2021 SPECIAL SESSION I

ENGROSSED

SENATE BILL NO. 1112 Senate Amendments in [1 - Inauary 22, 2021 A BILL to amend and reenact §§ 58.1-439.12:08 and 58.1-439.12:11 of the Code of Virginia, relating to research and development tax credits. Patrons Prior to Engrossment—Senator Locke and Lucas Referred to Committee on Finance and Appropriations Be it enacted by the General Assembly of Virginia: 1. That §§ 58.1-439.12:08 and 58.1-439.12:11 of the Code of Virginia are amended and reenacted as follows: § 58.1-439.12:08, Research and development expenses tax credit. A, As used in this section, unless the context requires a different meaning: "Virginia base amount" means the base amount as defined in § 41(c) of the Internal Revenue Code, as amended, that is attributable to Virginia, determined by (i) substituting "Virginia qualified research" for "qualified research expense"; (ii) substituting "Virginia qualified research" for "qualified research expense"; (ii) substituting "Virginia qualified research" 1. The percentage that the Virginia qualified research and development expense for the three taxable years immediately preceding the current taxable year in which the expenses is incurred is of the taxapayer's total gross receipts for such years; or 2. The percentage that the Virginia qualified research and development expense is incurred to the taxable year: 3. The percentage that the Virginia qualified research as defined in § 58.1-3700.1. "Virginia gualified research" means qualified research as defined in § 58.1-3700.1. "Virginia qua		21101371D
Senate Amendments in []-January 22, 2021 A BILL to amend and reenact §§ 8.1-439.12:08 and 5.8.1-439.12:11 of the Code of Virginia, relating to research and development tax credits. Patrons Prior to Engrossment—Senator Locke and Lucas Referred to Committee on Finance and Appropriations Be it enacted by the General Assembly of Virginia: 11. That §§ 58.1-439.12:08 and 58.1-439.12:11 of the Code of Virginia are amended and reenacted as follows: \$	1	
 A BILL to amend and reenact §§ 58.1-439.12:08 and 58.1-439.12:11 of the Code of Virginia, relating to research and development tax credits. Patrons Prior to Engrossment—Senator Locke and Lucas Referred to Committee on Finance and Appropriations Be it enacted by the General Assembly of Virginia: I. That §§ 58.1-439.12:08 and 58.1-439.12:11 of the Code of Virginia are amended and recenacted as follows: § 58.1-439.12:08 Research and development expenses tax credit. A. As used in this section, unless the context requires a different meaning: "Virginia base amount" means the base amount as defined in § 41(c) of the Internal Revenue Code, as amended, that is attributable to Virginia, determined by (i) substituting "Virginia qualified research" for "qualified research and development expenses is usig: I. The percentage that the Virginia qualified research and development expense for the three taxable years immediately preceding the current taxable year in which the expense for the applicable number of taxable years immediately preceding the current taxable year in which the expense for the applicable number of taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years, for the taxpayer that has fewer than three but at least one prior taxable years. "Virginia qualified research and development expenses, as defined in § 41(d) of the Internal Revenue Code, as amended, that is conducted in the Commonwealth. "Virginia qualified research and development expenses, means qualified research. B. I. For taxable years beginning on or after January 1, 2011, but before January 1, 2025, a taxpayer expanse had be incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research. B. I. For taxable years beginning on or after January 1, 2011, but before January 1, 2025, a taxp	2	
 research and development tax credits. Patrons Prior to Engrossment—Senator Locke and Lucas Referred to Committee on Finance and Appropriations Be it enacted by the General Assembly of Virginia: 1 That §§ 58.1-439.12:08 and 58.1-439.12:11 of the Code of Virginia are amended and reenacted as follows: § 58.1-439.12:08. Research and development expenses tax credit. A as used in this section, unless the boas amount as defined in § 41(c) of the Internal Revenue Code, as amended, that is attributable to Virginia, determined by (i) substituting "Virginia qualified research and development expenses" (ii) substituting "Virginia qualified research and development expense"; (ii) substituting "Virginia qualified research"; and (iii) instead of "fixed base percentage," using: 1. The percentage that the Virginia qualified research and development expense for the three taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years, for the taxpayer that has fewer than three but at least one prior taxable year. "Virginia qualified research" means qualified research, as defined in § 58.1-3700.1. "Virginia qualified research and development expenses" means qualified research, as defined in § 41(d) of the Internal Revenue Code, as amended, that is conducted in the Commonwealth. "Virginia qualified research and development expenses" means qualified research and asound a credit against the tax levied pursuant to § 58.1-320 or 58.1-400 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses	3	
Patrons Prior to Engrossment—Senator Locke and Lucas Referred to Committee on Finance and Appropriations Be it enacted by the General Assembly of Virginia: 1 That §§ 58.1-439.12:08 and 58.1-439.12:11 of the Code of Virginia are amended and reenacted as follows: \$\$8.1-439.12:08. Research and development expenses tax credit. A. As used in this section, unless the context requires a different meaning: "Virginia base amount" means the base amount as defined in § 41(c) of the Internal Revenue Code, as amended, that is attributable to Virginia, determined by (i) substituting "Virginia qualified research and development expense" of "qualified research expenses"; (ii) substituting "Virginia qualified research and development expense" of "qualified research and development expense for the three taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years; or P. The percentage that the Virginia qualified research and development expense for the applicable number of taxable years. "Virginia guasified research" means the same as "gross receipts" as defined in § 58.1-3700.1. "Virginia qualified research and development expenses for the Internal Revenue Code, as amended, that is conducted in the Commonwealth. "Virginia qualified research and development expenses" means qualified research. B. For taxable years cereipts means the same as "gross receipts" as defined in § 58.1-320 or 58.1-400 in a amount equal to (i) 15 percent of the first 5300.000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first 5300,000 in Virginia qualified research and development expenses? means qualified research and aevelopment expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first 5300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxpayer shall b		
