



# COMMONWEALTH of VIRGINIA

## Department of Taxation

January 23, 2024

Ms. Sarah Adams, CPA  
Chair, 2023-2024 Tax Advisory Committee  
Virginia Society of CPAs  
4309 Cox Road  
Glen Allen, Virginia 23060

Dear Ms. Adams:

Thank you for your letter regarding implementation of the Virginia Pass Through Entity Tax (PTET) election and assistance with penalties associated with the implementation. I also want to take this opportunity to apologize for my delay in responding to your letter.

I appreciate your recognition of the difficulty that implementation of this provision has posed to Virginia Tax, CPAs, and all tax preparers. You correctly note the timeline that we have been on, the guidance documents issued, and the challenges faced by CPAs and taxpayers. Moreover, we appreciate the working relationship and the feedback the Virginia Society of CPAs has provided since we began implementation of this provision.

With respect to the PTET penalties that may have been issued for the 2022 tax year, we issued [Tax Bulletin 23-8](#) to automatically waive minimum late filing penalties for taxpayers who paid the full amount of PTET timely and use our free online filing option. For any other PTET penalties issued for the 2022 tax year and the 2023 estimated payments, recognizing the complexity of the PTET changes, Virginia Tax has been proactive in responding to applicable waiver requests. Since October, we have adopted a triage process to identify and group PTET waiver requests together to expedite review and processing. This included providing a process for preparers to provide a list of clients with a PTET penalty for a waiver eliminating the need for individual applications.

Through December we have received 289 PTET penalty waiver requests. We have approved over 98 percent of the requests and, under the enhanced process, requests were processed within about 30 days or less. In addition, within the next week, we are graduating a large group of financial services associates which will enable us to assign a couple of our experienced associates to the OIC group to speed review and processing of PTET waiver requests.

If you have any questions regarding this information or the Department's progress, please contact me or Kristin Collins at (804) 786-3222.

Sincerely,

A handwritten signature in black ink, appearing to read "Craig M. Burns".

Craig M. Burns  
Tax Commissioner

C: Emily Walker, Vice President, Advocacy, Virginia Society of CPAs  
Kristin Collins, Assistant Commissioner of Tax Policy