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SENATE BILL NO. 1306

Offered January 9, 2025

Prefiled January 9, 2025

A BILL to amend and reenact § 58.1-202.3 of the Code of Virginia and to repeal Chapter 535 of the Acts of Assembly of 2010, relating to Department of Taxation; free tax filing program.

Patrons—McPike, Pekarsky and Salim

Referred to Committee on Finance and Appropriations

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-202.3 of the Code of Virginia is amended and reenacted as follows:

§ 58.1-202.3. Fillable tax forms.

The Tax Commissioner shall ensure that all required state tax forms are fillable forms in a portable document format for taxable periods beginning on and after January 1, 2012, and are available on the Department of Taxation's website. The Tax Commissioner shall begin making fillable forms available no later than January 1, 2012, and shall make all fillable forms available no later than March 1, 2013.

The Tax Commissioner shall develop guidelines for using such forms and publish them on the Department's website.

Nothing in this section shall replace, supersede, modify, duplicate, or compete with the Virginia Free File program in its provision of online interactive tax software and filing products and services for Virginia taxpayers.

2. That Chapter 535 of the Acts of Assembly of 2010 is repealed effective January 1, 2028.

3. That, having established the Virginia Free File program based on the Internal Revenue Service (IRS) Free File program pursuant to the provisions of Chapter 535 of the Acts of Assembly of 2010, the Tax Commissioner shall (i) terminate the agreement entered into with the Consortium for Virginia pursuant to that act; (ii) phase out the Virginia Free File program no later than December 31, 2027; and (iii) develop and offer a modern electronic tax return filing services program directly to Virginia individual taxpayers without monetary charge that is similar to and compatible with the IRS Direct File Program, the free direct tax e-file system established following the report issued in accordance with § 10301(1)(B) of the Inflation Reduction Act (P.L. 117-169), as other states have done. Such program shall be effective for taxable years beginning on and after January 1, 2028. In implementing such program, the Tax Commissioner shall (a) enter into a memorandum of understanding with the IRS no later than August 1, 2027, to join the IRS Direct File Program beginning in taxable year 2028; (b) coordinate with the IRS in development to maximize compatibility, security, and integration of such program with the IRS Direct File Program; and (c) develop eligibility criteria for such program that are not less restrictive than eligibility criteria established for participation in the IRS Direct File program. The Tax Commissioner shall establish and offer such program for taxable years beginning on and after January 1, 2028, notwithstanding any federal government action to repeal or otherwise terminate the IRS Direct File Program.

INTRODUCED

SB1306