

Office of Regulatory Management  
Economic Review Form

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|--|---|
| <b>Agency name</b>   | Department of Taxation  |
| <b>Virginia Administrative Code (VAC) Chapter citation(s)</b>      | 23 VAC 10-210   |
| <b>VAC Chapter title(s)</b>  | Retail Sales and Use Tax  |
| <b>Action title</b>  | Fast Track Action to Amend the Retail Sales and Use Tax Regulation to conform the Regulation to Statutory Changes |
| <b>Date this document prepared</b>                                 | June 20, 2023   |
| <b>Regulatory Stage (including Issuance of Guidance Documents)</b> | Fast Track  |

**Cost Benefit Analysis**

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

**Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)**

|   |  |   |
|---|--|---|
| <p>(1) Direct &amp; Indirect Costs &amp; Benefits (Monetized)</p> | <p>Direct Costs: As this action will conform the regulation to changes in the statutory law passed in 2017 and 2019, which have already been implemented by the Department of Taxation and taxpayers, it will have no direct costs to either.</p> <p>Indirect Costs: As this action will conform the regulation to changes in the statutory law passed in 2017 and 2019, which have already been implemented by the Department of Taxation and taxpayers, it will have no indirect costs to either.</p> <p>Direct Benefits: As this action will conform the regulation to current statutory law, it may result in unknown direct benefits to the Department of Taxation and to taxpayers to the extent that it eliminates any possible confusion to Department of Taxation staff and taxpayers resulting from a regulation that does not conform to current statutory law. The Department of Taxation is unable to quantify these benefits.</p> <p>Indirect Benefits: As this action will conform the regulation to current statutory law, it may result in unknown indirect benefits to the Department of Taxation and to taxpayers to the extent that it eliminates any possible taxpayer confusion resulting from a regulation that does not conform to current statutory law. The Department of Taxation is unable to quantify these benefits.</p> |   |
| <p>(2) Present Monetized Values</p>                               | <p>Direct &amp; Indirect Costs</p>   | <p>Direct &amp; Indirect Benefits</p>   |
|   | <p>(a) As this action will conform the regulation to changes in the statutory law passed in 2017 and 2019, which have already been implemented by the Department of Taxation and taxpayers, it will have no direct or indirect costs to either.</p>  | <p>(b) As this action will conform the regulation to current statutory law, it may result in unknown direct and indirect benefits to the Department of Taxation and to taxpayers to the extent that it eliminates any possible confusion to Department of Taxation staff and taxpayers resulting from a regulation that does not conform to current statutory law. The Department of Taxation is unable to quantify these benefits.</p> |
| <p>(3) Net Monetized Benefit</p>                                  | <p>Unknown (see discussion above).</p>   |   |
| <p>(4) Other Costs &amp; Benefits (Non-Monetized)</p>             | <p>Unknown (see discussion above).</p>   |   |

|                         |                 |
|-------------------------|-----------------|
| (5) Information Sources | Not applicable. |
|-------------------------|-----------------|

**Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)**

|  |  |                            |
|--|--|----------------------------|
| (1) Direct & Indirect Costs & Benefits (Monetized) | <p>Direct Costs: As the current regulation is incorrect, there may be unknown direct costs resulting from possible taxpayer confusion resulting from a regulation that does not conform to current statutory law.</p> <p>Indirect Costs: As the current regulation is incorrect, there may be unknown indirect costs resulting from possible taxpayer confusion resulting from leaving in place a regulation that does not conform to current statutory law.</p> <p>Direct Benefits: There will be no direct benefits resulting from leaving in place a regulation that does not conform to current statutory law.</p> <p>Indirect Benefits: There will be no indirect benefits resulting from leaving in place a regulation that does not conform to current statutory law.</p> |                            |
| (2) Present Monetized Values                       | Direct & Indirect Costs  | Direct & Indirect Benefits |
|  | (a) Unknown.   | (b) None.                  |
| (3) Net Monetized Benefit                          | Unknown.   |                            |
| (4) Other Costs & Benefits (Non-Monetized)         | Unknown.   |                            |
| (5) Information Sources                            | Not applicable.  |                            |

**Table 1c: Costs and Benefits under Alternative Approach(es)**

|  |   |
|--|---|
| (1) Direct & Indirect Costs & Benefits (Monetized) | <p>Direct Costs: As the regulation is incorrect, there is no alternative other than to correct the regulation.</p> <p>Indirect Costs: As the regulation is incorrect, there is no alternative other than to correct the regulation.</p> <p>Direct Benefits: As the regulation is incorrect, there is no alternative other than to correct the regulation.</p> <p>Indirect Benefits: As the regulation is incorrect, there is no alternative other than to correct the regulation.</p> |
|--|---|

|  |   |   |
|--|---|---|
| (2) Present Monetized Values               | Direct & Indirect Costs   | Direct & Indirect Benefits  |
|  | (a) As the regulation is incorrect, there is no alternative other than to correct the regulation. | (b) As the regulation is incorrect, there is no alternative other than to correct the regulation. |
| (3) Net Monetized Benefit                  | As the regulation is incorrect, there is no alternative other than to correct the regulation.     |   |
| (4) Other Costs & Benefits (Non-Monetized) | As the regulation is incorrect, there is no alternative other than to correct the regulation.     |   |
| (5) Information Sources                    | Not applicable.   |   |

