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SENATE BILL NO. 460

Offered January 8, 2020

Prefiled January 7, 2020

A *BILL to amend the Code of Virginia by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.13, relating to individual and corporate income tax credit; employers of military spouses.*

Patrons—Reeves and Peake; Delegate: Avoli

Referred to Committee on Finance and Appropriations**Be it enacted by the General Assembly of Virginia:**

1. That the Code of Virginia is amended by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.13 as follows:

§ 58.1-339.13. Tax credits for military spouses.

A. For purposes of this section:

"Employer" means the same as that term is defined in § 58.1-460.

"Military spouse" means a person who is (i) an employee, as defined in § 58.1-460, of an employer and (ii) the spouse of an active member of the armed forces of the United States.

"Self-employed military spouse" means a spouse of an active member of the armed forces of the United States who derives a substantial portion of his income from a trade or business (i) that he operates as a sole proprietor, (ii) through which he has attempted to earn taxable income, and (iii) for which he has filed the appropriate Internal Revenue Service Form 1040, Schedule C or F, for the previous taxable year.

"Wages" means the same as that term is defined in § 58.1-460.

B. 1. For taxable years beginning on and after January 1, 2020, but before January 1, 2025, an employer shall be allowed a credit against the tax levied pursuant to § 58.1-320 or 58.1-400 for 25 percent of wages paid to a military spouse during the taxable year.

2. For taxable years beginning on and after January 1, 2020, but before January 1, 2025, a self-employed military spouse shall be allowed a credit against the tax levied pursuant to § 58.1-320 or 58.1-400 for 25 percent of income attributable to his trade or business during the taxable year. No credit shall be allowed pursuant to this subdivision if an employer claimed a tax credit pursuant to subdivision 1 for the same individual.

C. The amount of the credit claimed shall not exceed the total amount of tax imposed pursuant to § 58.1-320 or 58.1-400 upon the employer for the taxable year. Any credit not usable for the taxable year for which the credit was first allowed may be carried over for credit against the income taxes of the employer in the next five succeeding taxable years or until the total amount of the tax credit has been taken, whichever is sooner.

INTRODUCED

SB460