
VIRGINIA STATE BUDGET

2020 Session

Budget Bill - HB29 (Enrolled)

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Intangible Holding Company Addback

Item 3-5.09

§ 3-5.09 INTANGIBLE HOLDING COMPANY ADDBACK

Notwithstanding the provisions of § 58.1-402(B)(8), Code of Virginia, for taxable years beginning on and after January 1, 2004:

(i) The exception in § 58.1-402(B)(8)(a)(1) for income that is subject to a tax based on or measured by net income or capital imposed by Virginia, another state, or a foreign government shall be limited *to* and apply only to the portion of such income received by the related member *that owns the intangible property*, which portion is attributed to a state or foreign government in which ~~the~~ *such* related member has sufficient nexus to be *itself* subject to such taxes; and

(ii) The exception in § 58.1-402(B)(8)(a)(2) for a related member deriving at least one-third of its gross revenues from licensing to unrelated parties shall be limited and apply ~~only~~ to the portion of such income *received by the related member that owns the intangible property and* derived from licensing agreements for which the rates and terms are comparable to the rates and terms of agreements that ~~the~~ *such* related member has ~~actually~~ entered into with unrelated entities.