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HOUSE BILL NO. 1514

House Amendments in [] — February 11, 2008

A BILL to amend and reenact § 58.1-408 of the Code of Virginia and to amend the Code of Virginia by adding in Article 10 of Chapter 3 of Title 58.1 a section numbered 58.1-422, relating to corporate income tax; apportionment of income for manufacturers.

Patron Prior to Engrossment—Delegate Byron

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-408 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding in Article 10 of Chapter 3 of Title 58.1 a section numbered 58.1-422 as follows:

§ 58.1-408. What income apportioned and how.

The Virginia taxable income of any corporation, except those subject to the provisions of §§ 58.1-417, 58.1-418, 58.1-419, ~~or~~ § 58.1-420 *or* 58.1-422, excluding income allocable under § 58.1-407, shall be apportioned to the Commonwealth by multiplying such income by a fraction, the numerator of which is the property factor plus the payroll factor, plus twice the sales factor, and the denominator of which is four; however, where the sales factor does not exist, the denominator of the fraction shall be the number of existing factors and where the sales factor exists but the payroll factor or the property factor does not exist, the denominator of the fraction shall be the number of existing factors plus one.

§ 58.1-422. Manufacturing companies; apportionment.

For taxable years beginning on and after July 1, [2009 2010], the Virginia taxable income of a manufacturing company, excluding income allocable under § 58.1-407, may be apportioned within and without the Commonwealth by:

1. Multiplying such income by the sales factor, or

2. As provided in § 58.1-408 (i) if there is no sales factor, or (ii) the taxpayer elects to follow the provisions of § 58.1-408.

[For the purposes of this section, "manufacturing company" means a domestic or foreign corporation which is primarily engaged in activities that, in accordance with the North American Industrial Classification System (NAICS), United States Manual, United States Office of Management and Budget, 1997 Edition, would be included in Sector 11, 31, 32, or 33.]

ENGROSSED

HB1514E