farmer and includes a farmer who transports and sells his own grain out of state. "Handler" also means any person, public or private corporation, or any association or partnership buying, accepting for shipment, or otherwise acquiring property in small grains from a farmer, and shall include a mortgagee, pledgee, lienor, or other person, public or private, having a claim against the farmer, when the actual or constructive possession of such small grains are taken as part payment or in satisfaction of such mortgage, pledge, lien or claim.

Registration: To register for the Small Grains Assessment, handlers must file a Business Registration Application (Form R-1) or register online at www.tax.virginia.gov/iReg.

Filing Procedure: A Small Grains Assessment form (SG-1) must be filed with the Department along with payment for the amount collected from farmers in the previous quarter. Returns are due by the 15th day of the month following the end of the quarter. Quarters end March 31, June 30, September 30, and December 31.

Assessment Rate: The assessment rate is one-half of one percent (.005) of the net selling price per bushel.

Download Forms

www.tax.virginia.gov

SG-1

Small Grains Assessment (a return should be filed even if no tax is due)

Soft Drink Excise Tax

General Liability: An excise tax is levied on every wholesaler or distributor of carbonated soft drinks in Virginia.

Registration: To register for the Soft Drink Excise Tax, wholesalers or distributors must file a Business Registration Application (Form R-1) or register online at www.tax.virginia.gov/iReg.

Filing Procedure: Effective July 1, 2002, the Soft Drink Excise Tax increased to \$7,200 for gross receipts over \$10,000,000 through \$25,000,000, and two additional tax brackets were added for gross receipts over \$25,000,000. The new rates are effective for filing periods beginning on or after July 1, 2002.

The Soft Drink Excise Tax return must be filed with the Department on or before the 15th day of the fourth month following the close of the taxpayer's taxable year. For calendar year taxpayers, other than corporations, the due date is May 1.

Extensions: An automatic six-month extension to file the Soft Drink Excise Tax return is granted from the due date, or 30 days after the extended date for filing the federal income tax return, whichever is later, provided the full amount estimated as the tax due has been paid on or before the original due date. Interest will accrue on the tax due with any return filed under extension.

Gross Receipts	Amount of Tax
\$100,000 or less	\$50.00
\$100,001 – \$250,000	\$100.00
\$250,001 – \$500,000	\$250.00
\$500,001 – \$1,000,000	\$750.00
\$1,000,001 – \$3,000,000	\$1,500.00
\$3,000,001- \$5,000,000	\$3,000.00
\$5,000,001 – \$10,000,000	\$4,500.00
\$10,000,001 – \$25,000,000	\$7,200.00
\$25,000,001 – \$50,000,000	\$18,000.00
\$50,000,001 and over	\$33,000.00

Download Forms

www.tax.virginia.gov

404

Soft Drink Excise Tax Return (a return should be filed even if no tax is due)

Soybean Assessment

General Liability: The first buyer of soybeans (whoever pays the producer) is responsible for collecting a soybean assessment from the producer. First buyers will be required to collect the assessment on all soybeans purchased (provisions are in place to identify soybeans checked off at a previous sale point) regardless of the state of origin.

Registration: To register for the Soybean Assessment, buyers must file a Business Registration Application (Form R-1) with the Department or register online at www.tax.virginia.gov/iReg.

Filing Procedure: The Soybean Promotion, Research and Consumer (SPARC) Assessment Report (this is a federal form) must be filed by the first buyer with the Department on a quarterly basis. Returns are due by the last day of the month following the end of each quarter. Quarters end March 31, June 30, September 30 and December 31.

The SPARC Assessment Report must be filed even if no tax is due.

Assessment Rate: The assessment rate is one-half of one percent (.005) of the net market value of assessed bushels.

For Forms: www.ams.usda.gov

Tire Recycling Fee

General Liability: The fee is levied for each new tire sold at retail in Virginia. The fee may be passed on to the retail customer if separately stated. The fee is imposed on Virginia tire retailers and, beginning July 1, 2011, on individuals who install tires in Virginia pursuant to an agreement with a tire retailer who does not collect the fee.

Registration: To register for the Tire Recycling Fee retailers must file a Business Registration Application (Form R-1) with the Department or register online at www.tax.virginia.gov/iReg.

Filing Procedure: Every tire retailer must file the Tire Recycling Fee return quarterly. The return is due and the fee payable on or before the 20th of the month following the end of each quarter of the calendar year. Quarterly periods end March 31, June 30, September 30 and December 31.

Fee Rate: Prior to June 30, 2003 the fee was 50 cents per tire. Beginning July 1, 2003, through June 2011, the fee rate is \$1 per tire. Beginning July 1, 2011, the fee rate will decrease to 50 cents per tire.

Download Forms www.tax.virginia.gov

T-1 Virginia Tire Recycling Fee Return

Writ Taxes

General Liability: A tax is levied on:

1. Any original suit that is commenced in a court of record;
2. Every case of removal or appeal of a cause from a district court to a court of record;
3. Every appeal from the decision of the board of supervisors or other governing body of a county to a court of record;
4. Every attachment returnable to a court of record; or
5. Every writ of mandamus sued out of any court except the Supreme Court of Virginia.

Payment of Tax: The taxes on suits or other judicial proceedings are paid to the clerks of the courts in which suits are brought or proceedings held.

