

## Income/Franchise:

### Virginia: Guidance Explains How to Report Federal Tax Adjustments, Including for Partnerships

*Guidelines for Reporting Federal Tax Adjustments*, Vir. Dept. of Tax. (8/13/21). The Virginia Department of Taxation (Department) issued administrative guidance reflecting legislation enacted in 2020 [see H.B. 1417 (2020) for more details on these law changes] that updated procedures, processes, and deadlines for Virginia taxpayers to report certain partnership adjustments that result from federal tax changes, as well as other changes to federal taxable income, to the Department. According to the guidance, effective as of July 1, 2020, Virginia law generally requires that federal adjustments be reported to the Department within one year after the defined “final determination date” rather than one year after a “final determination.” Moreover, under Virginia’s new partnership reporting requirement, a partnership generally must file a specified form with the Department no later than 90 days after the final determination date of a federal audit adjustment. The guidance addresses pertinent definitions, general requirements, and statutes of limitations.

URL: [https://townhall.virginia.gov/L/GetFile.cfm?File=C:\TownHall\docroot\GuidanceDocs\161\GDoc\\_TAX\\_7057\\_v1.pdf](https://townhall.virginia.gov/L/GetFile.cfm?File=C:\TownHall\docroot\GuidanceDocs\161\GDoc_TAX_7057_v1.pdf)

URL: <https://lis.virginia.gov/cgi-bin/legp604.exe?201+sum+HB1417>

According to the Department, these guidelines represent the Department’s interpretation of the relevant laws, but “they do not constitute formal rulemaking and hence do not have the force and effect of law or regulation.” Therefore, in the event that the final determination of any court holds that any provision of these guidelines is contrary to law, “taxpayers who follow these guidelines will be treated as relying on erroneous written advice for purposes of waiving penalty and interest under Va. Code §§ 58.1-105, 58.1-1835, and 58.1-1845.” Please contact us with any questions.

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