

1998 SESSION

INTRODUCED

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SENATE BILL NO. 57

Offered January 14, 1998

A BILL to amend the Code of Virginia by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.4, relating to an earned income tax credit.

Patron—Quayle

Referred to the Committee on Finance

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 58.1-339.4 as follows:

§ 58.1-339.4. Earned income credit.

Any individual shall be allowed a credit for earned income against the tax levied pursuant to § 58.1-320 as provided in this section. Any individual whose credit exceeds his tax liability shall receive a refund equal to the amount the credit exceeds the tax liability. The allowable credit amount shall be ten percent of the federal earned-income credit allowed the individual for the taxable year under § 32 (a) (1) of the Internal Revenue Code, using the percentages under § 32 (b) with the limitation contained in § 32 (a) (2). In the case of a nonresident taxpayer, the amount of the credit allowed under this section shall not exceed the nonresident's Virginia tax liability. In the case of a part-year resident taxpayer whose credit exceeds his tax liability, any refund amount shall be limited to the amount of the excess multiplied by a fraction, the numerator of which is federal adjusted gross income for the period of Virginia residence, and the denominator of which is federal adjusted gross income for the entire taxable year.

2. That the provisions of this act shall be effective for taxable years beginning on and after January 1, 1999.

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