

Task Force #1 HJR 60 (2002)

State Income Tax Issue

2. Eliminate the age deduction

Currently, taxpayers in Virginia who are 62 years of age or older are allowed a deduction in calculating their Virginia taxable income. Each taxpayer aged 62 through 64, receives a \$6,000 deduction annually and those 65 years of age and older receive a \$12,000 deduction.

The Morris Commission suggested eliminating this tax preference. One way to achieve this would be to grandfather those taxpayers who currently receive the deduction so they would continue to receive it and to eliminate the deduction beginning in a certain year in the future. For example, any taxpayer who does not turn 62 by January 1, 2005, would not be entitled to the deduction.

Attached is an explanation, prepared by the Department of Taxation of the fiscal impact of the age deduction for fiscal years 2003 through 2006.