6 Referred to Committee on Finance and Appropriations 7 Referred to Committee on Finance and Appropriations 8 Be it enacted by the General Assembly of Virginia: 1 That §§ 58.1-439.12:08 and 58.1-439.12:11 of the Code of Virginia are amended and reenacted as follows: 8 \$5.1-439.12:08. Research and development expenses tax credit. A. As used in this section, unless the context requires a different meaning: "Virginia qualified research and development expenses is incurred to Virginia qualified research" 16 and development expense? for "qualified research expense?", (i) substituting "Virginia qualified research" 17 The percentage that the Virginia qualified research and development expense for the three taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years; or 21 The percentage that the Virginia qualified research and development expense for the applicable number of taxable years 22 "Virginia qualified research" means qualified research, as defined in § 58.1-3700.1. 23 "Virginia qualified research and development expenses." means qualified research. 24 teas one prior taxable year. 25 "Virginia qualified research and development expenses." means qualified research. 26 teas ameded, that is conducted in the Commonwealth.	5	· · · · · · · · · · · · · · · · · · ·
 Referred to Committee on Finance and Appropriations Be it enacted by the General Assembly of Virginia: 1. That §§ 58.1-439.12:08 and 58.1-439.12:11 of the Code of Virginia are amended and reenacted as follows: §55.1-439.12:08. Research and development expenses tax credit. A. As used in this section, unless the context requires a different meaning: "Virginia base amount" means the base amount as defined in § 41(c) of the Internal Revenue Code, as amended, that is attributable to Virginia, determined by (i) substituting "Virginia qualified research" ("qualified research "qualified research and development expenses" (ii) substituting "Virginia qualified research" for "qualified research and development expense for the three taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years; or The percentage that the Virginia qualified research and development expense for the applicable number of taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years, for the taxpayer that has fewer than three but at least one prior taxable year. "Virginia qualified research and development expenses" means qualified research. "Virginia qualified research and development expenses, as qualified research. defined in § 41(d) of the Internal Revenue Code, as amended, int is conducted in the Commonwealth. "Virginia qualified research and development expenses, means qualified research. B. I. For taxable years beginning on or after January 1, 2011, but before January 1, 2025 or 58.1-400 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer. 2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed		Patrons Prior to Engrossment—Senator Locke and Lucas
 Be it enacted by the General Assembly of Virginia: I. That §§ 58.1-439.12:08 and 58.1-439.12:11 of the Code of Virginia are amended and reenacted as follows: § 58.1-439.12:08. Research and development expenses tax credit. A. As used in this section, unless the context requires a different meaning: "Virginia base amount" means the base amount as defined in § 41(c) of the Internal Revenue Code, as amended, that is attributable to Virginia, determined by (i) substituting "Virginia qualified research and development expense" for "qualified research expense"; (ii) substituting "Virginia qualified research for development expense for the three taxable years immediately preceding the current taxable year is muchicately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years; or 2. The percentage that the Virginia qualified research and development expense for the there taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years; or 2. The percentage that the Virginia qualified research and development expense for the applicable number of taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years, for the taxpayer that has fewer than three but at least one prior taxable years. "Virginia qualified research and development expenses, means qualified research. a defined in § 41(d) of the Internal Revenue Code, as amended, intar is a qualified research. B. <i>I</i>. For taxable years beginning on or after January 1, 2011, but before January 1, 2025, 2021, a an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research		
 Be it enacted by the General Assembly of Virginia: 1. That §§ 58.1-439.12:08 and 58.1-439.12:11 of the Code of Virginia are amended and reenacted as follows: § 58.1-439.12:08. Research and development expenses tax credit. A. As used in this section, unless the context requires a different meaning: "Virginia base amount" means the base amount as defined in § 41(c) of the Internal Revenue Code, as amended, that is attributable to Virginia, determined by (i) substituting "Virginia qualified research and development expense" for "qualified research expense"; (ii) substituting "Virginia qualified research for "qualified research and development expense" for "qualified research and development expense for the three taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years; or The percentage that the Virginia qualified research and development expense for the applicable number of taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years, for the taxpayer that has fewer than three but at least one prior taxable year. "Virginia qualified research" means qualified research, as defined in § 58.1-3700.1. "Virginia qualified research" means qualified research, as defined in § 41(d) of the Internal Revenue Code, as amended, that is conducted in the Commonwealth. "Virginia qualified research and development expenses means qualified research and development qualified research. B. J. For taxable years beginning on or after January 1, 2011, but before January 1, 2025 2021, a taxpayer shall be allowed a credit against the tax leviced pursuant to § 58.1-320 or 58.1-400 in an an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer. 2. For taxable years beg		Referred to Committee on Finance and Appropriations
 10 1. That §§ 58.1-439.12:08 and 58.1-439.12:11 of the Code of Virginia are amended and reenacted as follows: § 58.1-439.12:08. Research and development expenses tax credit. A. As used in this section, unless the context requires a different meaning: "Virginia base amount" means the base amount as defined in § 41(c) of the Internal Revenue Code, as amended, that is attributable to Virginia, determined by (i) substituting "Virginia qualified research" and development expense" for "qualified research expense", (ii) substituting "Virginia qualified research" and development expenses" for "qualified research and development expense for the three taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxapayer's total gross receipts for such years; or The percentage that the Virginia qualified research and development expense for the applicable number of taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years, for the taxpayer that has fewer than three but at least one prior taxable years. "Virginia qualified research" means qualified research, as defined in § 58.1-3700.1. "Virginia qualified research" means qualified research, as defined in § 41(d) of the Internal Revenue Code, as amended, that is conducted in the Commonwealth. "Virginia qualified research and development expenses" means qualified research. B. I. For taxable years beginning on or after January 1, 2011, but before January 1, 2025 2021, as taxable year if the Virginia qualified research and development expenses exceed the Virginia texpanyer. 2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320 or 58.1-400 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and develop	8	
