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State Tax Matters
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In this issue:

Amnesty:
Kentucky: New Law Includes 60-Day Amnesty Program with Potential Waiver of Penalties and 50% Interest

H.B. 8, legislature overrode governor's veto 4/13/22. Recently enacted legislation includes establishment of a 60-day tax amnesty program that may run in either 2022 or 2023, depending on if the Kentucky Department of Revenue (Department) is able to procure services from a third-party firm necessary to implement the program, and which will apply to most Kentucky taxes that the Department administers (except for certain ad valorem property taxes). In exchange for participating, qualifying Kentucky taxpayers potentially may receive a waiver of underlying penalties and 50% interest. The amnesty program generally will apply to tax liabilities for taxable periods ending, or transactions occurring, on or after October 1, 2011 and before December 1, 2021, and program non-participation penalties may apply.
URL: https://apps.legislature.ky.gov/lrcsearch

See forthcoming Multistate Tax Alert for more details on this amnesty program, as well as some other tax-related measures included in this legislation, and please contact us with any questions in the meantime.

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Income/Franchise:
California FTB Addresses Reliance on Revoked Chief Counsel Rulings and Possible Penalty Relief

News Release: FTB issues Legal Ruling on California's Market-Based Rules, Cal. FTB (4/11/22). In a news release, the California Franchise Tax Board (FTB) issued some additional guidance on its recently issued Legal Ruling 2022-01 [see *State Tax Matters*, Issue 2022-13, for more details on this ruling legal ruling], which addresses the "relevant considerations and proper analysis" for determining the assignment of gross receipts from the sales of services pursuant to California Revenue and Taxation Code (CRTC) section 25136(a)(1), as supplemented by California Code of Regulations (CCR), title 18, section 25136-2, under three distinct fact patterns. The FTB explains that Legal Ruling 2022-01 applies to business customers and taxpayers whose filing obligations and tax liabilities are determined in reference to CRTC section 25136 and CCR section 25136-2; "presents the proper application of rules related to the assignment of sales from services to this state for apportionment purposes;" and retroactively revokes Chief Counsel Rulings 2015-03 and 2017-01. In this respect, the FTB explains that if a taxpayer relied on either of these two revoked chief counsel rulings when determining its tax filing position, "the Large Corporate Understatement Penalty (LCUP) will not be assessed against it, and an Accuracy Related Penalty (ARP) will also not apply, assuming the taxpayer filed a California return." However, if a taxpayer relied on the chief counsel rulings' analyses to determine it did not have a filing requirement, and consequently filed a late return, "a delinquent penalty will apply." Furthermore, according to the FTB's news release, interest will be assessed on any underpayment amounts resulting from a taxpayer's reliance on these two chief counsel rulings.
URL: https://www.ftb.ca.gov/about-ftb/newsroom/news-releases/2022-11-ftb-issues-legal-ruling-on-californias-market-based-rules.html
URL: https://www.ftb.ca.gov/tax-pros/law/legal-rulings/2022-01.pdf
URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2022/STM/220401_3.html

See forthcoming Multistate Tax Alert for more details on Legal Ruling 2022-01, including some related taxpayer considerations, and please contact us with any questions in the meantime.

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Income/Franchise:
Kentucky: New Law Generally Updates State Conformity to Internal Revenue Code

H.B. 8, legislature overrode governor's veto 4/13/22. Applicable to tax years beginning on or after January 1, 2022, new law generally updates Kentucky statutory corporate and personal income tax references to the Internal Revenue Code as in effect on December 31, 2021, exclusive of any amendments made subsequent to that date and exclusive of Pub. L. No. 117-2, § 9673, related to the federal tax treatment of restaurant revitalization grants.
URL: https://apps.legislature.ky.gov/lrcsearch

See forthcoming Multistate Tax Alert for more details on this and other tax-related measures included in this legislation, and please contact us with any questions in the meantime.