**Impact on Local Partners**

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

**Table 2: Impact on Local Partners**

|  |   |                            |
|--|---|----------------------------|
| (1) Direct & Indirect Costs & Benefits (Monetized) | <p>Direct Costs: As this action will conform the regulation to current statutory law, it will have no direct costs on local partners.</p> <p>Indirect Costs: As this action will conform the regulation to current statutory law, it will have no indirect costs on local partners.</p> <p>Direct Benefits: As this action will conform the regulation to current statutory law, it may have unknown direct benefits by eliminating taxpayer confusion. The Department of Taxation is unable to quantify these benefits.</p> <p>Indirect Benefits: As this action will conform the regulation to current statutory law, it may have unknown indirect benefits by eliminating taxpayer confusion. The Department of Taxation is unable to quantify these benefits.</p> |                            |
| (2) Present Monetized Values                       | Direct & Indirect Costs   | Direct & Indirect Benefits |
|  | (a) None.   | (b) Unknown.               |

|  |                 |
|--|-----------------|
| (3) Other Costs & Benefits (Non-Monetized) | Unknown.        |
| (4) Assistance                             | None.           |
| (5) Information Sources                    | Not applicable. |

**Impacts on Families**

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

**Table 3: Impact on Families**

|  |   |                            |
|--|---|----------------------------|
| (1) Direct & Indirect Costs & Benefits (Monetized) | <p>Direct Costs: As this action will simply conform the regulation to current statutory law, it will have no direct costs to families.</p> <p>Indirect Costs: As this action will simply conform the regulation to current statutory law, it will have no indirect costs on families.</p> <p>Direct Benefits: As this action will conform the regulation to current statutory law, it may have direct benefits resulting from eliminating taxpayer confusion. The Department of Taxation is unable to quantify these benefits.</p> <p>Indirect Benefits: As this action will conform the regulation to current statutory law, it may have indirect benefits resulting from eliminating taxpayer confusion. The Department of Taxation is unable to quantify these benefits.</p> |                            |
| (2) Present Monetized Values                       | Direct & Indirect Costs   | Direct & Indirect Benefits |
|  | (a) None.   | (b) Unknown.               |
| (3) Other Costs & Benefits (Non-Monetized)         | Unknown.  |                            |
| (4) Information Sources                            | Not applicable.   |                            |

**Impacts on Small Businesses**

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

**Table 4: Impact on Small Businesses**

|  |   |                            |
|--|---|----------------------------|
| (1) Direct & Indirect Costs & Benefits (Monetized) | <p>Direct Costs: As this action will conform the regulation to current statutory law, it will have no direct costs on small businesses.</p> <p>Indirect Costs: As this action will conform the regulation to current statutory law, it will have no indirect costs on Small Businesses.</p> <p>Direct Benefits: As this action will conform the regulation to current statutory law, it may have direct benefits by eliminating taxpayer confusion. The Department of Taxation is unable to quantify these benefits.</p> <p>Indirect Benefits: As this action will conform the regulation to current statutory law, it may have indirect benefits by eliminating taxpayer confusion. The Department of Taxation is unable to quantify these benefits.</p> |                            |
| (2) Present Monetized Values                       | Direct & Indirect Costs   | Direct & Indirect Benefits |
|  | (a) None.   | (b) Unknown.               |
| (3) Other Costs & Benefits (Non-Monetized)         | Unknown.  |                            |
| (4) Alternatives                                   | As the current regulation is incorrect due to law changes, there is no alternative other than correcting the regulation.  |                            |
| (5) Information Sources                            | None.   |                            |

**Changes to Number of Regulatory Requirements**

**Table 5: Regulatory Reduction**

For each individual action, please fill out the appropriate chart to reflect any change in regulatory requirements, costs, regulatory stringency, or the overall length of any guidance documents.

*Change in Regulatory Requirements*

| <b>VAC Section(s) Involved</b> | <b>Initial Count</b> | <b>Additions</b> | <b>Subtractions</b> | <b>Net Change</b> |
|--------------------------------|----------------------|------------------|---------------------|-------------------|
| 23VAC10-210-340                | 8                    | 0                | 0                   | 0                 |
| 23VAC10-210-410                | 13                   | 0                | 1                   | -1                |

*Cost Reductions or Increases (if applicable)*

| <b>VAC Section(s) Involved</b> | <b>Description of Regulatory Requirement</b> | <b>Initial Cost</b> | <b>New Cost</b> | <b>Overall Cost Savings/Increases</b> |
|--------------------------------|--|---------------------|-----------------|---------------------------------------|
| 23VAC10-210-340                | Not applicable                               | Not applicable      | Not applicable  | Not applicable                        |
| 23VAC10-210-410                | Not applicable                               | Not applicable      | Not applicable  | Not applicable                        |

*Other Decreases or Increases in Regulatory Stringency (if applicable)*

| <b>VAC Section(s) Involved</b> | <b>Description of Regulatory Change</b> | <b>Overview of How It Reduces or Increases Regulatory Burden</b> |
|--------------------------------|---|--|
| 23VAC10-210-340                | Not applicable                          | Not applicable   |
| 23VAC10-210-410                | Not applicable                          | Not applicable   |

*Length of Guidance Documents (only applicable if guidance document is being revised)*

| <b>Title of Guidance Document</b> | <b>Original Length</b> | <b>New Length</b> | <b>Net Change in Length</b> |
|-----------------------------------|------------------------|-------------------|-----------------------------|
| Not applicable                    |                        |                   |                             |
|                                   |                        |                   |                             |