 as follows: \$58.1-439.12:08. Research and development expenses tax credit. A. As used in this section, unless the context requires a different meaning: "Virginia base amount" means the base amount as defined in \$ 41(c) of the Internal Revenue Code, as amended, that is attributable to Virginia, determined by (i) substituting "Virginia qualified research" and development expense" for "qualified research expense"; (ii) substituting "Virginia qualified research" of "qualified research and development expense" for "qualified research and development expense for the three taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years; or The percentage that the Virginia qualified research and development expense for the applicable taxable years interdiately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years, for the taxpayer that has fewer than three but at least one prior taxable year. "Virginia gualified research" means qualified research, as defined in § 58.1-3700.1. "Virginia qualified research and development expenses, means qualified research. B. <i>I</i>. For taxable years beginning on or after January 1, 2011, but before January 1, 2025 2021, a taxable year if the layer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxabyer. 2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer during the taxable year if the Virginia qualified research was conducted in conjunction with a public or private institution of higher education in the Commonwealth, to the extent the expenses exceed the Virginia taxable year if the Virginia qualified research avacod evelopment expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent		
 § 58.1-439.12:08. Research and development expenses tax credit. A. As used in this section, unless the context requires a different meannig: "Virginia base amount" means the base amount as defined in § 41(c) of the Internal Revenue Code, as amended, that is attributable to Virginia, determined by (i) substituting "Virginia qualified research" and development expense" for "qualified research and development expense" in "qualified research" and development expense is incurred is of the taxpayer's total gross receipts for such years; or 1. The percentage that the Virginia qualified research and development expense for the three taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years; or 2. The percentage that the Virginia qualified research, and development expense for the applicable number of taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years, for the taxpayer that has fewer than three but at least one prior taxable year. "Virginia qualified research" means qualified research, as defined in § 58.1-3700.1. "Virginia qualified research and development expenses" means qualified research expenses, as defined in § 41(b) of the Internal Revenue Code, as amended, incurred for Virginia qualified research. B. I. For taxable years beginning on or after January 1, 2011, but before January 1, 2022 2021, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320 or 58.1-400 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses exceed the Virginia base amount for the taxpayer. 2. For taxable years beginning on or after Ja		
 A. As used in this section, unless the context requires a different meaning: "Virginia base amount" means the base amount as defined in § 41(c) of the Internal Revenue Code, as amended, that is attributable to Virginia, determined by (i) substituting "Virginia qualified research" ind development expense" for "qualified research expense"; (ii) substituting "Virginia qualified research"; for "qualified research"; and (iii) instead of "fixed base percentage," using: The percentage that the Virginia qualified research and development expense for the three taxable years immediately preceding the current taxable year in which the expense is incurred taxpayer's total gross receipts for such years; or 2. The percentage that the Virginia qualified research and development expense for the applicable number of taxable years: mendiately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years, for the taxpayer that has fewer than three but at least one prior taxable year. "Virginia qualified research means qualified research as defined in § 58.1-3700.1. "Virginia qualified research means qualified research. "Virginia qualified research means qualified research. "Virginia qualified research means qualified research as means qualified research. "Virginia qualified research means qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research. B. <i>I</i>. For taxable years beginning on or after January 1, 2011, but before January 1, 2025, a taxpayer spenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpay		
 "Virginia base amount" means the base amount as defined in § 41(c) of the Internal Revenue Code, as amended, that is attributable to Virginia, determined by (i) substituting "Virginia qualified research" for "qualified research expenses"; (ii) substituting "Virginia qualified research" for "qualified research" in the Virginia qualified research and development expense for the three taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years; or The percentage that the Virginia qualified research and development expense for the applicable number of taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years, for the taxpayer that has fewer than three but at least one prior taxable year. "Virginia gross receipts" means the same as "gross receipts" as defined in § 58.1-3700.1. "Virginia qualified research and development expenses, as defined in § 41(d) of the Internal Revenue Code, as amended, that is conducted in the Commonwealth. "Virginia qualified research and development expenses," means qualified research and development to § 58.1-320 or 58.1-400 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses exceed the Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses exceed the Virginia qualified research and development to § 58.1-320, or 58.1-1202 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20		
 as amended, that is attributable to Virginia, determined by (i) substituting "Virginia qualified research" and development expense" for "qualified research expense"; (ii) substituting "Virginia qualified research" for "qualified research expense"; (ii) substituting "Virginia qualified research" for "qualified research"; (ii) substituting "Virginia qualified research" for "qualified research"; (ii) substituting "Virginia qualified research" for "qualified research"; (iii) substituting "Virginia qualified research"; (iii) substituting "Virginia qualified research"; for a growth the virginia qualified research and development expense for the three taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years; or 2. The percentage that the Virginia qualified research and development expense for the applicable number of taxable year. "Virginia gross receipts" means the same as "gross receipts" as defined in § 58.1-3700.1. "Virginia qualified research" means qualified research, as defined in § 41(d) of the Internal Revenue Code, as amended, incurred for Virginia qualified research. B. <i>I</i>. For taxable years beginning on or after January 1, 2011, but before January 1, 2025 2021, a amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development exp		
