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HOUSE BILL NO. 2298

Offered January 14, 2009

Prefiled January 14, 2009

A *BILL to amend the Code of Virginia by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.12, relating to a qualified adoption expenses tax credit.*

Patron—Caputo

Referred to 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 58.1-339.12 as follows:

§ 58.1-339.12. Qualified adoption expenses tax credit.

A. For taxable years beginning on or after January 1, 2009, any individual shall be allowed a credit against the tax imposed by § 58.1-320 for qualified adoption expenses, as defined in § 23 (d) of the Internal Revenue Code and the regulations adopted pursuant thereto, paid by such individual.

B. The aggregate amount of qualified adoption expenses that may be taken as a credit for all taxable years with respect to the adoption of a child shall not exceed \$4,000.

C. The credit provided under this section may be used for the taxable year in which such qualified adoption expenses have been paid. The amount of qualified adoption expenses that may be taken as a credit for any taxable year shall not exceed the tax imposed by this chapter. If the allowable credit exceeds the tax imposed by this chapter for the taxable year, such excess may be carried over for credit against the taxpayer's income tax liability for the next five taxable years.

D. No credit shall be allowed under this section for any qualified adoption expense (i) to the extent that funds, subsidy payments, or reimbursements are made to or received by any individual for qualified adoption expenses under any federal, state, or local program or (ii) to the extent that any other deduction or credit has been allowed for the same expense.

E. The Tax Commissioner shall promulgate regulations, in accordance with the Administrative Process Act (§ 2.2-4000 et seq.), establishing procedures for claiming the credit provided by this section.

INTRODUCED

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