

1999 SESSION

INTRODUCED

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SENATE BILL NO. 1017

Offered January 19, 1999

A *BILL to amend and reenact § 58.1-1205 of the Code of Virginia, relating to computations of net capital subject to the bank franchise tax.*

Patron—Holland

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-1205 of the Code of Virginia is amended and reenacted as follows:

§ 58.1-1205. Computation of net capital.

The net capital of any bank shall be ascertained by adding together its capital, surplus ~~and~~, undivided profits, ~~and one half of any reserve for loan losses net of applicable deferred tax~~ to obtain gross capital and deducting therefrom (i) the assessed value of real estate as provided in § 58.1-1206, (ii) the book value of tangible personal property under § 58.1-1206, (iii) the pro rata share of government obligations as set forth in § 58.1-1206, (iv) the capital accounts of any bank subsidiaries under § 58.1-1206, and (v) ~~(a) the amount of any reserve for loan losses which is allowable by the Internal Revenue Service in computing federal taxable income of the bank and which amount of reserve is included in capital, surplus and undivided profits as defined hereinabove and (b) the amount of any reserve for marketable securities valuation which is included in capital, surplus and undivided profits as defined hereinabove to the extent that such reserve reflects the difference between the book value and the market value of such marketable securities on December 31 next preceding the date for filing the bank's return under § 58.1-1207.~~

2. That the provisions of the first enactment of this act shall be effective for tax years beginning on or after January 1, 1995 (except in the case of the tax year of any bank with respect to which the statutory period of limitations on assessment or refund has expired), provided that for any tax year beginning on or after January 1, 1995, and before January 1, 1999 (hereafter a "prior tax year"), in the case of any bank entitled to a reserve for loan losses under §585 of the Internal Revenue Code of 1986, as amended, for any prior tax year, the amount to be added by such bank to its capital, surplus, and undivided profits for such prior tax year shall be the amount by which such bank's reserves for loan losses, net of applicable deferred tax, exceeds its reserve allowable under § 585 of the Internal Revenue Code of 1986, as amended, for such prior tax year. If the application of the provisions of this act would obligate any locality to refund more bank franchise taxes than the amount of additional assessments of bank franchise taxes collected by the locality for the prior tax years, the amount of the excess shall be refunded to the bank or banks by the Department of Taxation from additional bank franchise taxes collected by the Department as a result of this act.

3. That any return required by § 58.1-1207 of the Code of Virginia to be filed on or before March 1, 1999, shall be filed on or before April 1, 1999.

4. That an emergency exists and this act is in force from its passage.

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