 and development expense" for "qualified research expense"; (ii) substituting "Virginia qualified research" for "qualified research"; and (iii) instead of "fixed base percentage," using: The percentage that the Virginia qualified research and development expense for the three taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years; or The percentage that the Virginia qualified research and development expense for the applicable number of taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years, for the taxpayer that has fewer than three but at least one prior taxable year. "Virginia gross receipts" means the same as "gross receipts" as defined in § 58.1-3700.1. "Virginia qualified research" means qualified research, as defined in § 41(d) of the Internal Revenue Code, as amended, that is conducted in the Commonwealth. B. I. For taxable years beginning on or after January 1, 2011, but before January 1, 2022 2021, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320 or 58.1-400 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer. <i>S. For taxable years beginning on a fiter January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320, 58.1-1202 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer.</i> <i>S. For taxable years beginning on a fiter January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against</i>		as amended, that is attributable to Virginia, determined by (i) substituting "Virginia qualified research
 17 for "qualified research"; and (iii) instead of "fixed base percentage," using: 1. The percentage that the Virginia qualified research and development expense for the three taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years; or 2. The percentage that the Virginia qualified research and development expense for the applicable number of taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years, for the taxpayer that has fewer than three but at least one prior taxable year. "Virginia gross receipts" means the same as "gross receipts" as defined in § 58.1-3700.1. "Virginia qualified research" means qualified research, as defined in § 41(d) of the Internal Revenue Code, as amended, that is conducted in the Commonwealth. "Virginia qualified research and development expenses" means qualified research expenses, as defined in § 41(b) of the Internal Revenue Code, as amended, incurred for Virginia qualified research. B. J. For taxable years beginning on or after January 1, 2011, but before January 1, 2025 2021, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320 or 58.1-400 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer. 2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320, or 58.1-1202 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer. 3. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320, or 5		and development expense" for "qualified research expense": (ii) substituting "Virginia qualified research"
 1. The percentage that the Virginia qualified research and development expense for the three taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years; or 2. The percentage that the Virginia qualified research and development expense for the applicable number of taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years, for the taxpayer that has fewer than three but at least one prior taxable year. "Virginia qualified research" means qualified research, as defined in § 58.1-3700.1. "Virginia qualified research and development expenses" means qualified research expenses, as defined in § 41(b) of the Internal Revenue Code, as amended, that is conducted in the Commonwealth. "Virginia qualified research and development expenses" means qualified research expenses, as defined in § 41(b) of the Internal Revenue Code, as amended, incurred for Virginia qualified research. B. I. For taxable years beginning on or after January 1, 2011, but before January 1, 2025 2021, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320 or 58.1-400 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development to \$ 58.1-1202 in an an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development to \$ 58.1-1202, in an anount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 pe		for "qualified research"; and (iii) instead of "fixed base percentage," using:
 iaxpayer's total gross receipts for such years; or 2. The percentage that the Virginia qualified research and development expense for the applicable number of taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years, for the taxpayer that has fewer than three but at least one prior taxable year. "Virginia gualified research" means the same as "gross receipts" as defined in § 58.1-3700.1. "Virginia qualified research" means qualified research, as defined in § 41(d) of the Internal Revenue Code, as amended, that is conducted in the Commonwealth. "Virginia qualified research and development expenses" means qualified research expenses, as defined in § 41(b) of the Internal Revenue Code, as amended, incurred for Virginia qualified research. B. <i>I</i>. For taxable years beginning on or after January 1, 2011, but before January 1, 2025 2021, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320 or 58.1-400 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer. 2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320, or 58.1-1202 in an amount for the taxpayer. 2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer. 2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320, or 58.1-1202 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 p		1. The percentage that the Virginia qualified research and development expense for the three taxable
 2. The percentage that the Virginia qualified research and development expense for the applicable number of taxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years, for the taxpayer that has fewer than three but at least one prior taxable year. "Virginia gross receipts" means the same as "gross receipts" as defined in § 58.1-3700.1. "Virginia qualified research" means qualified research, as defined in § 41(d) of the Internal Revenue Code, as amended, that is conducted in the Commonwealth. "Virginia qualified research and development expenses" means qualified research expenses, as defined in § 41(b) of the Internal Revenue Code, as amended, incurred for Virginia qualified research. B. I. For taxable years beginning on or after January 1, 2011, but before January 1, 2025 2021, at taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320 or 58.1-400 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses exceed the Virginia base amount for the taxpayer. 2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320, or 58.1-1202 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development to § 58.1-320, 58.1-400, or 58.1-1202 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development the system serves paid or incurred by the taxpayer. 2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320, or 58.1-1202 in an amount eq		years immediately preceding the current taxable year in which the expense is incurred is of the
