

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>

Virginia Supreme Court Upholds Refund for Tobacco Company by Allowing Exclusion of Stored Leaf Tobacco from Property Factor

On February 10, 2022, the Virginia Supreme Court issued its opinion in *Virginia Department of Taxation v. R.J. Reynolds Tobacco Co.* The court upheld a lower court's decision that Lorillard Tobacco Company ("Taxpayer") can exclude the value of leaf tobacco stored in Virginia warehouses and facilities from its property factor because the leaf tobacco is not being "used" while stored. As a result of the decision, the Virginia Department of Taxation must refund R.J. Reynolds Tobacco Company, a successor by merger of Taxpayer, approximately \$11 million in corporate income tax, plus interest.

URL: <https://www.vacourts.gov/opinions/opnscvwp/1201263.pdf>

This Multistate Tax Alert summarizes the *R.J. Reynolds* decision.

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URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-virginia-supreme-court-upholds-refund-tobacco-company-allowing-exclusion-stored-leaf-tobacco-property-factor.pdf>

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