

DEPARTMENT OF TAXATION

SELECTED RETAIL SALES AND USE TAX DATA

**Joint Subcommittee to Study the Impact of Collecting Remote Sales Taxes on the
Economy of the Commonwealth**

HJR 176

October 4, 2004

Classification of Taxes

Sales Tax	What an in-state dealer collects from a customer and remits
Use Tax	What an out-of-state vendor collects on sales to Virginia customers and remits
Use Tax	What an in-state dealer remits on taxable purchases on which no tax was charged or on personal use items
Use Tax	Generally the tax assessed pursuant to an audit of a business
Consumer Use Tax	What a “non-dealer” remits on taxable purchases on which no tax was charged

Classification of Sales Tax Payment Data Captured by TAX

- More than one type of tax remitted on the same return
 - ST-9 Virginia Retail Sales and Use Tax Return
 - State sales tax collected from customers
 - Local sales tax collected from customers
 - State food tax
 - State use tax remitted on taxable purchases on which no tax was charged or on personal use items
 - Local use tax remitted on taxable purchases on which no tax was charged or on personal use items
 - ST-8 Virginia Out-of-State Dealer's Use Tax Return
 - State use tax collected from Virginia customers
 - Local use tax collected from Virginia customers
 - State food tax
 - State use tax remitted on taxable purchases on which no tax was charged or on personal use items
 - Local use tax remitted on taxable purchases on which no tax was charged or on personal use items
 - ST-7 Virginia Business Consumer's Use Tax Return
 - State use tax remitted on taxable purchases on which no tax was charged
 - Local use tax remitted on taxable purchases on which no tax was charged
 - State food tax

Amount of Return Payments

Fiscal Year	State Sales Tax	Local Sales Tax	State Use Tax	Local Use Tax	State Food Tax	State Consumer's Use Tax	Local Consumer's Use Tax	Total
1998	1,991,395,516	578,443,718	208,222,056	60,159,370	n/a	16,680,646	7,130,183	2,862,031,489
1999	2,124,642,841	616,634,222	241,284,308	70,210,266	n/a	22,939,077	7,374,217	3,083,084,931
2000	2,139,769,242	654,958,133	274,094,025	79,971,144	102,502,687	25,782,704	7,672,025	3,284,749,960
2001	2,054,904,855	685,260,433	307,317,644	89,793,788	266,167,946	30,894,449	8,918,025	3,443,257,140
2002	2,034,474,327	691,324,035	269,488,930	78,930,560	300,263,389	31,066,074	9,061,042	3,414,608,357
2003	2,087,853,081	712,841,138	271,868,569	79,488,525	315,911,051	33,156,301	9,485,154	3,510,603,819
2004	2,292,050,195	777,786,663	314,754,175	92,190,219	333,860,050	31,082,649	8,841,797	3,850,565,748
Period Totals	\$14,725,090,057	\$4,717,248,342	\$1,887,029,707	\$550,743,872	\$1,318,705,123	\$191,601,900	\$58,482,443	\$23,448,901,444

- Audit data

Fiscal Year	Audit assessment amount (combined state and local)
1998	\$61,633,498
1999	\$42,216,972
2000	\$38,766,949
2001	\$34,622,399
2002	\$53,347,418
2003	\$44,857,505
2004	\$75,585,239

Streamline Revenue Impact

- Difference between the voluntary impact and federally mandated impact
 - Conformity does not equal immediate significant additional revenue
 - Amount of federal mandated collection will depend on “small” business threshold
- Virginia impact of SB 514
 - Until Congress requires out-of-state vendors to register and collect sales and use taxes, any additional revenue would come from vendors who voluntarily register and file
 - To benefit for any future Congressional action, Virginia must conform its sales and use tax laws to the terms of the agreement
 - Conformity to Streamline Agreement would allow Virginia to have a “seat at the table” on the Governing Board to shape the future direction of the National Streamline Project

Range of National Studies

- **GAO June 2000 – 2003 Virginia losses**
 - Lower Scenario \$123 million all remote sales
 \$18 million Internet sales only
 - Higher Scenario \$458 million all remote sales
 \$224 million Internet sales only

- **University of Tennessee (I) September 2001 – Virginia losses**
 - 2001 \$238.5 million
 - 2006 \$817 million

- **Direct Marketing Association March 2003 – National losses**
 - 2003 \$2.4 billion
 - 2004 \$2.6 billion
 - 2005 \$2.8 billion
 - 2011 \$4.5 billion

- **University of Tennessee (II) July 2004 – Virginia Losses**
 - 2003 Low-growth estimate = \$256.0 million total e-commerce loss
\$135.0 million new loss
 - 2003 High-growth estimate = \$266.8 million total loss
\$140.4 million new loss

 - 2008 Low-growth estimate = \$355.2.0 million total e-commerce loss
\$194.6 million new loss
 - 2008 High-growth estimate = \$555.4 million total loss
\$294.8 million new loss

Reasons for differing estimates

- Differing tax bases
- Differing nexus standards
- Unequal distribution of “bricks and mortar” retailers
- Differing audit coverage