 number of iaxable years immediately preceding the current taxable year in which the expense is incurred is of the taxpayer's total gross receipts for such years, for the taxpayer that has fewer than three but at least one prior taxable year. "Virginia gross receipts" means the same as "gross receipts" as defined in § 58.1-3700.1. "Virginia qualified research" means qualified research, as defined in § 41(d) of the Internal Revenue Code, as amended, that is conducted in the Commonwealth. "Virginia qualified research and development expenses" means qualified research expenses, as defined in § 41(b) of the Internal Revenue Code, as amended, incurred for Virginia qualified research. B. <i>I</i>. For taxable years beginning on or after January 1, 2011, but before January 1, 2025 2021, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320 or 58.1-400 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer. 2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against the tax levied pursuant to \$5.1-320, 58.1-400, or 58.1-1202 in an amount for the taxpayer. 2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against the tax levied pursuant to \$5.1-320, 58.1-400, or 58.1-1202 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses and or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia quali		
 is of the taxpayer's total gross receipts for such years, for the taxpayer that has fewer than three but at least one prior taxable year. "Virginia gross receipts" means the same as "gross receipts" as defined in § 58.1-3700.1. "Virginia qualified research" means qualified research, as defined in § 41(d) of the Internal Revenue Code, as amended, that is conducted in the Commonwealth. "Virginia qualified research and development expenses" means qualified research expenses, as defined in § 41(b) of the Internal Revenue Code, as amended, incurred for Virginia qualified research. B. 1. For taxable years beginning on or after January 1, 2011, but before January 1, 2025 2021, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320 or 58.1-400 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer. 2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320, or 58.1-1202 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer. 2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320, 58.1-400, or 58.1-1202 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 i		
 least one prior taxable year. "Virginia gross receipts" means the same as "gross receipts" as defined in § 58.1-3700.1. "Virginia qualified research" means qualified research, as defined in § 41(d) of the Internal Revenue Code, as amended, that is conducted in the Commonwealth. "Virginia qualified research and development expenses" means qualified research expenses, as defined in § 41(b) of the Internal Revenue Code, as amended, incurred for Virginia qualified research. B. 1. For taxable years beginning on or after January 1, 2011, but before January 1, 2025 2021, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320 or 58.1-400 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year if the Virginia qualified research was conducted in conjunction with a public or private institution of higher education in the Commonwealth, to the extent the expenses exceed the Virginia <i>shall be allowed a credit against the tax levied pursuant to § 58.1-320, 58.1-400, or 58.1-1202 in an</i> <i>amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer</i> <i>shall be allowed a credit against the tax levied pursuant to § 58.1-320, 58.1-400, or 58.1-1202 in an</i> <i>amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer</i> <i>shall be allowed a credit against the tax levied pursuant to § 58.1-320, or 58.1-1202 in an</i> <i>amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses</i>		
 Virginia gross receipts" means the same as "gross receipts" as defined in § 58.1-3700.1. "Virginia qualified research" means qualified research, as defined in § 41(d) of the Internal Revenue Code, as amended, that is conducted in the Commonwealth. "Virginia qualified research and development expenses" means qualified research expenses, as defined in § 41(b) of the Internal Revenue Code, as amended, incurred for Virginia qualified research. B. <i>1</i>. For taxable years beginning on or after January 1, 2011, but before January 1, 2025 2021, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320 or 58.1-400 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year if the Virginia qualified research was conducted in conjunction with a public or private institution of higher education in the Commonwealth, to the extent the expenses exceed the Virginia base amount for the taxpayer. 2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320, 58.1-400, or 58.1-1202 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year if the Virginia qualified research was conducted in conjunction with a public or private institution of higher education in the Commonwealth, to the extent the exp		
 ²⁶ "Virginia qualified research" means qualified research, as defined in § 41(d) of the Internal Revenue ²⁷ Code, as amended, that is conducted in the Commonwealth. ²⁸ "Virginia qualified research and development expenses" means qualified research expenses, as ²⁹ defined in § 41(b) of the Internal Revenue Code, as amended, incurred for Virginia qualified research. ³⁰ B. <i>I</i>. For taxable years beginning on or after January 1, 2011, but before January 1, 2025 2021, a ³¹ taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320 or 58.1-400 in an ³² amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development ³⁴ expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 ³⁵ in Virginia qualified research and development expenses paid or incurred by the taxpayer. ³⁶ <i>E. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer</i> ³⁷ shall be allowed a credit against the tax levied pursuant to § 58.1-300, 58.1-400, or 58.1-1202 in an ³⁸ amount for the taxpayer. ³⁹ <i>E. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer</i> ³¹ shall be allowed a credit against the tax levied pursuant to § 58.1-300, 58.1-400, or 58.1-1202 in an ³³ amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development ⁴³ expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first ⁴³ \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer ⁴⁴ during the taxable year if the Virginia qualified research and development expenses paid or incurred by the taxpayer. ⁴⁵ C. 1. Effective for taxable years beginning on or after January 1, 2016, at the elec		
 Code, as amended, that is conducted in the Commonwealth. "Virginia qualified research and development expenses" means qualified research expenses, as defined in § 41(b) of the Internal Revenue Code, as amended, incurred for Virginia qualified research. B. <i>1</i>. For taxable years beginning on or after January 1, 2011, but before January 1, 2025 2021, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320 or 58.1-400 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year if the Virginia qualified research was conducted in conjunction with a public or private institution of higher education in the Commonwealth, to the extent the expenses exceed the Virginia base amount for the taxpayer. <i>2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer</i> shall be allowed a credit against the tax levied pursuant to § 58.1-320, 58.1-400, or 58.1-1202 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year if the Virginia qualified research was conducted in conjunction with a public or private institution of higher education in the Commonwealth, to the extent the expenses exceed the Virginia base amou		
