**ROLLING INCOME TAX CONFORMITY:** Talking points

Enacting rolling income tax conformity in Virginia will reduce headaches for tax preparers, taxpayers, and even the government and software providers. But how do you communicate the benefits of conformity in layman’s terms? Start here! Rolling conformity is **convenient**, **eases complexity**, **certain**, and **familiar**.

Below, you’ll find talking points to get you started.

**Talking points on why conformity benefits the CPA profession:**

* **Large-scale advocacy efforts like rolling tax conformity raise the profile of *all* CPAs.** Legislative victories by the VSCPA and Virginia CPAs demonstrate our ability to effectively advocate for high-impact issues. Those victories increase our positive reputation and aid in future advocacy initiatives in other areas.
* **Building relationships with legislators benefits the entire profession** by showcasing the unique perspective CPAs can offer on state finances, taxes, business strategy, data analytics, and in other areas.
* ***All* CPAs benefit personally as taxpayers.** Just like all the other Virginia taxpayers who will be able to file timely returns, CPAs too will be able to more quickly file and complete tax planning.
  + CPAs who work in corporate finance or other industries and use another CPA for tax prep and planning will be assured their CPA’s time will be used for greater value — tax planning instead of compliance.

**Talking points for legislators and others learning about conformity:**

* **Rolling conformity is convenient**, allowing states to utilize the federal government’s definitions of income, audits, and taxpayer data.
* **Rolling conformity eases tax complexity** for future tax years.
  + For example, it would result in fewer modifications to federal adjusted gross income/federal taxable income on tax returns and reduce taxpayers’ confusion and tax prep costs.
  + Rolling conformity streamlines administration for both tax departments and software vendors:
    - Less special programming.
    - Less complicated forms.
    - Fewer filing mistakes and the potential for fewer audits.
    - Fewer amended returns filed due to late changes to fixed-date conformity.
* **Rolling conformity creates certainty** and aids in tax planning.
  + Static conformity requires annual retroactive legislation, which is not always passed early in the Virginia General Assembly session. The later it’s addressed, the more uncertainty surrounds changes in rules during tax season — making tax planning difficult.
* **Rolling conformity is familiar.** Virginia conformed to federal tax law changes automatically from 1972–2002. We are asking to return to a modified version of that conformity.
  + Rolling conformity is not a novel idea. Many other states use this model — 20 states for individuals and 23 for corporations.
* **Rolling conformity still allows for Virginia’s autonomy.** The type of conformity we seek is *modified*. That means:
  + Virginia would automatically conform to most federal changes each year, which the state always does anyway.
  + Since 2003, the Commonwealth has deconformed to 10 provisions. Rolling tax conformity does *not* prevent lawmakers from enacting legislation to decouple if necessary.
* **Rolling conformity is better for Virginia’s government.**
  + By having tax conformity occur automatically each year, the General Assembly is free to focus on substantive tax policy.
  + Administrative burdens like form updates will be lifted from the Virginia Department of Taxation, allowing the agency to focus on more complex issues and compliance.
  + The state’s bottom line will benefit: With taxpayers not handcuffed to waiting on conformity, tax return filings and payments will occur earlier. Individual taxpayers are 77% of state tax revenue, so tax conformity will give legislators and regulators better certainty related to revenue.