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# VIRGINIA STATE BUDGET

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2010 Session

## Budget Bill - HB29 (Chapter 872)

Bill Order » Part 4: General Provisions » Item 4-14

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### Item 4-14

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#### ADDITIONAL ENACTMENTS

2. That Chapter 289 of the Acts of Assembly of 1989, as amended and reenacted by Chapter 888 of the Acts of Assembly of 1990 and Chapters 385 and 401 of the Acts of Assembly of 1992, Chapters 139 and 147 of the Acts of Assembly of 1994, Chapters 375 and 458 of the Acts of Assembly of 1996, Chapter 464 of the Acts of Assembly of 1998, and Chapters 501 and 553 of the Acts of Assembly of 2000, is hereby repealed effective January 1, 2003.

3. That no provision of this act shall be construed or interpreted to cause the expiration of any provision of Chapter 896 of the Acts of Assembly of 2007 pursuant to the 22nd enactment of such Chapter.

4. That the Code of Virginia is amended by adding a section numbered ~~58.1-615.1~~ as follows:

~~§58.1-615.1. Returns by certain dealers.~~

~~A. This section shall apply to any dealer as defined by § 58.1-612, or any direct payment permit holder pursuant to § 58.1-624, with taxable sales or purchases of \$12,000,000 or greater for the 12-month period beginning January 1 and ending December 31 of the immediately preceding calendar year, notwithstanding the provisions of §§ 58.1-615 and 58.1-616. Such dealer or direct payment permit holder shall be required to make a payment in each month for the 12-month period that begins in the month of June that immediately follows such calendar year and that ends in the month of May that immediately follows such month of June. The payment shall be made on or before the 20th day of the respective month.~~

~~Beginning with the month of June, the dealer or direct payment permit holder shall transmit to the Tax Commissioner a return showing the gross sales, gross proceeds, or cost price, as the case may be, arising from all transactions taxable under this chapter (i) for the first fifteen days of the month, on or before the 20th of the same month, and (ii) for the remaining days in the month, on or before the 20th day of the following month. The dealer or direct payment permit holder shall remit the tax due pursuant to this chapter when transmitting such return.~~

~~B. The Tax Commissioner shall develop guidelines implementing the provisions of this section. Such guidelines shall be exempt from the provisions of the Administrative Process Act (§ 2.2-4000 et seq.).~~

~~C. For purposes of this section, taxable sales or purchases shall be computed without regard to the number of certificates of registration held by the dealer. The provisions of this section shall not apply to persons who are required to file only a Form ST-7, Consumer's Use Tax Return.~~

~~D. In lieu of the penalties provided in § 58.1-635, except with respect to fraudulent returns, failure to make a timely payment or full payment of the sales and use tax liability as provided in subsection A shall subject the dealer or direct payment permit holder to a penalty of six percent of the amount of tax underpayment that should have been properly paid to the Tax Commissioner. Interest shall accrue as provided in § 58.1-15. The payment required by this section shall become delinquent on the first day following the due date set forth in this section if not paid at~~

~~the minimum amount required.~~

~~E. The provisions of this section shall become effective on May 31, 2010.~~

**4. That § 58.1-301 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-301. Conformity to Internal Revenue Code.

A. Any term used in this chapter shall have the same meaning as when used in a comparable context in the laws of the United States relating to federal income taxes, unless a different meaning is clearly required.

B. Any reference in this chapter to the laws of the United States relating to federal income taxes shall mean the provisions of the Internal Revenue Code of 1954, and amendments thereto, and other provisions of the laws of the United States relating to federal income taxes, as they existed on ~~December 31, 2008~~, *January 22, 2010*, except for:

1. The special depreciation allowance for certain property provided for under §§ 168(k), 168(l), 168(m), 1400L, and 1400N of the Internal Revenue Code;

2. The carry-back of certain net operating losses for five years under § 172(b)(1)(H) of the Internal Revenue Code;

3. *The original issue discount on applicable high yield discount obligations under § 163 (e)(5)(F) of the Internal Revenue Code;*

4. *The deferral of certain income under § 108 (i) of the Internal Revenue Code. For Virginia income tax purposes, income from the discharge of indebtedness in connection with the reacquisition of an "applicable debt instrument" (as defined under § 108 (i) of the Internal Revenue Code) reacquired in taxable year 2009 shall be fully included in the taxpayer's Virginia taxable income for taxable year 2009, unless the taxpayer elects to include such income in the taxpayer's Virginia taxable income ratably over a 3-taxable-year period beginning with taxable year 2009. For purposes of such election, all other provisions of § 108 (i) shall apply mutatis mutandis. No other deferral shall be allowed for income from the discharge of indebtedness in connection with the reacquisition of an "applicable debt instrument";*

5. *The amount of the deduction allowed for domestic production activities pursuant to § 199 of the Internal Revenue Code for taxable years beginning on or after January 1, 2010. For Virginia income tax purposes, two-thirds of the amount deducted pursuant to § 199 of the Internal Revenue Code for federal income tax purposes during the taxable year may be deducted for Virginia income tax purposes for taxable years beginning on and after January 1, 2010;*

6. *For taxable years beginning on or after January 1, 2010, the provisions of § 32(b)(3) of the Internal Revenue Code relating to the earned income tax credit; and*

7. *For taxable years beginning on or after January 1, 2010, the deduction for qualified motor vehicle taxes pursuant to § 164(a)(6) of the Internal Revenue Code.*

*The Department of Taxation is hereby authorized to develop procedures or guidelines for implementation of the provisions of this section, which procedures or guidelines shall be exempt from the provisions of the Administrative Process Act (§ 2.2-4000 et seq. of the Code of Virginia)*

**~~5. That payments made pursuant to § 58.1-615.1 of the Code of Virginia shall be made in accordance with procedures established by the Tax Commissioner and shall be considered general fund revenue, except with respect to those revenues required to be distributed under the provisions of §§ 58.1-605 and 58.1-606 of the Code of Virginia. That § 58.1-615.1 of the Code of Virginia is repealed.~~**

~~5. That the State Comptroller shall make no distribution of the taxes collected pursuant to § 58.1-615.1 of the Code of Virginia in accordance with §§ 58.1-605, 58.1-606, 58.1-638, and 58.1-638.1 of the Code of Virginia until the Tax Commissioner makes a written certification to the Comptroller certifying the sales and use tax revenues generated pursuant to § 58.1-615.1. The Tax Commissioner shall certify the sales and use tax revenues generated as soon as practicable after the sales and use tax revenues have been paid into the state treasury in any month for the preceding month.~~

~~7. That the provisions of the first enactment of this act shall expire at midnight on June 30, 2010. The provisions of the second, third, fourth, fifth and sixth enactment of this act shall have no expiration date.~~

*6. That the provisions of the first enactment of this act shall expire at midnight on June 30, 2010. The provisions of the second, third, fourth and fifth enactment of this act shall have no expiration date.*