

# Virginia Quick-Guide: Corporate

Type of Return	Due Dates	Notes
<b><u>Corporation:</u></b>		
<u>Return</u> <b>500</b>	April 15th or the 15th day of the 4th month following fiscal year end.	
<u>Amended</u> <b>500</b>	Refer to instructions for filing information or contact the taxing jurisdiction.	
<u>Estimated</u> <b>500ES</b>	15th day of the 4th, 6th, 9th & 12th month of the taxable year.	
<u>Extension</u>		Automatic 6 month extension. If payment is due file Form 500CP.
<b><u>S Corporation:</u></b>		
<u>Return</u> <b>502</b>	April 15th or the 15th day of the 4th month following fiscal year end.	
<u>Amended</u> <b>502</b>	Refer to instructions for filing information or contact the taxing jurisdiction.	
<u>Estimated</u>		No designated form.
<u>Extension</u>		Automatic 6 month extension. If payment is due file Form 502W.
<b><u>Exempt Corporation:</u></b>		
<u>Return</u>		Refer to instructions for filing information or contact the taxing jurisdiction.
<u>Amended</u>		
<u>Estimated</u>		
<u>Extension</u>		

# Virginia Quick-Guide: Individual, Partnership and Fiduciary

Type of Return	Due Dates	Notes
<b><u>Individual:</u></b>		
<u>Resident, Nonresident, Part-Year Resident</u> <b>760CG, 760PY, 763</b>	May 1st	
<u>Amended</u> <b>760CG, 760PY, 763</b>	Refer to instructions for filing information or contact the taxing jurisdiction.	
<u>Estimated</u> <b>760ES/CG</b>	1st day of the 5th month of the taxable year and 15th day of the 6th & 9th month of the taxable year and 15th day of the 1st month of the subsequent taxable year.	
<u>Extension</u>		Automatic 6 month extension. If payment is due file Form 760/IP/CG.
<b><u>Partnership:</u></b>		
<u>Return</u> <b>502</b>	April 15th or the 15th day of the 4th month following fiscal year end.	
<u>Amended</u> <b>502</b>	Refer to instructions for filing information or contact the taxing jurisdiction.	
<u>Estimated</u>		No designated form.
<u>Extension</u>		Automatic 6 month extension. If payment is due file Form 502W.
<b><u>Fiduciary:</u></b>		
<u>Return</u> <b>770</b>	May 1st or the 15th day of the 4th month following fiscal year end.	
<u>Amended</u> <b>770</b>	Refer to instructions for filing information or contact the taxing jurisdiction.	
<u>Estimated</u> <b>770ES/CG</b>	1st day of the 5th month of the taxable year and 15th day of the 6th & 9th month of the taxable year and 15th day of the 1st month of the subsequent taxable year.	
<u>Extension</u>		Automatic 6 month extension. If payment is due file Form 770/IP/CG.

# *Virginia: Directory*

## **Make Checks Payable To:**

Local Filer - Treasurer of the city or county in which you reside. See instructions for further information.

Direct Filer - Virginia Department of Taxation

## **Information:**

Corporate

(804) 367-8037

Individual/Partnership/Fiduciary

(804) 367-8031

## **Web Site Address:**

<http://www.virginia.gov>

## **Secretary of State:**

Commonwealth of Virginia

State Corporation Commission

P.O. Box 1197

Richmond, VA 23218-1197

(804) 371-9967

(800) 552-7945 (within VA)

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## **500, 500CP, 500ES, 502, 502W**

Virginia Department of Taxation

P.O. Box 1500

Richmond, VA 23218-1500

## **760/IP/CG, 770/IP/CG**

Virginia Department of Taxation

P.O. Box 760

Richmond, VA 23218-0760

## **760CG, 760PY, 763**

File with the local Commissioner of Revenue of the city or county in which you reside. May also be filed with the Department of Taxation. See instructions for further information.

### *Payment*

Tax Due Returns

Virginia Department of Taxation

P.O. Box 760

Richmond, VA 23218-0760

### *No Payment/Refund*

Refund Returns

Virginia Department of Taxation

P.O. Box 1498

Richmond, VA 23218-1498

## **760ES/CG, 770ES/CG**

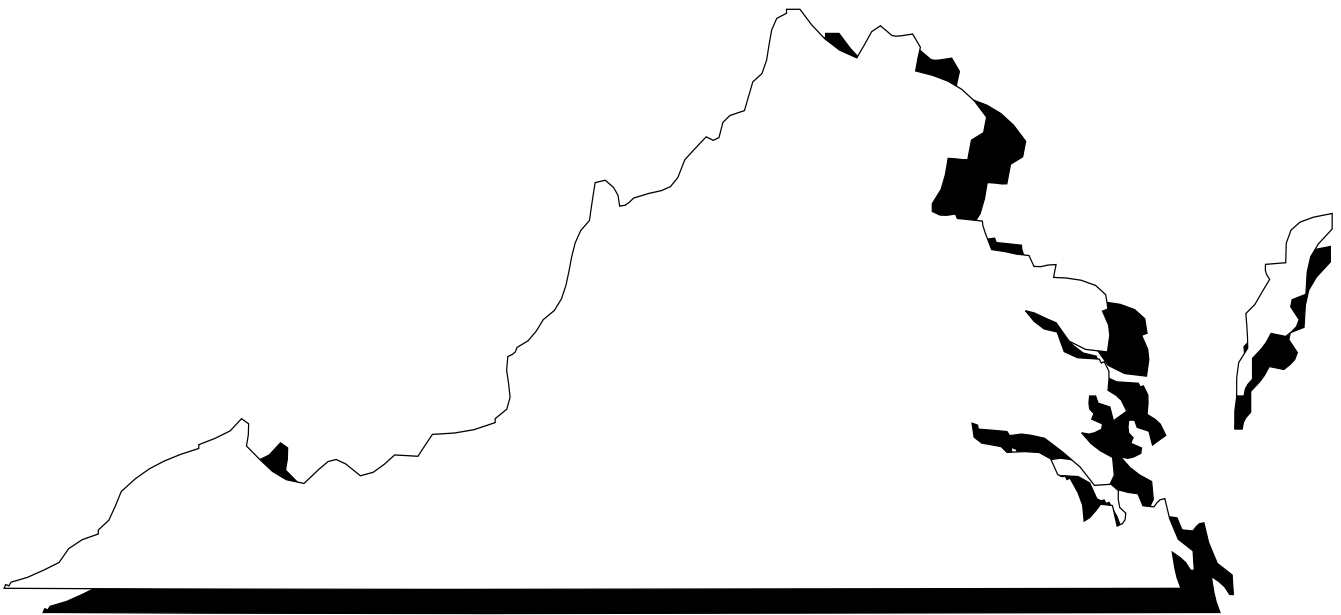
See "Where To File" in form instructions.