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Income/Franchise:
Maine: Adopted Rules Address State Treatment of Federal Partnership Audit Regime Changes

Notice: Amended Reg. sections 18-125-803 and 18-125-805; *Amended Reg. section 18-125-805; Amended Reg. section 18-125-803*, Me. Dept. of Rev. Serv. (4/6/22). Maine Revenue Services adopted revisions to two administrative rules reflecting state law that attempts to harmonize with changes in the federal partnership audit and adjustment process under the federal 2015 Bipartisan Budget Act. The amendments conform to certain Maine legislative changes and make other technical revisions, including adding language to address

partnership audit requirements related to pass-through entity withholding and filing composite returns. Please contact us with any questions.
URL: https://www.maine.gov/sos/cec/rules/notices/2022/040622.html
URL: https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/Rule_803_April_2022.pdf

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Income/Franchise:
Maine Revenue Services Updates Corporate Income Tax Guidance on NOL-Related Modifications

Modifications Related to Net Operating Losses – Examples for C Corporations, Me. Rev. Serv. (4/8/22). Maine Revenue Services (MRS) updated its guidance on required corporate income tax modifications related to federal net operating losses (NOLs) in accordance with state law and applicable filing instructions on Maine corporate income tax returns. In doing so, MRS explains that, over the years, Maine has been in various stages of conformity with the federal loss carryback and carryforward rules and that Maine law currently does *not* allow any federal loss carryback, but it does permit income in future years (other than 2009, 2010 and 2011) to be offset by the amount of federal carryback not allowed on the Maine income tax return. In addition, for tax years beginning on or after January 1, 2018, MRS explains that Maine law conforms to the federal tax treatment of NOL carryforward deductions allowed under Internal Revenue Code section 172. Overall, the guidance explains Maine's varying "nonconformity" with federal law based on the year(s) at issue, including necessary adjustments to federal taxable income through state addition and subtraction modifications applicable for select timeframes. Please contact us with any questions.
URL: https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/corp_nol_guidance_2021.pdf

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Income/Franchise:
Nebraska: New Law Phases in Corporate Income Tax Rate Reductions Over 5 Years

L.B. 873, signed by gov. 4/13/22. Recently enacted legislation contains several tax-related measures, including phasing in some Nebraska corporate income tax rate reductions over the next five years from the current 7.5% top tax rate to an ultimate 5.84% top tax rate for taxable years beginning on or after January 1, 2027. Specifically, on state corporate taxable income in excess of $100,000, the following tax rates generally now apply:
URL: https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=47318

- 7.5% for tax year 2022 (*i.e.*, for taxable years beginning on or after January 1, 2022, and before January 1, 2023),
- 7.25% for tax year 2023 (*i.e.*, for taxable years beginning on or after January 1, 2023, and before January 1, 2024),
- 6.50% for tax year 2024 (*i.e.*, for taxable years beginning on or after January 1, 2024, and before January 1, 2025),
- 6.24% for tax year 2025 (*i.e.*, for taxable years beginning on or after January 1, 2025, and before January 1, 2026),
- 6.00% for tax year 2026 (*i.e.*, for taxable years beginning on or after January 1, 2026, and before January 1, 2027), and
- 5.84% for tax year 2027 and thereafter (*i.e.*, for taxable years beginning on or after January 1, 2027).

The legislation also includes a similar phased-in timeline for lowering Nebraska's top individual income tax rates. Please contact us with any questions.

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Income/Franchise:
New Hampshire: New Law Seeks Worldwide Combined Reporting Study for Business Profits Tax Purposes

H.B. 102, signed by gov. 4/11/22. Effective immediately, recently enacted legislation establishes a "Commission on Worldwide Combined Reporting for Unitary Businesses Under the Business Profits Tax" (Commission) to study the replacement of New Hampshire's current "water's edge method" by the "worldwide combined reporting method" for combined reporting and apportionment of income under the New Hampshire business profits tax (BPT). Under the legislation, the Commission is tasked with studying the advantages and disadvantages for New Hampshire's economy and revenues of moving to worldwide combined reporting and must "consult with national experts in both methods, including economists, business associations, and tax experts." The Commission must report its preliminary findings on or before November 1, 2022 and issue a final report of its findings and any recommendations for proposed legislation on or before November 1, 2023 "to the president of the senate, the speaker of the house of representatives, the senate clerk, the house clerk, the governor, and the state library." Please contact us with any questions.
URL: https://www.gencourt.state.nh.us/bill_status/billinfo.aspx?id=78&inflect=2

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Income/Franchise:
New Jersey Division of Taxation Posts Revision to CBT Policy on Combined Groups and P.L. 86-272

