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## HOUSE BILL NO. 1285

Offered January 22, 1996

A BILL to amend and reenact § 58.1-325 of the Code of Virginia, relating to Virginia taxable income of nonresidents.

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Patron—McDonnell

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Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:****1. That § 58.1-325 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-325. Virginia taxable income of nonresident individuals, partners, beneficiaries and certain shareholders.

A. The Virginia taxable income of a nonresident individual, partner or beneficiary shall be an amount bearing the same proportion to his Virginia taxable income, computed as though he were a resident, as the net amount of his income, gain, loss and deductions from Virginia sources bears to the net amount of his income, gain, loss and deductions from all sources.

B. For a nonresident ~~individual who is a shareholder~~ individuals, partners, beneficiaries, and shareholders in an electing small business corporation (S corporation), there shall be included in his Virginia taxable income ~~his~~ their share of the taxable income of such ~~corporation~~ entity, and ~~his~~ their share of any net operating loss of such ~~corporation~~ entity shall be deductible from ~~his~~ their Virginia taxable income.

C. All nonresident individuals, partners, beneficiaries, and shareholders in an electing small business corporation (S corporation) shall be allowed to carry back net operating loss against prior income and to deduct from succeeding years income unabsorbed loss. All applicable sections of the Internal Revenue Code and regulations promulgated thereunder shall apply to this section. No net operating loss deductions shall be available to limited liability companies, partnerships, and electing small business corporations (S corporations), but investors in such entities may use their distributive shares to calculate individual net operating loss.

INTRODUCED

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