## **770**

See "Where To File" in form instructions.

Virginia Department of Taxation

***INCOME TAX WITHHOLDING  
GUIDE FOR EMPLOYERS***



[www.tax.virginia.gov](http://www.tax.virginia.gov)

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## Introduction

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This publication contains general information regarding the withholding of Virginia income tax from wages. You should use this booklet as a reference guide, not as a substitute for the complete tax law provided by the *Code of Virginia* or the regulations and public documents published by the Department.

## Important Due Date Change

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The due date for the Employer's Annual Summary of Virginia Income Tax Withheld (Form VA-6 or Form VA-6H) along with required wage statements (Forms W-2 and 1099) has been changed to January 31. This will allow for the faster and more secure processing of income tax refunds. If a business closes, these forms must be filed within 30 days after the last month in which wages were paid.

## Where to Get Assistance

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Visit our website at [www.tax.virginia.gov](http://www.tax.virginia.gov) to:

- download forms and instructions
- get filing information
- review answers to frequently asked questions
- e-mail the Department your questions
- get online help through Live Chat

**Call our Central Office.**

The telephone number is **(804) 367-8037**.

Tenemos servicios disponible en Español.

# Online File and Pay Options

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The Virginia Department of Taxation offers three free online filing and ACH Debit payment options. Each option allows you to schedule your payment on a date that you specify and provides immediate filing and payment confirmation. If you prefer to make payments by ACH Credit, use Business iFile or Web Upload to submit the required reconciliation Forms VA-6 and/or VA-16, as applicable. See below for details.

If you need assistance with these services, online help is available through Live Chat at [www.tax.virginia.gov](http://www.tax.virginia.gov).

1. **eForms** – an easy option for all taxpayers. Whether you have little to no computer experience or you are an expert, eForms is the easiest and fastest way to file and pay electronically.
  - Prepare your return without having to enroll or login
  - Fill in the fields on a return that looks just like the paper return, with eForms performing some of the calculations for you
  - Save time by storing your account and banking information for your next filing
  - Go to [www.tax.virginia.gov/eforms](http://www.tax.virginia.gov/eforms)
  
2. **Business iFile** – for the taxpayer who wants to do more than file and pay electronically. From updating contact and address information to adding new business locations, Business iFile provides full service online account maintenance.
  - Enroll and login with the user ID and password that you select
  - Save time by storing your account and banking information for your next filing
  - File returns and make payments electronically, with iFile performing the calculations for you
  - View up to 14 months of your filing history
  - Form W-2 filing is not available through Business iFile
  - Go to [www.tax.virginia.gov/ifile](http://www.tax.virginia.gov/ifile)
  
3. **Web Upload** – for the taxpayer with computer experience. With this option, you can send tax return and payment files from your computer directly to the Department.
  - Enroll and login with the user ID and password that you select
  - Use a variety of file types, including Excel
  - View up to 24 months of uploaded file information
  - Form W-2 filing is available through Web Upload
  - Go to [www.tax.virginia.gov/webupload](http://www.tax.virginia.gov/webupload)

**All of the Department's online services are  
free, easy to use, secure, and available 24/7 at  
[www.tax.virginia.gov](http://www.tax.virginia.gov).**

## Registering for a Withholding Tax Account

### Who Must Register

You must have a Virginia withholding account if you have an employee who is earning income while in Virginia. This includes a person or business that pays wages or salaries for services performed in Virginia or pays pensions or annuities to Virginia residents.

Visit our website at [www.tax.virginia.gov/ireg](http://www.tax.virginia.gov/ireg) to register your business. You may also register with the Virginia Employment Commission (VEC) at the same time you register your business online with the Department.

Registering online has many advantages. It is fast, easy, secure, and most of all reduces errors. You also have the ability to save your registration and complete it at a later time.

If you prefer to register on paper, complete Form R-1 (Registration Application). For faster processing, provide all of the requested information.

### When to Register

You should register your business before you begin withholding wages. If you have not registered by the date that your first tax payment is due, send the payment with Form R-1 and a letter explaining what period the payment covers.

### Filing Frequency Status

If your estimated total withholding is:	You are required to file:
\$300 or less per quarter	quarterly
\$301 to \$2,999 per quarter	monthly
\$3,000 or more per quarter	semi-weekly

After you have registered, your account will be reviewed each year and your filing status adjusted accordingly. If your filing frequency changes, you will receive a letter of notification for the appropriate filing frequency. Filing status changes are effective on January 1 of each year and remain in effect until the following January 1.

