

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to amend and reenact § 58.1-513 of the Code of Virginia, relating to land preservation income*
3 *tax credits for individuals and corporations.*

4 [H 1185]

5 Approved

6 **Be it enacted by the General Assembly of Virginia:**7 **1. That § 58.1-513 of the Code of Virginia is amended and reenacted as follows:**

8 § 58.1-513. Limitations; transfer of credit; gain or loss from tax credit.

9 A. Any taxpayer claiming a tax credit under this article shall not claim a credit under any similar
10 Virginia law for costs related to the same project. To the extent a credit is taken in accordance with this
11 article, no subtraction allowed for the gain on the sale of (i) land dedicated to open-space use or (ii) an
12 easement dedicated to open-space use under subsection C of § 58.1-322 shall be allowed for three years
13 following the year in which the credit is taken.

14 B. Any tax credits that arise under this article from the donation of land or an interest in land made
15 by a pass-through tax entity such as a trust, estate, partnership, limited liability corporation or
16 partnership, limited partnership, subchapter S corporation or other fiduciary shall be used either by such
17 entity if it is the taxpayer on behalf of such entity or by the member, manager, partner, shareholder
18 and/or beneficiary, as the case may be, in proportion to their interest in such entity in the event that
19 income, deductions and tax liability pass through such entity to such member, manager, partner,
20 shareholder and/or beneficiary or as set forth in the agreement of said entity. Such tax credits shall not
21 be claimed by both the entity and the member, manager partner, shareholder and/or beneficiary for the
22 same donation.

23 C. Any taxpayer holding a credit under this article may transfer unused but otherwise allowable
24 credit for use by another taxpayer on Virginia income tax returns. A taxpayer who transfers any amount
25 of credit under this article shall file a notification of such transfer to the Department in accordance with
26 procedures and forms prescribed by the Tax Commissioner.

27 D. To the extent included in and not otherwise subtracted from federal adjusted gross income
28 pursuant to § 58.1-322 or federal taxable income pursuant to § 58.1-402, there shall be subtracted any
29 amount of gain or income recognized by a taxpayer on the application of a tax credit under this article
30 against a Virginia income tax liability.

31 E. The transfer of the credit and its application against a tax liability shall not create gain or loss for
32 the transferor or the transferee of such credit.

33 F. *A pass-through tax entity, such as a partnership, limited liability company or Subchapter S*
34 *corporation, may appoint a tax matters representative, who shall be a general partner, member/manager*
35 *or shareholder, and register that representative with the Tax Commissioner. The Tax Commissioner*
36 *shall be entitled to deal with the tax matters representative as representative of the taxpayers to whom*
37 *credits have been allocated or transferred by the entity under this article with respect to those credits.*
38 *In the event a pass-through tax entity allocates or transfers tax credits arising under this article to its*
39 *partners, members or shareholders and the allocated or transferred credits shall be disallowed, in whole*
40 *or in part, such that an assessment of additional tax against a taxpayer shall be made, the Tax*
41 *Commissioner shall first make written demand for payment of any additional tax, together with interest*
42 *and penalties, from the tax matters representative. In the event such payment demand is not satisfied,*
43 *the Tax Commissioner shall proceed to collection against the taxpayers in accordance with the*
44 *provisions of Chapter 18 (§ 58.1-1800 et seq.) of this title.*

ENROLLED

HB185ER