Tax Rates: The tax is \$5. When the debt or demand for damages exceeds \$50,000, but does not exceed \$100,000, the tax is \$15. When the debt or demand for damages exceeds \$100,000, the tax is \$25.

For Assistance Contact:

The clerk of the court in the appropriate jurisdiction

Information is also available from:

Virginia Department of Taxation

P.O. Box 2460

Richmond, VA 23218-2460

(804) 371-0842

LOCAL TAXES

The Commonwealth's cities, counties and towns administer Virginia's local taxes. The tax rates differ from locality to locality. A brief outline of local taxes is provided below; however, for more detailed information about the local tax rates, assessments or fees in a specific area, contact the local Commissioner of the Revenue, Director of Finance, or Director of Tax Administration.

There are four major taxes that an individual may be subject to at the local level: real estate taxes, tangible personal property taxes, utility taxes, and sales and use taxes. In addition, some localities impose local excise taxes on cigarettes, admissions, room rentals, and meals. The major local taxes paid by manufacturers in Virginia are real estate and machinery and tools taxes. Any county, city or town may also levy license taxes on businesses, trades, professions, occupations and callings.

All tangible personal property, except property which is specifically exempted, is subject to tax. Examples of items of taxable tangible personal property are aircraft, mobile homes, campers, trailers, boats, and other watercraft. Beginning in 1998, owners of certain cars, pickup trucks, panel trucks and motorcycles qualified for incremental property tax relief. Contact your local tax office to learn more about the property tax relief program for motor vehicles.

Virginia statutes provide that real property must be assessed at fair market value. The latest effective tax rates are available on the Department's website.

All localities impose a 1 percent sales and use tax on retail sales. This is in addition to the state's 4 percent rate. The 1 percent tax is collected from the consumer at the time of sale and is distributed back to the locality where the sale occurred.

Utility taxes are applied to an individual's monthly bill from public utilities such as the electric or gas company. Tax rates differ from locality to locality. Not all localities levy a utility tax.

MAJOR TAXES AND FEES ADMINISTERED BY OTHER STATE AGENCIES

Alcoholic Beverage Taxes (including the Beer and Beverage Excise Tax) and Licenses

Virginia Department of Alcoholic Beverage Control

P.O. Box 27491

Richmond, VA 23261

(804) 213-4577

www.abc.virginia.gov

Corporation Charter, Registration and Entrance Fees

Virginia State Corporation Commission

License Taxes on Insurance Companies – (804) 371-9741

Taxes on Public Service Corporations – (804) 371-9679

www.scc.virginia.gov

Electric Utility Consumption Tax and Natural Gas Consumption Tax

Virginia State Corporation Commission

Attn.: Clerk's Office

1300 E. Main Street

P.O. Box 1197

Richmond, VA 23218

(804) 371-9733 or toll-free (in Virginia only) 1-866-722-2551

www.scc.virginia.gov

**Virginia Fuels Tax, International Fuels Tax Agreement, Motor Vehicle Sales and Use Tax,
Licensing and Titling of Motor Vehicles**

Toll-free 1-866-878-2582

Virginia Department of Motor Vehicles

P.O. Box 27412

Richmond, VA 23269

(804) 497-7100

1-888-337-4782 (Automated Telephone Transactions)

www.dmv.virginia.gov

Virginia Unemployment Tax

Virginia Employment Commission

703 East Main Street

Richmond, Virginia 23219

(804) 786-3066 or (804) 786-7159

www.vec.virginia.gov/vecportal/index.cfm

Workers' Compensation

Worker's Compensation Commission

1000 DMV Drive

Richmond, Virginia 23220

(804) 367-8600

www.vwc.state.va.us

DEPARTMENT OF TAXATION DIRECTORY

Contact Information

The Department of Taxation has administrative offices located in Richmond to serve customers. Individual income tax assistance is also available from local Commissioners of the Revenue, Directors of Finance, and Directors of Tax Administration in Virginia cities and counties.

Customer Services

Walk-In Location:

3600 Centre*
3610 West Broad Street
Richmond, Virginia 23230

Mailing Address:

Department of Taxation
P.O. Box 1115
Richmond, Virginia 23218-1115

Individual phone: (804) 367-8031
Individual FAX: (804) 254-6113
Business phone: (804) 367-8037
Business FAX: (804) 254-6111

***PLEASE NOTE:** This location will change in the fall of 2011. Please visit our website at tax.virginia.gov or call Customer Services to confirm the location before visiting.

Voice/T.D. (Telecommunication Device for the Hearing Impaired)	(804) 367-8329
Automated Information (Tele-Tax) (8:00 a.m.-4:30 p.m.)	(804) 367-2486
Prerecorded Information Only (Tele-Tax 24 hours)	(804) 367-2426
Teleplan (automated payment plan system)	(804) 440-5100
Individual Income Tax	(804) 367-8031
Corporation Income Tax	(804) 367-8037
Employer Withholding Tax	(804) 367-8037
Sales & Use Tax	(804) 367-8037
Litter Tax	(804) 367-8037
Aircraft Sales and Use Tax	(804) 786-2450
Bank Franchise Tax	(804) 371-0730
Commodity and Excise Taxes	(804) 786-2450
Forest Products Tax	(804) 786-2450
Estate Tax & Probate Tax	(804) 367-8031
Recordation Tax	(804) 371-0842
Tobacco Stamps	(804) 367-8465
Tobacco Tax Assistance	(804) 371-0730

www.tax.virginia.gov