For businesses that are operating on a seasonal basis or paying wages or salaries only during certain months of the year, complete the "Seasonal Business" section when registering using iReg or on Form R-1. Your business will be assigned a seasonal filing status.

### Your Virginia Account Number

The Virginia account number assigned by the Department will serve as the identification number for your withholding tax account and for your other major business tax accounts. Please use your account number on any returns, checks, or correspondence that you send to us.

Because your registration information also includes your Federal Employer's Identification Number (FEIN), it is helpful if you also include that number on forms and correspondence. If the Internal Revenue Service assigns a new FEIN to your business because of a reorganization, change in business type, or change of ownership, you must file Form R-1 and obtain a new Virginia account number.

You should have only one Virginia account number. If you have more than one account number and do not know which one is correct, please contact us at **(804) 367-8037**. If you acquire another employer's business, do not use that employer's account number. Instead, complete Form R-1 and file it with a statement explaining the change in ownership.

### Registration Changes

Report all changes to your business by updating your account online at [www.tax.virginia.gov/iFile](http://www.tax.virginia.gov/iFile). You can make any of the following changes:

- Update Addresses
- End Liability for a Specific Tax Type
- Update Contacts
- Add a new Tax Type to an Existing Account
- Close your Business

If you prefer to submit changes on paper, submit Form R-3, which can be downloaded from the Department's website at [www.tax.virginia.gov](http://www.tax.virginia.gov).

Do not use Form R-3 to report a name change that results from a change in ownership. Instead, file Form R-3 to close the former owner's account and file Form R-1 to obtain a Virginia account number for the new owner. In the case of a corporate merger, a copy of the merger statement should be attached to Form R-3.

### When to File

For timely filing, your return must be postmarked or received on or before the due date.

**Electronic Filing** - Use eForms, iFile and Web Upload. When filing online, your return and payment will be received immediately and you can schedule your payment to be debited on a future date. Be sure to file by the due date to avoid late filing penalties and interest.

**Filing by Mail** - When a payment or return is submitted by mail or commercial delivery service, it will be considered timely provided that either the envelope shows a postmark or bears a confirmation of shipment on or before midnight of the day the return is required to be filed.

Visit the Department's website, [www.tax.virginia.gov](http://www.tax.virginia.gov), to learn more.



**Virginia Withholding Tax Forms and Due Dates**

<b>Form</b>	<b>Title</b>	<b>Description</b>
<b>Employer Forms</b>		
<b>iReg</b>	<b>Online Registration</b>	Used to register your business for withholding tax online at our website - <a href="http://www.tax.virginia.gov">www.tax.virginia.gov</a> .
<b>R-1</b>	<b>Registration Application</b>	Used to register your business for withholding tax. The form is available on the Department's website at <a href="http://www.tax.virginia.gov">www.tax.virginia.gov</a> .
<b>R-3</b>	<b>Registration Change Request</b>	Used to report a change of name or address, or to notify the Department that an employer is no longer liable for withholding. File before the effective date of the change. If you do not have Form R-3, send a letter to the Department.
<b>VA-5</b>	<b>Employer's Return of Virginia Income Tax Withheld</b>	Used by quarterly, monthly and seasonal filers. Quarterly returns are due on April 30, July 31, October 31, and January 31. Monthly returns are due by the 25th day of the following month. Seasonal returns are due on the same dates as monthly returns, for each month that the business has employees.
<b>VA-15</b>	<b>Employer's Payment of Virginia Income Tax Withheld</b>	Used by semi-weekly filers. Payments are due within three banking days of any federal cutoff date (generally Tuesdays and Fridays) if the accumulated tax liability exceeds \$500. If the due date falls within three days of the due date for Form VA-16, the payment must be made with the Form VA-16 submission.
<b>VA-16</b>	<b>Employer's Payments Quarterly Reconciliation and Return of Virginia Income Tax Withheld</b>	Used by semi-weekly filers to reconcile payments for each calendar quarter.
<b>VA-6</b>	<b>Employer's Annual Reconciliation of Virginia Income Tax Withheld</b>	Annual or final summary of payments for the year. Form VA-6 is due by January 31 each year or within 30 days after the last payment of wages.  Forms W-2 must be sent electronically using Web Upload. Forms W-2, W-2G, or 1099 information must be submitted if Virginia income tax withheld is reflected on the statements. Note: Form W-2 and Form VA-6 information are two separate statements. Uploading Form W-2 data to Web Upload will NOT automatically create your Form VA-6. See instructions for filing electronically at <a href="http://www.tax.virginia.gov">www.tax.virginia.gov</a> .
<b>VA-6H</b>	<b>Household Employer's Annual Summary of Virginia Income Tax Withheld</b>	For household employers who elect to file their withholding tax returns on an annual basis. When filing Form VA-6H, Wage and Tax Statements (Form W-2) must also be submitted electronically for each employee using Web Upload or eForms.
<b>Employee Forms</b>		
<b>VA-4</b>	<b>Virginia Employee's Withholding Exemption Certificate</b>	Used to report the number of exemptions that an employee is entitled to claim. Obtain one Form VA-4 from each employee on the date employment begins.
<b>VA-4P</b>	<b>Withholding Exemption Certificate for Recipients of Pension and Annuity Payments</b>	Used to report the number of exemptions that a pension or annuity for recipients of pension is entitled to claim. Obtain one from each recipient before annuity payments begin.

## Who Must Withhold Virginia Income Tax

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### Who is an Employer

As a general rule, any person or entity that meets the definition of “employer,” which is described below, must withhold Virginia income tax. An employer is generally a person or entity that pays wages to employees for services performed in Virginia or makes pension or annuity payments to residents of Virginia.

