

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>

California Restores NOLs and Removes the Business Tax Credit Limit for 2022

On February 9, 2022, the California governor signed Senate Bill 113 (S.B. 113), which restores the net operating loss (NOL) deduction and eliminates the \$5 million annual cap on business incentive tax credits, effective for tax years beginning on or after January 1, 2022.

URL: https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB113

When initially enacted in 2020, the NOL suspension and credit limit applied to tax years 2020, 2021, and 2022. However, S.B. 113 removes the credit limit and restores the NOL deduction for the 2022 tax year [See our previously issued Multistate Tax Alert for more details on California's initial enactment of the NOL suspension and credit limitation].

URL: <https://www2.deloitte.com/us/en/pages/tax/articles/california-enacts-three-year-nol-suspension-and-business-tax-credit-limit.html?id=us:2em:3na:stm:awa:tax:022522&sfid=7015Y000003WdLgQAK>

This Multistate Tax Alert summarizes some of the relevant provisions of S.B. 113.

[Issued February 16, 2022]

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/california-restores-nols-and-removes-the-business-tax-credit-limit-for-2022.pdf>

Virginia proposes pass-through entity tax election

The Virginia Senate and House of Delegates have approved Senate Bill 692 (S.B. 692) and House Bill 1121 (H.B. 1121), respectively. The bills are currently under consideration by the opposite chamber. Under the proposed 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, 2022, but before January 1, 2026.

URL: <https://lis.virginia.gov/cgi-bin/legp604.exe?221+sum+SB692>

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

This Multistate Tax Alert summarizes some of the provisions of the proposed Virginia pass-through entity tax election.

[Issued February 22, 2022]

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/multistate-tax-alert-virginia-proposes-pass-through-entity-tax-election.pdf>

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