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SENATE BILL NO. 179

Offered January 13, 2010

Prefiled January 11, 2010

A BILL to amend and reenact § 58.1-301 of the Code of Virginia, relating to conformity of the Commonwealth's taxation system with the Internal Revenue Code.

Patron—Stosch

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-301 of the Code of Virginia is amended and reenacted as follows:

§ 58.1-301. Conformity to Internal Revenue Code.

A. Any term used in this chapter shall have the same meaning as when used in a comparable context in the laws of the United States relating to federal income taxes, unless a different meaning is clearly required.

B. Any reference in this chapter to the laws of the United States relating to federal income taxes shall mean the provisions of the Internal Revenue Code of 1954, and amendments thereto, and other provisions of the laws of the United States relating to federal income taxes, as they existed on December 31, 2008 2009, for taxable years that begin in calendar year 2009, and on December 31, 2010, for taxable years that begin in calendar year 2010, except for:

1. The special depreciation allowance for certain property provided for under §§ 168(k), 168(l), 168(m), 1400L, and 1400N of the Internal Revenue Code; and

2. The carry-back of certain net operating losses for five years under § 172(b)(1)(H) of the Internal Revenue Code;

3. The deferral of certain income under § 108 (i) of the Internal Revenue Code;

4. The original issue discount on applicable high yield discount obligations under § 163(e)(5)(F) of the Internal Revenue Code; and

5. The amount of deduction allowed for domestic production activities pursuant to § 199 of the Internal Revenue Code for taxable years beginning on or after January 1, 2010.

C. An amendment, or combination of related amendments, to the Internal Revenue Code shall not apply to a taxable year that begins in the calendar year in which the amendment is enacted if the Tax Commissioner determines that the amendment would reduce Virginia tax revenue by \$5 million or more in any fiscal year. In addition, if the Tax Commissioner has identified any group of amendments to the Internal Revenue Code enacted during the same calendar year and determined that such group of amendments would together reduce Virginia tax revenue by \$25 million or more in any fiscal year, then such group of amendments shall not apply to a taxable year that begins in the calendar year in which the amendments were enacted.

2. That an emergency exists and this act is in force from its passage.

INTRODUCED

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