**The term “employer” includes the following:**

- An individual, fiduciary, partnership, association, joint enterprise, or corporation for whom an employee performs services
- The Commonwealth of Virginia, or any political subdivision thereof, or any agency or instrumentality thereof
- The United States or any agency or instrumentality thereof
- Payors of pensions or annuities to residents of Virginia, except that financial institutions are not considered employers with respect to payments from Individual Retirement Accounts (IRA) or simplified employee pension funds (SEP).

**An employer is generally subject to the Virginia withholding requirements if the employer is:**

- A resident of Virginia
- Doing business in Virginia
- Domesticated under the laws of Virginia relating to the domestication of foreign corporations
- Making payments of wages or salaries to employees for services performed in Virginia
- Making pension or annuity payments to residents of Virginia

### Conformity to Federal Definitions

The determination of whether an employer-employee relationship exists for purposes of Virginia withholding requirements is made under federal law (Treas. Reg. § 31.3401(c)-1). Anyone classified as an employer for federal purposes is also an employer for Virginia purposes.

### Courtesy Filers

An employer who is not otherwise subject to the Virginia withholding requirements, but wishes to withhold Virginia income tax as a courtesy to employees who reside in Virginia, may register for an account number. Once registered, the employer will be subject to the same filing requirements as all other Virginia employers.

### Who is an Employee

**The term “employee” includes:**

- An individual (resident or nonresident) who performs or performed services in Virginia for wages

- A resident of Virginia who performs or performed services outside Virginia for wages
- An officer, employee, or elected official of the United States, or any other state or territory, or any political subdivision thereof, or the District of Columbia, or any instrumentality or agency of the governments listed
- An officer of a corporation
- A resident of Virginia who receives pension or annuity payments

**An employee is generally subject to Virginia income tax withholding if any of the following conditions are met:**

- The individual receives taxable wages for services performed in Virginia and is not eligible for an exemption from withholding
- The individual is a resident of Virginia who receives taxable wages for services performed outside Virginia and does not qualify for an exemption from withholding
- The individual is a resident of Virginia and receives pension or annuity payments or both from which federal income tax has been withheld (except IRA and SEP payments) and is not eligible for an exemption from withholding

See “How to Compute the Tax” for additional information.

## Taxable and Exempt Payments

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### Payments Subject to Withholding

Virginia law conforms to the federal definition of income subject to withholding. Virginia withholding is generally required on any payment for which federal withholding is required. This includes most wages, pensions and annuities, gambling winnings, vacation pay, bonuses, and certain expense reimbursements.

### Payments Exempt From Withholding

Payments that are exempt from federal withholding are also exempt from Virginia withholding. In addition, the following payments are exempt from Virginia withholding:

- Payments made for acting in or serving as a crew member for movies, television series, commercials, or promotional films that are filmed totally or partially in Virginia by an employer that conducts business in Virginia for less than 90 days and that edits, processes and markets the completed project outside Virginia
- Payments made from an IRA or SEP
- Payments made to nonresident employees of rail carriers, motor carriers, and water carriers
- Payments made to resident and nonresident merchant seamen

## Payments to Nonresidents Under Reciprocity Agreements

When you make wage or salary payments to a nonresident for services performed in Virginia, you typically must withhold Virginia income tax in the same manner as you would for a resident.

Virginia has entered into reciprocity agreements with other states for individuals who earn income in states other than their states of residence. The agreements allow those individuals to be taxed only by their state of residence on earned or business income, provided that certain conditions are met. The terms of the agreements eliminate a nonresident's liability for Virginia income tax, as well as the requirement for withholding from payments made for services performed in Virginia.

Current reciprocity agreements affect Virginia withholding requirements for residents of the following states: Kentucky, the District of Columbia, Maryland, West Virginia and Pennsylvania. Withholding provisions for residents of these states who work in Virginia are described below.

### Kentucky and the District of Columbia:

Wage and salary payments to residents of these states are not subject to Virginia withholding if the employees commute daily to a place of employment in Virginia.

### Maryland, West Virginia, and Pennsylvania:

Wage and salary payments made to residents of these states are not subject to Virginia withholding if the employees meet the following conditions:

- The employee maintains a legal domicile in another state and lives in Virginia for less than 183 days of the taxable year (or does not live in Virginia at all)
- The only Virginia source income received during the year was from salaries or wages
- The Virginia source income is subject to taxation by the individual's state of residence

Any nonresident who is exempt from Virginia withholding under a reciprocity agreement must indicate this on the Form VA-4, Employee's Exemption Certificate, filed with his or her employer.

## Payments to Other Nonresidents

Payments to the following nonresidents for services performed in Virginia are subject to withholding:

- Residents of non-reciprocity states. This includes residents of neighboring states (Tennessee and North Carolina) for which Virginia has no reciprocity agreement in place, as well as residents of other states who are working in Virginia on a temporary basis.
- Residents of Kentucky, the District of Columbia, Maryland, West Virginia, and Pennsylvania who do not meet the conditions for exemption under Virginia's reciprocity agreements with those states.

## Partially Exempt Employment

If an employee performs both taxable and nontaxable services for an employer (for example, services performed both in and outside Virginia) the entire payment for those services is subject to Virginia withholding if at least one-half of the services are taxable. If less than one-half of the employee's time is spent in services not subject to withholding, the entire payment is exempt.

## Employee Withholding Exemption Certificates

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### Use of Exemption Certificates

To compute Virginia withholding tax for payments made to an employee, you need to know the number of personal exemptions that the employee can claim. The employee gives you this information on Form VA-4, Virginia Employee's Income Tax Withholding Exemption Certificate. An employee would also use Form VA-4 to tell an employer that he or she is exempt from Virginia withholding. Recipients of pension and annuity payments use a different certificate, Form VA-4P, to report their exemption information to their payors.

