2020 Session

Budget Bill - HB30 (Enrolled)

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 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 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 such related member has entered into with unrelated entities.