

Income/Franchise:

Virginia: Ruling Addresses Whether Taxpayer Needs Permission to Change Consolidated Filing Status

Public Document No. 23-5, Va. Dept. of Tax. (1/6/23). Responding to a taxpayer seeking permission to file a separate Virginia corporate income tax return for the taxable year ended December 31, 2021, and going forward, when it had previously filed with its subsidiaries on a consolidated basis in Virginia, the Virginia Department of Taxation (Department) held that because all the taxpayer's subsidiaries became disregarded entities on January 1, 2021, it was no longer a member of an affiliated group for the 2021 taxable year and thus did not need permission to change its filing status as it had no option other than to file a separate Virginia return. Accordingly, the Department ruled that because the taxpayer was not required to obtain permission to change its Virginia filing status, the \$100 fee submitted with its request will be refunded. Please contact us with any questions.

URL: <https://www.tax.virginia.gov/laws-rules-decisions/rulings-tax-commissioner/23-5>

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