***SAMPLE CLIENT LETTER***

***Today’s Date***

***Address***

***Re: Virginia Tax Conformity and Its Impact on Filing 2018 Tax Returns***

***Dear XXX,***

I’d like to call your attention to an issue that could significantly affect your 2018 tax return. Every year, passing tax conformity legislation in the General Assembly is an important issue for Virginia taxpayers, and failure to pass conformity early in the legislative session can cause severe disruption and delay in filing returns and receiving timely refunds. Normally the General Assembly passes conformity legislation quickly and tax season runs smoothly.

***Why is This Year Different?***

This year, we anticipate potential delays due to concerns about the impact of federal tax changes from the Tax Cuts and Jobs Act of 2017 (TCJA) on state returns for Virginia taxpayers. The governor’s administration and our state legislators have been weighing various policy reform options in response to the TCJA. These discussions will take time, and finding consensus on the best pathway forward is likely to be challenging.

In order to pass conformity legislation early in tax season, the governor’s administration introduces standalone conformity legislation with an emergency enactment clause. This allows conformity to go into effect immediately with the governor’s signature instead of the usual July 1 effective date for most legislation. Emergency legislation requires an 80 percent affirmative vote to pass in each legislative chamber. We believe there is not 80 percent consensus about tax reform policy changes in response to TCJA, therefore, we strongly believe it must be separate from tax reform policy decisions.

***Why Does This Matter?***

Failure to pass tax conformity legislation as quickly as possible may cause tax filings, including yours, to be delayed while the Virginia Department of Taxation and tax software companies work through definitions of revenue that are easily dealt with through conformity. This will make filings much more complicated — to use the example of another state, Minnesota elected not to conform to federal definitions of revenue and saw its schedule of tax adjustments balloon to 18 pages. This will place burdens on taxpayers, tax preparers and software developers, all of which will add to the delay — **and possibly the cost** — of filing your tax return.

You may have heard that conforming to the TCJA will cause your Virginia taxes to go up. This is not necessarily true. While some taxpayers may experience a state tax increase, it’s important for you to know that you **may** experience a tax increase regardless of whether conformity passes or not. However, passing conformity legislation will minimize unnecessary delays, complications and costs related to your 2018 tax return.

***What Can You Do?***

Please join me in supporting standalone conformity legislation for the good of Virginia’s taxpayers by contacting your state delegate and senator. You can find their contact information by using the “Who’s My Legislator” tool on the Virginia General Assembly website at: <https://whosmy.virginiageneralassembly.gov/>.

I’m including a list of Frequently Asked Questions. Please feel free to contact me if you have any questions or concerns.

Sincerely,

Your Name