

**FY 2019-2020 Virginia Beach Budget  
Response to Council Questions**

**Question Number:** FY 20 31

**Question:** How will the impact of the new tax law regarding itemizing deductions impact our citizens' finances given that certain fees like the waste management fee cannot be itemized on federal tax returns, while real estate taxes can be itemized?

**Date Requested:** 3/12/19

**Requested By:** Councilwoman Henley

**Department:** Budget and Management Services

**Response:** Based on the information provided through the Virginia Department of Taxation Report, an average of 40% of Virginia Beach residents have historically itemized their state filings. Due to the complexity of State and Federal tax laws, understanding the direct impact on individual's tax returns is nearly impossible to determine especially with the recent tax law changes. Changes to the federal tax law increased the standard deduction for individuals and placed additional limits on itemizations. It is being reported that these changes will result in 90% of individuals opting for the standard deduction in 2018. Applying this assumption to the information provided through the 2018 Virginia Department of Taxation Report of the total 195,627 filings in Virginia Beach, 176,064 (90%) will opt for the standard deduction with 19,563 (10%) itemizing.