Keep exemption certificates in your records to support your computation of Virginia withholding tax for each employee. Do not send the certificates to the Department.

You must use the Virginia exemption certificates for computing Virginia withholding. Federal certificates (Forms W-4 or W-4P) may not be substituted.

### Filing Exemption Certificates

Employees must file Form VA-4 with you when their employment begins. Form VA-4P should be filed before pension or annuity distributions begin. If no Form VA-4 or VA-4P is filed, withhold Virginia income tax as if no exemptions had been claimed. A new Form VA-4 or Form VA-4P must be filed if the employee's allowable number of exemptions changes or if an employee that was previously exempt from Virginia income tax becomes subject to the tax. The form should be filed within ten days of the employee's change in status.

Note: Employers may establish a system to electronically receive Forms VA-4 from employees, provided the system meets Internal Revenue Service requirements as specified in Treas. Reg. § 31.3402(f)(5)-1(c).

### Claiming Exemptions

The employee must complete the Personal Exemption Worksheet to determine the allowable number of exemptions for withholding purposes. An employee may not claim more than the number of personal exemptions that he or she is entitled to claim for purposes of filing an individual income tax return, unless the Department has authorized additional exemptions in writing.

In cases where an employee will be claiming a large amount of itemized deductions on his or her income tax return,

basing the withholding computation on the usual number of allowable exemptions may result in withholding too much tax. If an employee can show that such withholding has resulted in a refund of \$300 or more for the preceding tax year, he or she may write to the **Department of Taxation, P.O. Box 1115, Richmond, VA 23218-1115** to request permission to claim additional withholding exemptions. The letter should include the employee's name, social security number, estimated Virginia taxable income for the year, gross wages per pay period, and number of pay periods.

If you believe that an employee has claimed too many exemptions, please send a copy of the employee's Form VA-4 to the **Department of Taxation, P.O. Box 1115, Richmond, VA 23218-1115**, and request a review of the information. The Department will notify you in writing whether you may accept the Form VA-4 as filed or whether the employee must file a new Form VA-4.

### **Additional Withholding**

If an employee wants to have an additional amount of tax withheld from each paycheck, and you agree to do so, the employee must indicate the additional amount on Form VA-4 or Form VA-4P. If you do not agree to withhold additional tax, the employee may need to make estimated tax payments.

### **Exemption From Withholding**

An employee is exempt from Virginia withholding if he or she meets any of the conditions listed on Form VA-4 or VA-4P. The employee must file a new certificate each year to certify the exemption. Be sure to keep copies of any certificate claiming exemption from withholding.

## **How to File and Pay the Tax**

### **Electronic Filing and Payment Requirements**

All employers are required to submit all returns and payments electronically. The Department offers three filing options: eForms, Business iFile and Web Upload. Return and payment information is required to be submitted using these systems or by making payments by ACH Credit.

You can download an Electronic Payment Guide from the Department's website at [www.tax.virginia.gov](http://www.tax.virginia.gov).

### **How Often to File**

Your filing status is determined by the average amount of income tax that you withhold each month. When you register your business for withholding tax, you are asked to estimate this figure so that the Department can assign a filing status. Based on that information, the Department assigns a quarterly, monthly, semi-weekly, or seasonal filing status. In addition, all employers must file an annual summary. You are not responsible for monitoring your monthly tax liability to see if a status change is needed. The Department reviews each account annually and makes any necessary changes. Notices of change in filing status are usually mailed during December of each year and become effective on January 1.

**Liability for Filing** - After you register for a withholding tax account, you must file a return for every period during which the account remains open, even if there is no tax due. If you do not expect to pay wages for an extended period of time, you may want to close the account until you begin paying wages again.

**Extensions of Time for Filing and Payment** - The Department will grant a reasonable extension of time for filing and/or payment when good cause exists. You must apply for an extension in writing before the due date of the applicable return. If the time for payment is extended, the Department will assess interest on the tax due from the original due date through the date of payment.

### **Semi-Weekly Filing**

If your average monthly liability is \$1,000 or more, the Department will assign a semi-weekly filing status to your account.

If the Virginia income tax withheld as of the close of any federal period is more than \$500, a payment must be made within three banking days. Federal cutoff days for withholding deposits are generally Tuesday and Friday of each week.

At the end of each calendar quarter, you are required to submit a reconciliation on Form VA-16, along with payment of any remaining tax due for the quarter. In addition, if the due date for Form VA-16 falls within three days of the due date of a current month's semi-weekly payment, the current payment is included on Form VA-16.

**Special Rule for Semi-Weekly Filers** - Semi-weekly filers are required to file a summary for each calendar quarter on Form VA-16. The total payments made for the quarter are subtracted from the actual tax withheld, and any remaining balance due is paid with the return. If the balance of tax due is more than 10% of the total tax liability for the quarter, a late payment penalty will be assessed on the amount over 10%.

### **Monthly Filing**

If your average monthly withholding tax liability is over \$100 but less than \$1,000, a monthly filing status will be assigned.

Submit Form VA-5 and pay by the 25th day of the following month. A list of the due dates for monthly returns is shown below.

<b>Month</b>	<b>Due Date</b>	<b>Month</b>	<b>Due Date</b>
January	February 25	July	August 25
February	March 25	August	September 25
March	April 25	September	October 25
April	May 25	October	November 25
May	June 25	November	December 25
June	July 25	December	January 25

Any tax due must be paid at the time you submit Form VA-5. You must submit a return for each month even if there is no tax due.

## Quarterly Filing

If the average monthly withholding tax liability is \$100 or less, the Department will assign a quarterly filing status to your account. Submit Form VA-5 and pay by the last day of the following month. A list of the due dates for quarterly returns is shown below.

