

2011 SESSION

INTRODUCED

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SENATE BILL NO. 998

Offered January 12, 2011

Prefiled January 11, 2011

A *BILL to amend and reenact § 58.1-400 of the Code of Virginia, relating to the corporate income tax rate for certain businesses.*

Patrons—Stuart and Stanley

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-400 of the Code of Virginia is amended and reenacted as follows:

§ 58.1-400. Imposition of tax.

A. A tax at the rate of six percent is hereby annually imposed on the Virginia taxable income for each taxable year of every corporation organized under the laws of the Commonwealth and every foreign corporation having income from Virginia sources.

B. *For taxable years beginning on or after January 1, 2011, for every corporation located outside Virginia that opens an office in a Virginia locality with a population of 200,000 or fewer individuals, and for every corporation located in a Virginia locality with a population in excess of 200,000 individuals that opens a satellite office or operation in a Virginia locality with a population of 200,000 or fewer individuals, the rate of tax imposed hereunder shall be three percent for the first three taxable years such satellite offices are in operation. Beginning in the fourth taxable year and thereafter of such offices, the tax rate shall be six percent.*

In order for the taxpayer to be eligible for the lower tax rate in this subsection, the taxpayer shall have (i) made a capital investment for the new office of at least \$250,000 and (ii) hired five or more full-time employees or reduced the commuting distance to less than 10 miles for at least five existing full-time employees. In no event shall the tax reduction provided by the lower tax rate exceed the actual capital investment expended by the taxpayer in establishing the satellite office or operation in accordance with this subsection.

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