

## Income/Franchise:

### Virginia: Budget Bill Requires Corporations to File “Unitary Business” Informational Report by July 1

*H.B. 1800*, passed House and Senate 4/7/21. To study the feasibility of transitioning to a unitary combined reporting regime for state corporate income tax purposes, Virginia’s budget legislation as recommended by Governor Ralph Northam and approved by the state legislature generally requires corporations that are members of a defined “unitary business” to file an informational report with the Virginia Department of Taxation for the unitary combined group containing the unitary combined net income of the group, which must be submitted on or before July 1, 2021. Under the legislation, this informational report must be based on taxable year 2019 computations and include the difference in corporate income tax owed as a result of filing a unitary combined report compared to the tax owed under Virginia’s current filing requirements. Among other underlying computations and considerations, the legislation provides that members of a unitary combined group must exclude as a member and disregard the income and apportionment factors of any corporation incorporated in a foreign jurisdiction (a “foreign corporation”) if the average of its property, payroll and sales factors outside the United States is 80% or more; and, if a foreign corporation is includible as a member in the unitary combined group, to the extent that such foreign corporation’s income is subject to the provisions of a federal income tax treaty, such income must be excluded from the unitary combined group’s net income. Any corporation required to submit such an informational report that fails to do so on or before July 1, 2021, or that makes a material omission or misstatement in connection with such report, may be subject to a penalty of \$10,000 under the legislation. Please contact us with any questions or comments.

**URL:** <https://lis.virginia.gov/cgi-bin/legp604.exe?212+sum+HB1800&212+sum+HB1800>

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