Revision to Division Policy on Combined Groups and P.L. 86-272, N.J. Div. of Tax. (4/12/22). The New Jersey Division of Taxation (Division) posted an update to its website indicating that for state corporation business tax (CBT) purposes, "after discussions with stakeholders and interested parties," it has decided to revise its policy on the treatment of members of a combined group that are "claiming P.L. 86-272." Specifically, the Division states that "although a combined group is a taxpayer and taxed as one taxpayer pursuant to N.J.S.A. 54:10A-4(h) and N.J.S.A. 54:10A-4(z)," for purposes of N.J.S.A. 54:10A-4.7(a), "P.L. 86-272 protection for a member will be determined on an entity-by-entity basis."
URL: https://www.state.nj.us/treasury/taxation/cbt/combinedgroupsrevision.shtml

The Division explains that prior to this announcement, it had stated in the instructions for the 2019, 2020, and 2021 New Jersey CBT-100U returns and in "multiple technical bulletins" that:

> "If one member in the combined group has nexus and sufficient activities in New Jersey to be taxed based on income, no member that has nexus with New Jersey may claim P.L. 86-272 protection."

Given its policy reversal on this issue, the Division states that if a combined group filed their 2019, 2020, or 2021 New Jersey CBT-100U following the return instructions and/or guidance of these technical bulletins, the managerial member may amend the group's 2019, 2020, and 2021 New Jersey CBT-100U returns to reflect this policy change. The Division also announces that it intends to revise its technical bulletins accordingly. Please contact us with any questions.

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Income/Franchise:
New Mexico: Multinational Business Allowed to Use Alternative Apportionment Employing 30% Exclusion

Decision & Order No. 21-21, N.M. Admin. Hrgs. Off. (8/24/21). In a protest involving a multinational oil and gas company and several tax issues including whether i) its foreign subsidiaries are unitary; ii) certain sources of income are business versus nonbusiness income for New Mexico apportionment purposes; iii) an apportioned share of a combined group's foreign dividend income, Subpart F income, and other deemed foreign subsidiary income is subject to New Mexico corporate income tax; and iv) New Mexico's treatment of foreign subsidiary income violates the Foreign Commerce and/or Equal Protection Clauses of the US Constitution, the New Mexico Administrative Hearings Office (AHO) held that the company is entitled to use the New Mexico Taxation and Revenue Department's (Department) proposed "30% exclusion" alternative apportionment method to address "obvious distortion" related to certain foreign income under the original assessment.
URL: https://klvg4oyd4j.execute-api.us-west-2.amazonaws.com/prod/PublicFiles/34821a9573ca43e7b06dfad20f5183fd/0f23406c-a118-4f45-b426-99e59bf3d25e/21-21%20Apache%20Corporation%20and%20Subs.pdf

Rejecting use of the company's proposed "965 concept method" under "Department Bulletin B-300.17" to apportion certain foreign income to New Mexico for the 2015 tax year at issue, the AHO explained that such alternate apportionment method generally applies only to the federal Tax Cuts and Jobs Act's (*i.e.*, P.L. 115-97) 2017 deemed dividend repatriation, and that the company has neither "presented compelling evidence that Department Bulletin B-300.17, designed for a different tax year and addressing a forced repatriation, fairly reflects" its own strategic and voluntary business activities in 2015, nor has it shown "it has used or attempted to use this approach uniformly or how this concept would impact uniformity in other UDITPA jurisdictions." For similar reasons, the AHO also rejected the taxpayer's other suggested alternative apportionment approach – that is, use of Maine's "Augusta Formula" as a viable method under the facts. Lastly, the AHO rejected the Department's suggested use of the "Detroit Formula" as a reasonable apportionment method and instead held that the Department's alternatively suggested "30% foreign dividend exclusion method" resulted in "the most reasonable approach" to address both the foreign factor relief and the accumulated dividend distortion "while still being reasonably consistent with the economic reality" of the company's in-state business activities.

The lengthy 115-page ruling also references and addresses a slew of Foreign Commerce Clause, Equal Protection Clause, and fair apportionment-related caselaw in relation to other matters at issue in the case. Please contact us with any questions.