Quarter Ended	Due Date
March 31	April 30
June 30	July 31
September 30	October 31
December 31	January 31

You must submit a return for each quarter even if there is no tax due.

## Seasonal Filing

As a seasonal filer, you are required to submit returns for the months that you designated when you registered, even if there is no tax due. Seasonal returns are submitted using Form VA-5 and are due on the 25th of the following month for each month that the business has an employee. To change the designated months, write to the **Registration Unit, P.O. Box 1114, Richmond, VA 23218-1114**.

## Annual Summary

**Form VA-6** - Every employer must submit Form VA-6, Annual Summary online using eForms, iFile or Web Upload at [www.tax.virginia.gov](http://www.tax.virginia.gov).

Form VA-6 is due on January 31. If you close your account before the end of the year, you must file Form VA-6 within thirty days of the last month in which you pay wages. All employers must submit their VA-6 electronically.

**Federal Income Statements** - You must submit any federal income statements (Forms W-2 and 1099) that reflect Virginia withholding. Forms W-2 and 1099R may be submitted using Web Upload or eForms. If you have other federal series forms, such as the Forms W-2G or 1099-INT that reflect Virginia withholding, these must be submitted on paper.

**Web Upload Reporting** - You may file Forms W-2, 1099-R and 1099-MISC electronically via the Web Upload system and receive immediate validation/feedback on your submitted data. Files must be formatted according to the SSA's EFW2 and the IRS's Publication 1220. The state code of (51) should be used to indicate Virginia income tax withheld. Details for filing by Web Upload can be found at [www.tax.virginia.gov](http://www.tax.virginia.gov).

Note: Submitting Form W-2 information to the Department does not take the place of filing state employment data. That information must be transmitted separately to the VEC.

**Form 1099 Requirements** - You are required to file Forms 1099 with the Department when the forms show Virginia income tax withheld. If you participate in the combined Federal/State Filing Program (CF/SF) for Form 1099-R,

you do not need to submit the forms to Virginia; however, you must notify the Department by letter at least two weeks before the Form VA-6 is due (i.e. on or before January 17), of your intent to participate in the program. The letter should be mailed to: **Virginia Department of Taxation, W-2 Processing, P. O. Box 27264, Richmond, Virginia 23261-7264**. See Federal Publication 1220 for information on how to participate. The filing of all other information returns with the IRS is adequate for purposes of complying with the Virginia filing requirements.

## Adjustments to Returns

If you overpay your withholding tax, you may claim a credit on your return for the next period or request a refund. Refund requests should be mailed to **Department of Taxation, P.O. Box 1115, Richmond, VA 23218-1115**. The Department will allow a refund only if the tax in question was not actually withheld from an employee's wages. Claims for credit or refund must be filed within three years from the due date of the return for the period in which the overpayment occurred. If you underpay your tax, report the underpayment on your next return and attach a detailed explanation. If the underpayment is not discovered until the end of the calendar year, you should pay the tax with your annual summary, Form VA-6.

## Late Filing Penalty

The penalty for filing a withholding return after the due date is 6% of the tax due for every month or part of a month that the return is late. The maximum penalty is 30% of the tax due. The minimum penalty is \$10.00. The minimum penalty applies even if there is no tax due.

## Late Payment Penalty

The penalty for late payment of withholding tax is the same as the late filing penalty (6% per month), and the same minimum and maximum amounts apply. However, the late payment penalty does not apply to any month for which the late filing penalty has already been assessed. Therefore, the total combined penalties for late filing and late payment cannot exceed 30% of the tax due, and the minimum penalty of \$10.00 can be assessed only once.

## Interest

If tax is paid after the due date, even with an approved extension, interest is accrued on the tax due from the due date through the date of payment. The interest rate is the federal underpayment rate established under Internal Revenue Code § 6621, plus 2%.

## Record Keeping Requirements

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Your withholding tax records should include:

- The amounts and dates of wage payments made to each employee
- The amounts and dates of all Virginia income tax withheld from each employee
- The name, address, social security number, and period of employment for each employee
- An exemption certificate (Form VA-4 or VA-4P) for each employee
- Your account number and the amounts and dates of all tax payments made to the Department; and
- A list of employees claiming exemption from withholding, including social security numbers

Keep all records for at least three years after the due date to which they relate or the date the tax was paid, whichever is later.

## How to Compute the Tax

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### Tax Tables and Formula

Tables for computing the tax, based on weekly, bi-weekly, semi-monthly, monthly, and daily or miscellaneous pay periods are provided starting on page 11. To use a table, select the appropriate wage bracket in the left-hand column, then the number of exemptions from the top of the table to arrive at the amount of tax to be withheld. The tax amounts listed in the tables are rounded to the nearest dollar. To compute the exact amount of tax to be withheld, use the formula shown on page 10.

### Determining the Payroll Period

For purposes of computing withholding, "payroll period" means the period of service (daily, weekly, monthly, etc.) for which you normally pay wages. You should use the same period that you use for federal withholding tax purposes. If you have a regular payroll period, use that period for computing the tax, even if your employee does not work for the entire period. If you do not have a regular payroll period in place, compute the tax using the Daily or Miscellaneous Withholding Tax Table. Special instructions for using that table are given below.

For a period of less than one week, you may compute the tax using a weekly payroll period, provided that the employee signs a statement certifying that he or she has not worked for any other employer for wages subject to withholding in that calendar week.

### Using the Daily or Miscellaneous Withholding Table

To compute the tax using the Daily or Miscellaneous Withholding Tax Table:

- (a) Count the number of days in the period covered by the payment, including Saturdays, Sundays, and holidays.

