

## 1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

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

4 [S 1044]

5 Approved

6 **Be it enacted by the General Assembly of Virginia:**7 **1. That § 58.1-301 of the Code of Virginia is amended and reenacted as follows:**8 **§ 58.1-301. Conformity to Internal Revenue Code.**9 A. Any term used in this chapter shall have the same meaning as when used in a comparable context  
10 in the laws of the United States relating to federal income taxes, unless a different meaning is clearly  
11 required.12 B. Any reference in this chapter to the laws of the United States relating to federal income taxes  
13 shall mean the provisions of the Internal Revenue Code of 1954, and amendments thereto, and other  
14 provisions of the laws of the United States relating to federal income taxes, as they existed on ~~January~~  
15 ~~2, 2013~~ *December 31, 2014*, except for:16 1. The special depreciation allowance for certain property provided for under §§ 168(k), 168(l),  
17 168(m), 1400L, and 1400N of the Internal Revenue Code;18 2. The carry-back of certain net operating losses for five years under § 172(b)(1)(H) of the Internal  
19 Revenue Code;20 3. The original issue discount on applicable high yield discount obligations under § 163(e)(5)(F) of  
21 the Internal Revenue Code;22 4. The deferral of certain income under § 108(i) of the Internal Revenue Code. For Virginia income  
23 tax purposes, income from the discharge of indebtedness in connection with the reacquisition of an  
24 "applicable debt instrument" (as defined under § 108(i) of the Internal Revenue Code) reacquired in the  
25 taxable year shall be fully included in the taxpayer's Virginia taxable income for the taxable year, unless  
26 the taxpayer elects to include such income in the taxpayer's Virginia taxable income ratably over a  
27 three-taxable-year period beginning with taxable year 2009 for transactions completed in taxable year  
28 2009, or over a three-taxable-year period beginning with taxable year 2010 for transactions completed in  
29 taxable year 2010 on or before April 21, 2010. For purposes of such election, all other provisions of  
30 § 108(i) of the Internal Revenue Code shall apply mutatis mutandis. No other deferral shall be allowed  
31 for income from the discharge of indebtedness in connection with the reacquisition of an "applicable  
32 debt instrument";33 5. The amount of the deduction allowed for domestic production activities pursuant to § 199 of the  
34 Internal Revenue Code for taxable years beginning on or after January 1, 2010. For Virginia income tax  
35 purposes, two-thirds of the amount deducted pursuant to § 199 of the Internal Revenue Code for federal  
36 income tax purposes during the taxable year may be deducted for Virginia income tax purposes for  
37 taxable years beginning on and after January 1, 2010. For taxable years beginning on and after January  
38 1, 2013, the entire amount of the deduction allowed for domestic production activities pursuant to § 199  
39 of the Internal Revenue Code may be deducted for Virginia income tax purposes; and40 6. For taxable years beginning on or after January 1, 2018, the provisions of § 32(b)(3) of the  
41 Internal Revenue Code relating to the earned income tax credit.42 The Department of Taxation is hereby authorized to develop procedures or guidelines for  
43 implementation of the provisions of this section, which procedures or guidelines shall be exempt from  
44 the provisions of the Administrative Process Act (§ 2.2-4000 et seq.).45 **2. That an emergency exists and this act is in force from its passage.**

ENROLLED

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