

Currently, **the deadline for filing Virginia income tax returns remains May 1st** because that date is set in state law. However, because state law permits the Tax Commissioner to extend deadlines for paying taxes, **the deadline to pay any income tax due was moved to June 1st**.

I know different deadlines are confusing, as well as, questions about why Virginia's extension to pay taxes isn't July 15th like the IRS. Here are some details from discussions I'm having with the Administration on these deadlines in my role as Chair of the House Finance Committee:

1. The reason the IRS deadline for filing returns and paying taxes could be extended to July 15th is because the federal budget (fiscal) year doesn't start until October 1st. In contrast, Virginia's budget (fiscal) year starts July 1st. Since taxpayers who owe taxes tend to file just before the deadline, an extension to July 15th would trigger a state revenue shortfall of over \$2 billion for obligations Virginia must meet before July 1st.
2. Virginia always adopts a 2-year budget and, if we were in the middle of a 2-year budget, at least some of these obligations could be paid when the delayed income tax payments are received. Unfortunately, this June is end of the current 2-year adopted budget and legal opinion is that there is no authorization to just move funds, which other states may be able to do under their budget structures.
3. In fact, most state legislatures were in session or haven't adjourned and could legally make adjustments to an adopted budget. In contrast, Virginia's Session adjourned March 12th.
4. Finally, the federal government can go into debt to meet any shortfall – Virginia cannot.

Since, Virginia is not in a position to extend the tax deadlines to July 15th, where does that leave Virginia taxpayers?

5. **Anyone who doesn't owe Virginia taxes, gets an automatic 6-month extension** of the May 1st deadline **to file a tax return** without any penalty.
6. Given this automatic, penalty-free extension, it would be logical to also extend the deadline for filing a tax return to match the extension to June 1st for paying taxes. Unfortunately, the May 1st filing deadline is set in Virginia law (§58.1-341) and cannot be over-ridden by Executive Order. In contrast, Virginia law gives the Tax Commissioner discretion regarding payment of taxes and that authority was used to move that the tax payment deadline to June 1st.
7. Because of the July 15th IRS federal tax extension, we are discussing waiving any penalty and any interest on tax payments made before August 1st. The reason for focusing on August 1st is that Virginia taxpayers have always had 2 weeks after the deadline for filing federal taxes to file their state taxes. Having the state filing after the federal filing recognizes that most Virginia tax provisions conform to federal.
8. The Tax Commissioner does have the authority to waive penalties. Again, unfortunately, Virginia law (§58.1-308) requires interest must be charged.
9. As I mentioned, other state legislatures were still in session when the coronavirus pandemic was recognized. Virginia's Session is arguably the shortest in the nation, which prevented us from simply passing a bill to remove the interest requirement – or to debate extending the tax return filing deadline. However, on April 22nd we have the opportunity to over-ride the interest requirement when we meet for the brief Reconvened Session set to override any vetoes and to adopt Governor's amendments to bills passed in the Regular Session. Specifically, under our legislative procedures, we can adopt a language amendment in the budget to temporarily over-ride the law requiring interest.

The bottom line is that while we are trying to modify current extensions, if you typically don't owe Virginia taxes because you have enough withheld or prepaid from your sources of income, you have 6 months to file. However, **if you think you owe taxes, to avoid paying interest, by May 1st use this link to estimate the amount you may owe, pay at least 90% of the amount, and you will then have a 6-months to compute the actual amount.** If the actual amount is less than what you paid, you'll get a refund. If the actual amount is more than the estimate you paid, I assure you, I am doing everything I can to make sure you won't have to pay any penalty or interest for payment before August 1st or, if at all possible, any interest at all until the end of the 6-month extension.