If the wages are not related to a specific period of time (for example, commissions paid upon completion of a sale), count the number of days back from the payment date to the latest of the following dates:

1. The last wage payment made to that employee in the same calendar year
  2. The date employment began, if that date falls in the same calendar year
  3. January 1 of the year in which you are making the payment
- (b) Divide the wage payment by the number of days computed under (a). This amount is the average daily wage.
  - (c) Locate the average daily wage amount in the left column of the Daily or Miscellaneous Withholding Tax Table, then compute the daily tax by selecting the appropriate number of exemptions from the top of the table.
  - (d) Multiply the daily tax by the number of days computed under (a) to compute the tax for the pay period.

### Nonperiodic Payments

**Pension and Annuity Payments** - If the payment is subject to mandatory federal withholding of 20% or 28% or if payments are not made on a regular basis, withhold Virginia tax at a rate of 4%.

**Vacation Pay and Bonuses** - If vacation pay or bonuses are included with a regular wage payment, add those amounts to the gross wages for the period and withhold tax on the entire total using the withholding tax tables or formula. If the payments are not included with regular wage payments, compute the tax as described in the "Supplemental Wage Payments" section.

**Supplemental Wage Payments** - Add supplemental payments (such as commissions, overtime, back pay, and certain reimbursements) that are included with a regular wage payment to the gross wages and withhold tax on the entire total, using the withholding tax tables or the formula.

If the supplemental wage payment is made separately, compute the tax as follows:

- (a) Add the supplemental wage payment to the regular wages for the current payroll period or to the wages for the last regular payroll period in the same calendar year.
- (b) Compute the tax on the total from (a) using the withholding tax tables or formula.
- (c) Compute the tax on the regular wages alone.
- (d) Subtract the tax computed in (c) from the tax computed in (b). This is the amount that should be withheld from the supplemental payment.

However, if supplemental wage payments are paid and tax has been withheld from the employee's regular wages, the employer may determine the tax to be withheld by using a flat percentage rate of 5.75%, without allowance for exemption and without reference to any regular payment of wages.

### Other Methods for Computing the Tax

Virginia law allows the Tax Commissioner to approve the use of computation methods other than the formula and tables provided in this booklet. To apply for permission to use an alternative method, write to the **Tax Commissioner, Virginia Department of Taxation, P.O. Box 2475, Richmond, VA 23218-2475**. The requested method must result in substantially the same amount of tax withheld as you would compute using the tables or formula.

Because of several differences between Virginia and federal income tax laws, it is not possible to correctly compute the Virginia tax to be withheld by using a method comparable to the federal "percentage method" or by using a set percentage of the federal tax withheld.

### Formula for Computing Tax to be Withheld

#### Legend

- G = Gross pay for pay period
- P = Number of pay periods per year
- A = Annualized gross pay (G x P)
- E1 = Personal and Dependent Exemptions
- E2 = Age 65 and Over & Blind Exemptions
- T = Annualized taxable income
- W = Annualized tax to be withheld
- W/H = Tax to be withheld for pay period

#### Formula (Effective January 1, 2008)

$$1. (G)P - [\$3,000 + (E1 \times \$930) + (E2 \times 800)] = T$$

2. If T is:	W is:	
Not over \$3,000	2% of T	
Over \$3,000	But not Over \$5,000	Then \$60 + (3% of excess over \$3,000)
\$5,000	\$17,000	\$120 + (5% of excess over \$5,000)
\$17,000		\$720 + (5.75% of excess over \$17,000)

$$3. W \div P = W/H$$

### Example

John claims exemptions for himself, his wife, and their three children for withholding tax purposes. He is paid on a semi-monthly basis, and his gross wages for this pay period were \$725.

1.  $(G)P - [3,000 + (930)E1] = T$   
 $(725)24 - [3,000 + (930)5] = T$   
 $17,400 - 7,650 = 9,750$
2. T is over \$5,000, but not over \$17,000  
 $\$120 + 5\% \text{ of } \$4,750 = W$   
 $\$120 + \$237.50 = \$357.50$
3.  $W \div P = W/H$   
 $\$357.50 \div 24 = \$14.90$

The tax to be withheld for the current period is \$14.90.

### Pay Period Conversion Table (P)

Annual	= 1	Semi-monthly	= 24
Semiannual	= 2	Bi-weekly	= 26
Quarterly	= 4	Weekly	= 52
Monthly	= 12	Daily	= 300

## **Instructions for preparing the Employer's Quarterly Payroll Report (VEC FC-21), and the Employer's Quarterly Tax Report (VEC FC-20).**

**NOTE:** These forms are web-enabled and may be completed on line using Adobe Reader 5.0, or higher.  
When completed print, sign, and mail the forms to:

**If remitting payment: VEC, P.O. Box 1174, Richmond, VA 23218-1174  
If no payment is enclosed: VEC, P.O. Box 27483, Richmond, VA 23261-7483**

**General Information:** These reports are required of all employers covered under the Virginia Unemployment Compensation Act. They must be submitted (with any appropriate payment) by the due date, even if no wages were paid during the calendar quarter. A \$75 penalty will be assessed for failure to submit these reports to the Commission by the due date.

**Instructions:** Use the TAB key to move from field to field on the wage and tax forms. Some information entered on the FC-21 form will automatically be carried forward to proper fields on the FC-20 report. Complete the payroll form first.