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Income/Franchise:
New York: Signed Budget Bill Includes Revisions to PTE Tax and Creates New York City PTE Tax

AB 9009-C / *SB 8009-C*, signed by gov. 4/9/22. Governor Kathy Hochul signed into law the New York 2022-2023 Budget Act, which contains some revisions to New York's elective pass-through entity-level tax (NYS PTET) that was enacted under New York's 2021-2022 Budget Act in response to the $10,000 cap on the federal individual income tax deduction for state and local taxes that was part of the 2017 federal tax overhaul legislation known as the Tax Cuts and Jobs Act (*i.e.*, P.L. 115-97) [see previously issued Multistate Tax Alert (June 7, 2021) for more details on New York's pass-through entity tax, as well as previously issued Multistate Tax Alert (October 7, 2021) for some additional NYS PTET implementation guidance]. The new NYS PTET-related revisions include:
URL: https://nyassembly.gov/leg/?default_fld=&leg_video=&bn=A09009&term=0&Summary=Y&Actions=Y
URL: https://nyassembly.gov/leg/?default_fld=&leg_video=&bn=S08009&term=2021&Summary=Y&Actions=Y
URL: https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-mta-overview-of-new-yorks-new-pass-through-entity-tax.pdf
URL: https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-recent-guidance-addressing-new-yorks-new-pass-through-entity-tax.pdf

- Clarifying that for partners and shareholders of an electing entity, in calculating New York adjusted gross income, the addback for "income taxes" does not include the NYS PTET, the new New York City PTET (described below), or similar taxes imposed by other states provided that those taxes are added back under a separate provision (applicable for tax years beginning on or after January 1, 2021); and

- Providing New York S corporations whose shareholders are all New York residents a new option of electing into the NYS PTET as an "electing resident S corporation," which generally provides that all income from such entity included in the taxable income of a New York resident is included in computing NYS PTET taxable income; this serves to increase the NYS PTET credit allowed against the New York State personal income tax to members of the electing resident S corporation and would be available for the 2022 tax year if applicable requirements are met.

Applicable for tax years beginning on or after January 1, 2023, the New York 2022-2023 Budget Act also provides for a New York City elective pass-through entity-level tax (NYC PTET) under new New York Tax Law Article 24-B, which will supplement the existing NYS PTET and allow electing partnerships (with at least one New York City resident partner) and S corporations (with only New York City resident partners) to pay the applicable New York City personal income tax at the entity level, effectively increasing the NYS PTET credit amount to cover the New York City personal income tax. The New York 2022-2023 Budget Act also amends the New York City General Corporation Tax (GCT) to provide that "taxes on or measured by profits or income" added back in computing GCT entire net income include taxes paid under Article 24-A (NYS PTET) and Article 24-B (NYC PTET); this amendment is effective for tax years beginning on or after January 1, 2021.

See forthcoming Multistate Tax Alert for more details on these and other recently enacted tax law changes, including related taxpayer considerations, and please contact us with any questions in the meantime.

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Income/Franchise:
New York City: Investment Management Company Owes GCT on Gains Derived from Sale of LLC Interest

Case No. 2021-2517 (Index No. TAT (E) 16-9 (GC)), N.Y. App. Div., 1st Dept. (4/12/22). The New York Supreme Court Appellate Division, First Department (Court), unanimously confirmed a New York City Tax Appeals Tribunal (Tribunal) ruling from 2021 [see Decision No. TAT (E)16-9(GC), N.Y.C. Tax App. Trib. (3/12/21) and *State Tax Matters*, Issue 2022-18, for more details on this earlier ruling], which held that an investment management company having no activities in New York City (City) owed City general corporation tax (GCT) on its capital gains from the sale of its minority interest in a limited liability company (LLC) that was taxed as a partnership and conducting business in the City. Among its arguments to the contrary, the company unsuccessfully claimed that such taxation violates the Due Process and Commerce Clauses of the US Constitution as it was *not* engaged in a unitary business with the LLC and did *not* have sufficient nexus with the City for such tax imposition. Under the facts, the investment management company was a limited partner receiving City-source income from the LLC, and the Tribunal had reasoned that:
URL: https://www.nycourts.gov/courts/ad1/calendar/List_Word/2022/04_Apr/12/PDF/Goldman%20Sachs%20%20v%20%20NYC%20Tax%20Tribunal%20(2021-02517).pdf
URL: https://www1.nyc.gov/assets/taxappeals/downloads/pdf/169DEC0321.pdf
URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/STM/210507_11.html

1. The company has nexus with the City by reason of its partnership interest in the LLC, and
2. The value of the capital gain on the company's sale of its interest in the LLC's business is "rationally related" to its business activities, all of which were conducted in the City.