 ¹Virginia qualified research and development expenses" means qualified research expenses, as defined in § 41(b) of the Internal Revenue Code, as amended, incurred for Virginia qualified research. B. <i>1</i>. For taxable years beginning on or after January 1, 2011, but before January 1, 2025 2021, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320 or 58.1-400 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year if the Virginia qualified research was conducted in conjunction with a public or private institution of higher education in the Commonwealth, to the extent the expenses exceed the Virginia base amount for the taxpayer. 2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320, 58.1-400, or 58.1-1202 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses pai		
 defined in § 41(b) of the Internal Revenue Code, as amended, incurred for Virginia qualified research. B. 1. For taxable years beginning on or after January 1, 2011, but before January 1, 2025 2021, at taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320 or 58.1-400 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer. 2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320, or 58.1-102 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research was conducted in conjunction with a public or private institution of higher education in the Commonwealth, to the extent the expenses exceed the Virginia base amount for the taxpayer. 2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320, 58.1-400, or 58.1-1202 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer. 3. For taxable year if the Virginia qualified research was conducted in conjunction with a public or private institution of higher education in the Commonwealth, to the extent the expenses exceed the Virginia base amount for the taxpayer. 4. C. 1. Effective for taxable years beginnin		
 B. 1. For taxable years beginning on or after January 1, 2011, but before January 1, 2025 2021, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320 or 58.1-400 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year if the Virginia qualified research was conducted in conjunction with a public or private institution of higher education in the Commonwealth, to the extent the expenses exceed the Virginia base amount for the taxpayer. 2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320, 58.1-400, or 58.1-1202 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year if the Virginia qualified research was conducted in conjunction with a public or private institution of higher education in the Commonwealth, to the extent the expenses exceed the Virginia base amount for the taxpayer. C. 1. Effective for taxable years beginning on or after January 1, 2016, at the election of the taxpayer, the credit otherwise allowed under this section shall be computed under this subsection and shall equal 10 percent of the differe		
 amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year if the Virginia qualified research was conducted in conjunction with a public or private institution of higher education in the Commonwealth, to the extent the expenses exceed the Virginia base amount for the taxpayer. <i>2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320, 58.1-400, or 58.1-1202 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer.</i> C. 1. Effective for taxable years beginning on or after January 1, 2016, at the election of the taxpayer, the credit otherwise allowed under this section shall be computed under this subsection and shall equal 10 percent of the difference of (i) the Virginia qualified research and development expenses paid or incurred by the taxpayer. 	30	B. 1. For taxable years beginning on or after January 1, 2011, but before January 1, 2025 2021, a
 expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year if the Virginia qualified research was conducted in conjunction with a public or private institution of higher education in the Commonwealth, to the extent the expenses exceed the Virginia base amount for the taxpayer. <i>2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320, 58.1-400, or 58.1-1202 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year if the Virginia qualified research was conducted in conjunction with a public or private institution of higher education in the Commonwealth, to the extent the expenses exceed the Virginia base amount for the taxpayer.</i> C. 1. Effective for taxable years beginning on or after January 1, 2016, at the election of the taxpayer, the credit otherwise allowed under this section shall be computed under this subsection and shall equal 10 percent of the difference of (i) the Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year and (ii) 50 percent of the average Virginia 		
 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year if the Virginia qualified research was conducted in conjunction with a public or private institution of higher education in the Commonwealth, to the extent the expenses exceed the Virginia base amount for the taxpayer. 2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320, 58.1-400, or 58.1-1202 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer. C. 1. Effective for taxable years beginning on or after January 1, 2016, at the election of the taxpayer, the credit otherwise allowed under this section shall be computed under this subsection and shall equal 10 percent of the difference of (i) the Virginia qualified research and development expenses 		
 taxable year if the Virginia qualified research was conducted in conjunction with a public or private institution of higher education in the Commonwealth, to the extent the expenses exceed the Virginia base amount for the taxpayer. <i>2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320, 58.1-400, or 58.1-1202 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year if the Virginia qualified research was conducted in conjunction with a public or private institution of higher education in the Commonwealth, to the extent the expenses exceed the Virginia base amount for the taxpayer.</i> C. 1. Effective for taxable years beginning on or after January 1, 2016, at the election of the taxpayer, the credit otherwise allowed under this section shall be computed under this subsection and shall equal 10 percent of the difference of (i) the Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year and (ii) 50 percent of the average Virginia 		
 institution of higher education in the Commonwealth, to the extent the expenses exceed the Virginia base amount for the taxpayer. <i>2.</i> For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320, 58.1-400, or 58.1-1202 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year if the Virginia qualified research was conducted in conjunction with a public or private institution of higher education in the Commonwealth, to the extent the expenses exceed the Virginia base amount for the taxpayer. C. 1. Effective for taxable years beginning on or after January 1, 2016, at the election of the taxpayer, the credit otherwise allowed under this section shall be computed under this subsection and shall equal 10 percent of the difference of (i) the Virginia qualified research and development expenses 		
