

## Income/Franchise:

### Virginia: Unitary Combined Report Reference Guide Posted in Advance of July 1 Pro Forma Due Date

*Notice*, Vir. Dept. of Tax. (5/7/21). Pursuant to new state law 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 [see H.B. 1800 (2021), and *State Tax Matters*, Issue 2021-15 and *State Tax Matters*, Issue 2021-14, for more details on this new law], the Department has posted a “Unitary Combined Report Reference Guide” that includes sixteen pages of instructions for filing the “pro forma return.” The instructions reflect how:

**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/210416\\_5.html](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/STM/210416_5.html)

**URL:** [https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/STM/210409\\_10.html](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/STM/210409_10.html)

1. The report must include information about the unitary group’s income, apportionment computation, tax credits, and tax liability calculation, and
2. The designated member must provide the necessary information as if filing a unitary combined report under both the Joyce and Finnigan methods.

The Department continues to remind that while there is no tax due with this “one-time report,” impacted businesses that do not file the report, or make a material misstatement or omission on it, may be subject to a \$10,000 penalty. The guide provides that this \$10,000 penalty applies to each corporation separately – stating that “all members of a unitary combined group will each be assessed a separate penalty not to exceed \$10,000.” The Department has the authority to waive the penalty upon determining that the requirement to file the report would cause an undue hardship. Please contact us with any questions.

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