The Court concluded that the Tribunal had "rationally determined that petitioner failed to demonstrate that the City impermissibly sought to impose the GCT upon income attributable to activities carried on outside its borders." Furthermore, responding to the company's specific claim that the capital gain at issue was earned outside the City because activities related to its investment in the LLC were performed outside the country, the Court reasoned that "while the investment team's business acumen may have influenced the timing of petitioner's sale of its partnership interest," it was rational for the Tribunal to conclude that the capital gain was attributable to the value of the LLC on the date it was sold. Please contact us with any questions.

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Income/Franchise:
Oklahoma Supreme Court Says Refund Claims Permitted 3 Years from Payment with Proper Extension

Case No. 116358, Okla. (4/5/22). The Oklahoma Supreme Court reversed the Oklahoma Tax Commission to hold that a corporation's Oklahoma corporate income tax refund claim was valid as filed within three years from the date such taxes were paid while simultaneously filing a proper extension for purposes of its Oklahoma corporate income return. Under the facts, the taxpayer's 2012 Oklahoma corporate income tax return was originally due on March 15, 2013, but the taxpayer filed its return on September 27, 2013, after securing a statutorily authorized extension. The taxpayer subsequently discovered that the return erroneously overstated its annual income. The taxpayer then filed an amended 2012 Oklahoma corporate income return on September 27, 2016, claiming a refund based on the error. The Oklahoma Tax Commission denied the refund claim, reasoning that the taxpayer submitted its demand more than three years after paying the taxes, and an administrative law judge similarly found the refund claim was barred under 68 Okla. Stat. § 2373. Having paid taxes to the Oklahoma Tax Commission when filing its Oklahoma corporate income tax return with a proper

extension on September 27, 2013, the Oklahoma Supreme Court held that a timely claim for a refund was submitted on September 27, 2016, when the taxpayer filed its Oklahoma amended corporate income tax return under 68 Okla. Stat. § 2373. Please contact us with any questions.
URL: https://www.oscn.net/applications/oscn/deliverdocument.asp?citeid=490534

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Income/Franchise:
Texas: Taxpayer Must Exclude Gross Receipts from Hedging Transactions from Apportionment Factor

Accession No. 202202020H, Texas Comptroller of Public Accounts (2/25/22). The Texas Comptroller of Public Accounts (Comptroller) held that a company failed to demonstrate, by a preponderance of the evidence, that the gross proceeds from certain hedging transactions were received from securities treated as "inventory" for federal income tax purposes and thus was only permitted to include the net proceeds, rather than gross proceeds, from such hedging transactions in calculating its Texas franchise tax apportionment factor. Under the facts, for each Texas franchise tax report year at issue, the taxpayer elected "mark-to-market" treatment under Internal Revenue Code (IRC) section 475(f) for the securities at issue; the taxpayer reported the gains from hedging transactions as capital gains and losses as costs of goods sold on its corresponding federal income tax returns. Examining these facts, the Comptroller reasoned that the exception for securities held as inventory found in Texas Tax Code § 171.106(f) applies only to those securities and loans for which a taxable entity is required or elects treatment under IRC section 475(a)(1) (*i.e.*, securities in the inventory of a securities dealer), or generally accounts for such security as inventory under IRC section 471. The Comptroller noted that, under federal law, traders who elect mark-to-market treatment are required to recognize gains or losses on any security held in connection with its business at the close of any taxable year as if such security were sold for its fair market value. Because such traders do not have "inventory" for federal purposes, the Comptroller reasoned that this treatment is identical to the treatment of securities held by a dealer that are *not* held as inventory. In this respect, the Comptroller concluded that the Texas franchise tax exception for securities held as inventory generally does *not* apply to securities or loans for which an election is made under IRC section 475(f). Please contact us with any questions.
URL: https://star.comptroller.texas.gov/view/202202020H

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Income/Franchise:
Utah State Tax Commission Says Lack of Unitary Relationship Prevents Taxing Gain on Entity Sale

Decision No. 16-1358, Utah State Tax Comm. (1/27/22). In a case involving an out-of-state corporation (*i.e.*, the Utah taxpayer at issue) that served as a "blocker" between unrelated investors and an in-state oil and gas operational company in which they all invested, the Utah State Tax Commission held summary judgment for the taxpayer that while the gain associated with its flow-through interest in the in-state operational company – which it held through a tiered-partnership structure and which involved receipt of an unrelated buyer's publicly traded partnership (PTP) units by a low-tiered entity in exchange for the low-tiered entity's interest in the oil and gas operational company – constituted "business income" for Utah corporate franchise tax purposes, Utah could *not* constitutionally tax the gain because there was no unitary relationship between the taxpayer and the buyer. That is, under the facts, the taxpayer, through the lower-tiered entity, did *not* share centralized management or economies of scale with the buyer, nor was there functional integration between the two. Please contact us with any questions.
URL: https://tax.utah.gov/commission/decision/16-1358.pdf

