

Income/Franchise:

Virginia: Notice Addresses Newly Mandated Combined Filing Information Reports that are Due July 1

Notice, Vir. Dept. of Tax. (4/8/21). Referencing recently enacted legislation requiring some corporations that are members of a “unitary business” to file an informational report with the Virginia Department of Taxation (Department) by July 1 containing the unitary group’s combined net income and tax, or else potentially be subject to a \$10,000 penalty [see H.B. 1800 (2021), and *State Tax Matters*, Issue 2021-14, for more details on this new law], the Department has issued some implementing guidance – explaining that this “one-time report” will allow it to “put together a report detailing the revenue impacts of combined corporate income tax reporting” in Virginia. In its notice, the Department clarifies that such report generally “will show the difference between the amount of tax the corporation would pay if it filed as part of a unitary combined group and the amount of tax based on how they currently file” using 2019 Virginia corporation income tax calculations to complete it. Moreover, the notice provides that these calculations generally must *not* include any information from members incorporated outside the United States whose average property, payroll, and sales factors outside of the United States equals 80% or more. Additionally, members whose income is not subject to federal taxation because of the provisions of a federal tax treaty should exclude that income from the Virginia informational report, as well as any associated apportionment factors or expenses. To comply, the Department states that impacted corporations will be able to file this Virginia informational report using a “Web Upload application,” with supplementary filing details coming soon. Please contact us with any questions.

URL: <https://www.tax.virginia.gov/news/corporate-unitary>

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

URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/STM/210409_10.html

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