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SENATE BILL NO. 545

Senate Amendments in [] — February 16, 2010

A *BILL to amend and reenact § 58.1-301 of the Code of Virginia, relating to conformity of the Commonwealth's system of taxation with the Internal Revenue Code.*

Patron Prior to Engrossment—Senator Colgan

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. 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 2009, 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; and

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

3. *The deferral of certain income under § 108 (i) of the Internal Revenue Code;*

4. *The original issue discount on applicable high yield discount obligations under § 163 (e)(5)(F); and*

[5. For taxable years beginning on and after January 1, 2010, the amount of the deduction allowed for domestic production activities pursuant to § 199 of the Internal Revenue Code.]

2. That an emergency exists and this act is in force from its passage.

[3. Notwithstanding the provisions of subsection B.3. of section 58.1-301, two thirds of any income derived in taxable year 2009 from the cancellation of indebtedness income which has been deferred in taxable year 2009 from federal taxable income pursuant to § 108 (i) of the Internal Revenue Code may be subtracted from 2009 taxable income and deferred as follows: one third of such income may be deferred until taxable year 2010 and one third of such income may be deferred until taxable year 2011.]

ENGROSSED

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