

## Income/Franchise:

### Virginia: New Law Permits Certain Retail Company Affiliates to Use Single Sales Factor Apportionment

*H.B. 1978 / S.B. 1346*, signed by gov. 3/17/23. Effective July 1, 2023, and applicable for taxable years beginning on or after January 1, 2023, new law permits certain affiliated corporations that file on a consolidated basis in Virginia to elect to apportion the taxable income of all members of such affiliated group using a single sales factor – even if one or more members of such affiliated group would be required to use different apportionment factors under state law if separate returns were filed. This single sales factor election would be valid only with respect to taxable years in which 80% or more of the sales of such affiliated group after consolidation and eliminations is derived from activities of a “retail company.” Moreover, once made, this single sales factor apportionment election may not be changed without permission from the Virginia Department of Taxation. Please contact us with any questions or comments.

**URL:** <https://lis.virginia.gov/cgi-bin/legp604.exe?231+sum+hb1978>

**URL:** <https://lis.virginia.gov/cgi-bin/legp604.exe?231+sum+sb1346>

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