



TAX BULLETIN 08-5

Virginia Department of Taxation

March 13, 2008

IMPORTANT INFORMATION REGARDING THE HAMPTON ROADS TRANSPORTATION AUTHORITY

MOTOR VEHICLE REPAIR LABOR AND SERVICES SALES AND USE TAX ("REPAIR TAX") AND MOTOR VEHICLE FUEL SALES TAX NOW INVALID

On February 29, 2008, the Virginia Supreme Court ruled that the provisions in House Bill 3202 (*Acts of Assembly 2007, Chapter 896*) that permitted the Northern Virginia Transportation Authority and the Hampton Roads Transportation Authority to impose regional taxes and fees violated the Constitution of Virginia and are invalid.

The Department of Taxation ("TAX") is responsible for the administration and collection of both the Motor Vehicle Repair Labor and Services Sales and Use Tax ("Repair Tax") and the Motor Vehicle Fuel Sales Tax in the Hampton Roads Transportation Authority. Therefore, the Repair Tax and the Motor Vehicle Fuel Sales Tax imposed by the Hampton Roads Transportation Authority should **not** be collected.

The taxes and fees that the Hampton Roads Transportation Authority is authorized to impose by House Bill 3202 are not scheduled to take effect until May 1, 2008. As a result of the Virginia Supreme Court's decision, these taxes will not become effective as scheduled.

Please frequently check TAX's website, www.tax.virginia.gov, for updated information as more guidance regarding this matter becomes available.

If you have any questions please contact TAX at (804) 367-8037.