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## SENATE BILL NO. 1386

Offered January 11, 2017

Prefiled January 11, 2017

A *BILL to amend and reenact § 58.1-320 of the Code of Virginia, relating to rate of individual income tax; small businesses.*

\_\_\_\_\_  
Patron—Sturtevant

\_\_\_\_\_  
Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:****1. That § 58.1-320 of the Code of Virginia is amended and reenacted as follows:****§ 58.1-320. Imposition of tax.**

A. A tax is hereby annually imposed on the Virginia taxable income for each taxable year of every individual, *except those set forth in subsection B*, as follows:

Two percent on income not exceeding \$3,000;

Three percent on income in excess of \$3,000, but not in excess of \$5,000;

Five percent on income in excess of \$5,000, but not in excess of \$12,000 for taxable years beginning before January 1, 1987;

Five percent on income in excess of \$5,000 but not in excess of \$14,000 for taxable years beginning January 1, 1987, through December 31, 1987;

Five percent on income in excess of \$5,000 but not in excess of \$15,000 for taxable years beginning January 1, 1988, through December 31, 1988;

Five percent on income in excess of \$5,000 but not in excess of \$16,000 for taxable years beginning January 1, 1989, through December 31, 1989;

Five percent on income in excess of \$5,000 but not in excess of \$17,000 for taxable years beginning January 1, 1990;

Five and three-quarters percent on income in excess of \$12,000 for taxable years beginning before January 1, 1987;

Five and three-quarters percent on income in excess of \$14,000 for taxable years beginning January 1, 1987, through December 31, 1987;

Five and three-quarters percent on income in excess of \$15,000 for taxable years beginning January 1, 1988, through December 31, 1988;

Five and three-quarters percent on income in excess of \$16,000 for taxable years beginning January 1, 1989, through December 31, 1989; and

Five and three-quarters percent on income in excess of \$17,000 for taxable years beginning on and after January 1, 1990.

B. *In lieu of the rates set forth in subsection A, and for taxable years beginning on and after January 1, 2017, a tax is hereby annually imposed on the Virginia taxable income for each taxable year of every small business as follows:*

*One and three-quarters percent on income not in excess of \$3,000 for taxable years beginning January 1, 2017, through December 31, 2017;*

*One and one-half percent on income not in excess of \$3,000 for taxable years beginning January 1, 2018, through December 31, 2018;*

*One and one-quarter percent on income not in excess of \$3,000 for taxable years beginning January 1, 2019, through December 31, 2019;*

*One percent on income not in excess of \$3,000 for taxable years beginning on and after January 1, 2020;*

*Two and three-quarters percent on income in excess of \$3,000 but not in excess of \$5,000 for taxable years beginning January 1, 2017, through December 31, 2017;*

*Two and one-half percent on income in excess of \$3,000 but not in excess of \$5,000 for taxable years beginning January 1, 2018, through December 31, 2018;*

*Two and one-quarter percent on income in excess of \$3,000 but not in excess of \$5,000 for taxable years beginning January 1, 2019, through December 31, 2019;*

*Two percent on income in excess of \$3,000 but not in excess of \$5,000 for taxable years beginning on and after January 1, 2020;*

*Four and three-quarters percent on income in excess of \$5,000 but not in excess of \$17,000 for taxable years beginning January 1, 2017, through December 31, 2017;*

*Four and one-half percent on income in excess of \$5,000 but not in excess of \$17,000 for taxable*

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SB1386

59 years beginning January 1, 2018, through December 31, 2018;  
60 Four and one-quarter percent on income in excess of \$5,000 but not in excess of \$17,000 for taxable  
61 years beginning January 1, 2019, through December 31, 2019;  
62 Four percent on income in excess of \$5,000 but not in excess of \$17,000 for taxable years beginning  
63 on and after January 1, 2020;  
64 Five and one-half percent on income in excess of \$17,000 for taxable years beginning January 1,  
65 2017, through December 31, 2017;  
66 Five and one-quarter percent on income in excess of \$17,000 for taxable years beginning January 1,  
67 2018, through December 31, 2018;  
68 Five percent on income in excess of \$17,000 for taxable years beginning January 1, 2019, through  
69 December 31, 2019; and  
70 Four and three-quarters percent on income in excess of \$17,000 for taxable years beginning on and  
71 after January 1, 2020.  
72 C. For purposes of this section, "small business" means a sole proprietorship or pass-through entity,  
73 as defined in § 58.1-390.1, with 25 or fewer employees.