 base amount for the taxpayer. 2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320, 58.1-400, or 58.1-1202 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year if the Virginia qualified research was conducted in conjunction with a public or private institution of higher education in the Commonwealth, to the extent the expenses exceed the Virginia base amount for the taxpayer. C. 1. Effective for taxable years beginning on or after January 1, 2016, at the election of the taxpayer, the credit otherwise allowed under this section shall be computed under this subsection and shall equal 10 percent of the difference of (i) the Virginia qualified research and development expenses 		
 2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320, 58.1-400, or 58.1-1202 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year if the Virginia qualified research was conducted in conjunction with a public or private institution of higher education in the Commonwealth, to the extent the expenses exceed the Virginia base amount for the taxpayer. C. 1. Effective for taxable years beginning on or after January 1, 2016, at the election of the taxpayer, the credit otherwise allowed under this section shall be computed under this subsection and shall equal 10 percent of the difference of (i) the Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year and (ii) 50 percent of the average Virginia 		
 shall be allowed a credit against the tax levied pursuant to § 58.1-320, 58.1-400, or 58.1-1202 in an amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year if the Virginia qualified research was conducted in conjunction with a public or private institution of higher education in the Commonwealth, to the extent the expenses exceed the Virginia base amount for the taxpayer. C. 1. Effective for taxable years beginning on or after January 1, 2016, at the election of the taxpayer, the credit otherwise allowed under this section shall be computed under this subsection and shall equal 10 percent of the difference of (i) the Virginia qualified research and development expenses 		
 amount equal to (i) 15 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year if the Virginia qualified research was conducted in conjunction with a public or private institution of higher education in the Commonwealth, to the extent the expenses exceed the Virginia base amount for the taxpayer. C. 1. Effective for taxable years beginning on or after January 1, 2016, at the election of the taxpayer, the credit otherwise allowed under this section shall be computed under this subsection and shall equal 10 percent of the difference of (i) the Virginia qualified research and development expenses 	39	shall be allowed a credit against the tax levied pursuant to § 58.1-320. 58.1-400. or 58.1-1202 in an
 41 expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first 42 \$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer 43 during the taxable year if the Virginia qualified research was conducted in conjunction with a public or 44 private institution of higher education in the Commonwealth, to the extent the expenses exceed the 45 Virginia base amount for the taxpayer. 46 C. 1. Effective for taxable years beginning on or after January 1, 2016, at the election of the 47 taxpayer, the credit otherwise allowed under this section shall be computed under this subsection and 48 shall equal 10 percent of the difference of (i) the Virginia qualified research and development expenses 49 paid or incurred by the taxpayer during the taxable year and (ii) 50 percent of the average Virginia 		
 during the taxable year if the Virginia qualified research was conducted in conjunction with a public or private institution of higher education in the Commonwealth, to the extent the expenses exceed the Virginia base amount for the taxpayer. C. 1. Effective for taxable years beginning on or after January 1, 2016, at the election of the taxpayer, the credit otherwise allowed under this section shall be computed under this subsection and shall equal 10 percent of the difference of (i) the Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year and (ii) 50 percent of the average Virginia 		expenses paid or incurred by the taxpayer during the taxable year or (ii) 20 percent of the first
 private institution of higher education in the Commonwealth, to the extent the expenses exceed the Virginia base amount for the taxpayer. C. 1. Effective for taxable years beginning on or after January 1, 2016, at the election of the taxpayer, the credit otherwise allowed under this section shall be computed under this subsection and shall equal 10 percent of the difference of (i) the Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year and (ii) 50 percent of the average Virginia 		\$300,000 in Virginia qualified research and development expenses paid or incurred by the taxpayer
 45 Virginia base amount for the taxpayer. 46 C. 1. Effective for taxable years beginning on or after January 1, 2016, at the election of the taxpayer, the credit otherwise allowed under this section shall be computed under this subsection and shall equal 10 percent of the difference of (i) the Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year and (ii) 50 percent of the average Virginia 		
 46 C. 1. Effective for taxable years beginning on or after January 1, 2016, at the election of the taxpayer, the credit otherwise allowed under this section shall be computed under this subsection and shall equal 10 percent of the difference of (i) the Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year and (ii) 50 percent of the average Virginia 		
 taxpayer, the credit otherwise allowed under this section shall be computed under this subsection and shall equal 10 percent of the difference of (i) the Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year and (ii) 50 percent of the average Virginia 		
48 shall equal 10 percent of the difference of (i) the Virginia qualified research and development expenses49 paid or incurred by the taxpayer during the taxable year and (ii) 50 percent of the average Virginia		
49 paid or incurred by the taxpayer during the taxable year and (ii) 50 percent of the average Virginia		
JU quanneu research and development expenses paid of incurred by the taxpayer for the three taxable years	50	qualified research and development expenses paid or incurred by the taxpayer for the three taxable years
51 immediately preceding the taxable year for which the credit is being determined. If the taxpayer did not	51	immediately preceding the taxable year for which the credit is being determined. If the taxpayer did not
52 pay or incur Virginia qualified research and development expenses in any one of the three taxable years	52	pay or incur Virginia qualified research and development expenses in any one of the three taxable years
		immediately preceding the taxable year for which the credit is being determined, the tax credit shall
		equal five percent of the Virginia qualified research and development expenses paid or incurred by the
55 taxpayer during the relevant taxable year.		
		2. The aggregate amount of credits allowed to each taxpayer under this subsection shall not exceed \$45,000 for the taxable year, except that the aggregate amount of credits allowed to each taxpayer shall
		not exceed \$60,000 for the taxable year if the Virginia qualified research was conducted in conjunction

