

## Income/Franchise:

### Virginia: Ruling Addresses Whether Subsidiary May File as Part of Combined Return with Affiliates

*Public Document No. 22-161*, Va. Dept. of Tax. (12/30/22). In an administrative ruling, the Virginia Department of Taxation (Department) held that a subsidiary was correctly included on a state combined corporate income tax return with its affiliates for the tax year at issue, even though it had filed a Virginia Insurance Premiums License Tax Surplus Lines Broker's Annual Reconciliation Tax Report (Form 802). In doing so, the Department noted that the subsidiary had Virginia payroll, properties, positive Virginia apportionment factors and was conducting activities creating Virginia corporate income tax nexus. Accordingly, because Virginia's administrative code (*i.e.*, Title 23 of the Virginia Administrative Code (VAC) 10-120-323 B 1) permits members of affiliate groups to file a combined return if they would be subject to tax if a separate Virginia corporate income tax return were filed, are "affiliated," and are filing using the same taxable year, the subsidiary in this case was eligible to be included on the Virginia combined return with its affiliates. Please contact us with any questions.

**URL:** <https://www.tax.virginia.gov/laws-rules-decisions/rulings-tax-commissioner/22-161>

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