

**DEPARTMENT OF TAXATION
2024 Fiscal Impact Statement**

- 1. **Patron** Bill DeSteph
- 3. **Committee** Senate Finance and Appropriations
- 4. **Title** Taxation; Secrecy of Information

- 2. **Bill Number** SB 711
House of Origin:
 X **Introduced**
 Substitute
 Engrossed

Second House:
 In Committee
 Substitute
 Enrolled

5. Summary/Purpose:

This bill would allow a taxpayer to waive confidentiality and secrecy of information provisions of Virginia law with respect to tax information upon executing a written acknowledgement waiver. Such written acknowledgement would be required to state to whom such documents and information are being disclosed and the extent to which such documents and information may be utilized by the authorized recipient. An authorized recipient of such documents and information would not be subject to penalties if using such documents and information in compliance with the terms and scope of the taxpayer’s waiver acknowledgement. The Tax Commissioner would be required to develop and prescribe forms and instructions for the taxpayer waiver described by this bill.

If enacted during the regular session of the 2024 General Assembly, this bill would become effective July 1, 2024.

- 6. **Budget amendment necessary:** No.
- 7. **No Fiscal Impact.** (See Line 8.)
- 8. **Fiscal implications:**

Administrative Costs

As the Department of Taxation (“the Department”) already has existing processes in place by which a taxpayer may designate one or more people to receive specific confidential tax information, the Department considers implementation of this bill as routine and does not require additional funding. If the intent is to provide a broader waiver outside of the Department’s existing processes, the Department would incur indeterminate costs.

Revenue Impact

This bill would no impact on state tax revenues.

9. Specific agency or political subdivisions affected:

10. Technical amendment necessary: No.

11. Other comments:

Background

Under current law, unless an exception applies, *Va. Code* § 58.1-3 provides that the Tax Commissioner, commissioner of the revenue, treasurer, and their staff may not divulge any information acquired in the performance of their duties with respect to the transactions, property, including personal property, income, or business of any person, firm, or corporation. It is also unlawful for any person to disseminate any confidential tax document which he knows or has reason to know is a confidential tax document. Any person who violates these provisions is guilty of a Class 1 misdemeanor.

Pursuant to *Va. Code* § 58.1-1834, a taxpayer may authorize a person, through a power of attorney filed with the Department, to represent the taxpayer. The Department of Taxation has developed the following forms and procedures for taxpayers to designate one or more people to receive specific confidential tax information and, if desired, to act on their behalf.

- Form PAR 101: A designated representative may receive specific tax information and, if specified, act on the taxpayer's behalf.
- Federal Form 2848: This federal form is similar to the Virginia Form PAR 101, but it must list Virginia tax matters in addition to the federal tax matters.
- Virginia income tax forms have a checkbox to authorize the Department to communicate with the tax preparer.
- Any power of attorney document if it includes Virginia tax matters.
- Any document signed by the taxpayer that specifies who is authorized to receive which confidential tax information.
- An executor or administrator of an estate may submit the court's letter of qualification.

Proposed Legislation

This bill would allow a taxpayer to waive confidentiality and secrecy of information provisions of Virginia law with respect to tax information upon executing a written acknowledgement waiver. Such written acknowledgement would be required to state to whom such documents and information are being disclosed and the extent to which such documents and information may be utilized by the authorized recipient. An authorized recipient of such documents and information would not be subject to penalties if using such documents and information in compliance with the terms and scope of the taxpayer's waiver acknowledgement. The Tax Commissioner would be required to develop and prescribe forms and instructions for the taxpayer waiver described by this bill.

If enacted during the regular session of the 2024 General Assembly, this bill would become effective July 1, 2024.

cc : Secretary of Finance

Date: 1/30/2024 JPJ
SB711F161