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Income/Franchise:
Virginia: New Law Expands Filing Method Options, Addresses IRC §163(j), Creates PTE Tax Election

H.B. 348, signed by gov. 4/8/22. Effective July 1, 2022, new law decreases from *twenty* years to *twelve* years the time period for which an otherwise qualifying affiliated group of corporations must file on the same basis before it may apply to the Virginia Tax Commissioner for permission to change the basis of the type of Virginia corporate income tax return filed from consolidated to separate, or from separate or combined to consolidated.
URL: https://lis.virginia.gov/cgi-bin/legp604.exe?ses=221&typ=bil&val=hb348

S.B. 386 / *H.B. 224*, signed by gov. 4/11/22. Effective July 1, 2022, and applicable for taxable years beginning on and after January 1, 2023 but before January 1, 2025, new law provides that certain affiliated groups of corporations may elect to change the basis of the type of Virginia corporate income tax return filed from combined to consolidated, if:
URL: https://lis.virginia.gov/cgi-bin/legp604.exe?ses=221&typ=bil&val=sb386

URL: https://lis.virginia.gov/cgi-bin/legp604.exe?ses=221&typ=bil&val=hb224

- The affiliated group has filed on the same basis for at least the preceding twenty years; and
- On or before January 1, 2022, at least one member of the affiliated group is a related entity to a state or national bank that is exempt from filing a Virginia corporate income tax return because it is instead subject to Virginia's bank franchise tax.

Any eligible affiliated group that elects to change the basis of the type of return filed under this legislation must agree to file returns computing its Virginia income tax liability under both the new filing method and the former method, and then it must pay the greater of the two amounts for the taxable year in which the new election is effective *and* for the immediately succeeding taxable year.

H.B. 1006, signed by gov. 4/11/22. Effective July 1, 2022, and applicable for taxable years beginning on and after January 1, 2022, new law revises Virginia's corporate and individual income tax treatment of the limitations on the deduction of business interest expense under Internal Revenue Code (IRC) section 163(j) by increasing the state deduction to 30%, rather than 20%, of the business interest disallowed pursuant to IRC section 163(j).
URL: https://lis.virginia.gov/cgi-bin/legp604.exe?ses=221&typ=bil&val=hb1006

H.B. 1121 / *S.B. 692*, signed by gov. 4/11/22. Effective July 1, 2022, qualifying pass-through entities may make an annual election in Virginia to pay an entity-level state income tax for taxable years beginning on and after January 1, 2021, but before January 1, 2026. See recently issued Multistate Tax Alert for more details on this new Virginia pass-through entity tax election.
URL: https://lis.virginia.gov/cgi-bin/legp604.exe?ses=221&typ=bil&val=hb1121
URL: https://lis.virginia.gov/cgi-bin/legp604.exe?ses=221&typ=bil&val=sb692
URL: https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-virginia-enacts-pass-through-entity-tax-election.pdf

Please contact us with any questions or comments.

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Multistate Tax Alerts

Throughout the week, we highlight selected developments involving state tax legislative, judicial, and administrative matters. The alerts provide a brief summary of specific multistate developments relevant to taxpayers, tax professionals, and other interested persons. Read the recent alerts below or visit the archive.
Archive: https://www2.deloitte.com/us/en/pages/tax/articles/multistate-tax-alert-archive.html?id=us:2em:3na:stm:awa:tax

Virginia enacts pass-through entity tax election

On April 11, 2022, Virginia's Governor approved House Bill 1121/Senate Bill 692. Under the legislation, qualifying pass-through entities may make an annual election to pay an entity-level state income tax for taxable years beginning on and after January 1, 2021, but before January 1, 2026.

URL: https://lis.virginia.gov/cgi-bin/legp604.exe?221+sum+HB1121

URL: https://lis.virginia.gov/cgi-bin/legp604.exe?ses=221&typ=bil&val=sb692

This Multistate Tax Alert summarizes some of the provisions of the Virginia pass-through entity tax election. [Issued April 12, 2022]

URL: https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-virginia-enacts-pass-through-entity-tax-election.pdf