## **FC-21 Payroll Report:**

- Place the cursor at the Employer Name & Address field, enter that information, and TAB to the next field.
- Enter your 10-digit VEC account number in the account number field.
- Choose the calendar quarter ending date for this report from the drop-down box, or enter another date in the next field if the date you need is not available in the drop down box.
- Enter the employee social security number. Each employee must have a social security number listed if they earned wages during the quarter.
- Enter the employee name. Enter the first initial, and last name in the proper fields. **UPPER CASE.**
- Enter total wages (before deductions) paid to each employee during the calendar quarter. Wages include: salaries, commissions, bonuses, tips, and the cash value of other remuneration such as gifts. After keying wages for the last employee, hit the ENTER key.
- Total wages will be automatically calculated and entered in the total wages field. This figure will also be carried forward to line B-1 of the FC-20 report.

**Magnetic Media:** Employers with 250 or more employees are required to submit their quarterly payroll reports via magnetic media. Those with fewer than 250 employees, but having the capability to file magnetic media are encouraged to do so. To view the magnetic media specifications log on to <http://www.vec.vlrginia.gov/pdf/disks.pdf>



# FC-20 Tax Report:

**Information entered in the employer name & address, VEC account number, quarter-ending date, and total wages fields on the FC-21 will be carried forward to the tax report form.**

- Place the cursor at the Federal ID field and enter your 9-digit FEIN.
- TAB to the tax rate field and enter your Virginia employer tax rate as a decimal (example: a 2.5% tax rate **should be entered as .0250**).
- **Line A:** Enter the total number of covered workers (of all types) in your employment subject to the Virginia Unemployment Compensation Act in the pay period, which includes the 12<sup>th</sup> of each month of the calendar quarter covered by this report. Compute this figure by adding the number of covered workers employed during the weekly pay period which includes the 12<sup>th</sup> of the month, the first semi-monthly pay period, and the monthly pay period. Enter the total number of covered workers as thus computed for each month of the quarter.
- **Lines B 1-9:** Reimbursable employers (non-profit organizations, state government, cities, towns and political subdivisions) that have chosen the reimbursable method of payment to this agency should complete lines B-1 and B-9 only.
- **Line B-1:** The figure on this line was entered automatically, and should be the same as the "total wages" line from the FC-21 form. Wages include: cash bonuses, tips, commissions, severance pay, etc., and remuneration other than cash paid to individual employees during this quarter. The value of meals and lodging provided to an individual for the employer's convenience is exempt. If no wages were paid, but there is a delinquency due from prior quarters (line B-8), pay this amount and also enter it on line B-9.
- **Line B-2: NOTE - The figure entered on this line must be preceded by a minus (-) sign.** Enter the amount of wages paid to individual employees during this quarter which, when considered with other wages paid to the employees by you during the calendar quarter, regardless of the state to which the wages were reported, is in excess of \$8,000. Your figure on line B-2 may equal but not exceed line B-1. Example: An individual is employed from January 1<sup>st</sup> through December 31<sup>st</sup>, and is paid \$2800 in each of the four calendar quarters, for a total of \$11,200. For the first and second quarters, all wages are taxable and no excess should be deducted. However, in the third quarter \$400 must be entered as excess wages on line 2 of the third quarter report. In the fourth quarter, the entire earnings of \$2800 must be entered on line 2 as excess wages.
- **Line B-3:** This figure will be computed for you, and should be equal to the amount on line B-1 minus line B-2.
- **Line B-4:** This amount is also computed, and is the total taxable wages shown on line B-3 multiplied by your tax rate (as entered in the tax rate field).
- **Line B-5:** If you have received a Notice of Overpayment (form VEC-AC-7) from the Commission, you may enter the overpayment amount, or a portion thereof, to offset the tax, interest and/or penalty on lines B-4, 6, or 7. If you discover an error for which an overpayment notice has not been issued, do not deduct this amount on the report being filed. An explanation for this overpayment must be sent to the VEC Auditing Unit with details of the error, and the quarter to which it applies. An overpayment notice will then be issued and you may then apply this amount to offset any obligation to the next calendar quarter.
- **Line B-6:** If the tax due is paid after the due date, interest is charged at the rate of 1½ percent per month (18% annual rate). Any part of the month is considered as a full month for the purpose of computing interest. Enter this amount on line B-6.
- **Line B-7:** Beginning with third quarter 2004 reports filed after 11/1/04 are assessed a \$75 late filing penalty. This penalty also applies to state and political subdivision employers. A penalty will not be assessed on reports for quarters in which no wages were paid. Newly covered employers must file all quarterly tax reports by the due date of the quarter in which an employer account number was assigned to avoid the penalty on each report. Interest will accrue even if a penalty is not due. Enter this amount on line B-7.
- **Line B-8:** After all prior quarter payments and reports have been processed, any amount remaining should be entered on line B-8.
- **Line B-9:** Compute and verify the total amount due. Make your check or money order payable to the Virginia Employment Commission.

<b>Quarter:</b>	<b>Due on or Before:</b>	
<b>Due Date for reports:</b>	1 <sup>st</sup> (January, February, March)	April 30 <sup>th</sup>
	2 <sup>nd</sup> (April, May, June)	July 31 <sup>st</sup>
	3 <sup>rd</sup> (July, August, September)	October 31 <sup>st</sup>
	4 <sup>th</sup> (October, November, December)	January 31 <sup>st</sup>

- **Please *DO NOT* staple your check or attachments to this report.**
- **Remember to *sign the report*.**
- Any check submitted for payment of taxes that is dishonored by the payer will incur a bad check charge of \$25.
- The Virginia Privacy Protection Act of 1976 protects any information you provide in this report.
- If you have questions about this report, contact the nearest VEC field office.
- Out-of-state employers may contact the Auditing Unit at 804 -786-3061.
- TDD: 1-800-828-1120, Voice: 1-800-828-1140.

The Virginia Employment Commission is an Equal Opportunity Employer/Program.  
 Auxiliary aids and services are available upon request to individuals with disabilities.

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