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SENATE BILL NO. 722

Offered January 22, 2016

A BILL to amend and reenact § 58.1-421 of the Code of Virginia, relating to corporate income tax; apportionment of income.

Patrons—Saslaw and Favola

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-421 of the Code of Virginia is amended and reenacted as follows:

§ 58.1-421. Alternative method of allocation.

If any corporation believes that the method of allocation or apportionment hereinbefore prescribed as administered by the Department has operated or will so operate as to subject it to taxation on a greater portion of its Virginia taxable income than is reasonably attributable to business or sources within this the Commonwealth, it shall be entitled to file with the Department a statement of its objections and of such alternative method of allocation or apportionment as it believes to be proper under the circumstances with such detail and proof and within such time as the Department may reasonably prescribe. If the Department concludes that the method of allocation or apportionment theretofore employed is in fact inapplicable or inequitable, it shall redetermine the taxable income by such other method of allocation or apportionment as seems best calculated to assign to the Commonwealth for taxation the portion of the income reasonably attributable to business and sources within the Commonwealth, not exceeding, however, the amount ~~which~~ that would be arrived at by application of the statutory rules for allocation or apportionment. *In determining whether the method of allocation or apportionment is inapplicable or inequitable, the Commissioner shall consider whether such method results in the Commonwealth taxing a greater portion of the income of the corporation than may be reasonably attributable to business or sources within the Commonwealth, due in whole or in part to the use of a different method of allocation and apportionment by a majority of other states that is inconsistent with the method set forth in § 58.1-416.*

INTRODUCED

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