SB1112E

with a public institution of higher education in the Commonwealth or a private institution of highereducation in the Commonwealth.

61 D. The aggregate amount of credits available under this section for each fiscal year of the 62 Commonwealth shall be as follows:

63 1. For taxable years beginning on and after January 1, 2014, but before January 1, 2016, the total64 amount of credits granted for each of fiscal years 2015 and 2016 shall not exceed \$6 million.

65 2. For taxable years beginning on and after January 1, 2016, but before January 1, 2021, the total amount of credits granted for each fiscal year of the Commonwealth beginning with fiscal year 2017
67 shall not exceed \$7 million.

68 3. For taxable years beginning on and after January 1, 2021, the total amount of credits granted for69 each fiscal year of the Commonwealth beginning with fiscal year 2022 shall not exceed \$7.77 million.

E. A taxpayer meeting the requirements of this section shall be eligible to receive a tax credit as provided herein. The Department shall develop and publish guidelines for applications and such 70 71 guidelines shall be exempt from the Administrative Process Act (§ 2.2-4000 et seq.). Applications must 72 73 be received by the Department no later than September 1 of the calendar year following the close of the 74 taxable year in which the expenses were paid or incurred. In the event that approved applications for the 75 tax credits allowed under this section exceed the amount of credits specified in subsection D for the taxable year, the Department shall apportion the credits by dividing the amount of credits specified in 76 77 subsection D by the total amount of tax credits approved, to determine the percentage of allowed tax 78 credits each taxpayer shall receive. In the event that the total amount of approved tax credits under this 79 section for all applications for any taxable year is less than the maximum amount of credits for the year 80 as specified in subsection D, the Department shall allocate credits up to the maximum amount as 81 specified in subsection D, on a pro rata basis, to taxpayers who are already approved for the tax credit for the taxable year, in the following amounts: 82

1. If the taxpayer computed the credit pursuant to subsection B, in an amount equal to 15 percent of
the second \$300,000 in qualified research expenses during the taxable year or 20 percent of the second
\$300,000 in qualified research expenses if the Virginia qualified research was conducted in conjunction
with a public institution of higher education in the Commonwealth or a private institution of higher
education in the Commonwealth; or

2. If the taxpayer computed the credit under subdivision C 1, in an amount equal to the excess of the limitation set forth in subdivision C 2, up to an additional \$45,000 per taxpayer, or \$60,000 per taxpayer if the Virginia qualified research was conducted in conjunction with a public institution of higher education in the Commonwealth or a private institution of higher education in the Commonwealth.

92 F. If the amount of the credit allowed exceeds the taxpayer's tax liability for the taxable year, the
93 amount that exceeds the tax liability shall be refunded to the taxpayer, subject to the limitations set forth
94 in the guidelines developed by the Department.

95 G. Any taxpayer who claims the tax credit for Virginia qualified research and development expenses
96 pursuant to this section shall not use such expenses as the basis for claiming any other credit provided
97 under the Code of Virginia.

98 H. Effective for taxable years beginning on or after January 1, 2016, no taxpayer with Virginia
99 qualified research and development expenses in excess of \$5 million for the taxable year shall claim
100 both the credit allowed pursuant to this section and the credit allowed under § 58.1-439.12:11 for such
101 year.

102 I. Credits granted to a partnership, limited liability company, or electing small business corporation 103 (S corporation) shall be allocated to the individual partners, members, or shareholders, respectively, in 104 proportion to their ownership interests in such entities or in accordance with a written agreement entered 105 into by such individual partners, members, or shareholders, unless the partnership, limited liability company, or electing small business corporation (S corporation) elects for such credits not to be so 106 107 allocated but to be received and claimed at the entity level by the partnership, limited liability company, 108 or electing small business corporation (S corporation) pursuant to guidelines that shall be issued by the 109 Department for purposes of such election.

110 J. The Department shall adopt guidelines to prescribe standards for determining when research and 111 development is considered conducted in the Commonwealth for purposes of allowing the credit under 112 this section. In adopting guidelines, the Department may consider (i) the location where the research and 113 development is performed; (ii) the residence or business location of the taxpayer or taxpayers conducting 114 the research and development; (iii) the location where supplies used in the research and development are 115 consumed; and (iv) any other factors that the Department deems to be relevant.

116 K. The Tax Commissioner's annual report to the Governor on revenue collections by tax source shall
117 include (i) the total number of applicants approved for tax credits pursuant to this section for the
118 applicable tax year and (ii) the total amount of such tax credits approved for the applicable tax year.

119 L. The Department shall require taxpayers applying for the credit to provide information including (i) 120 the number of full-time employees employed by the taxpayer in the Commonwealth during the taxable

SB1112E

3 of 4

121 year for which the credit is sought; (ii) the taxpayer's sector or sectors according to the 2012 edition of 122 the North American Industry Classification System (NAICS) as published by the United States Census 123 Bureau; (iii) a brief description of the area, discipline, or field of Virginia qualified research performed by the taxpayer; (iv) the total gross receipts or anticipated total gross receipts of the taxpayer for the 124 125 taxable year for which the credit is sought; and (v) whether the Virginia qualified research was 126 conducted in conjunction with a Virginia public or private college or university. The Department shall 127 aggregate and summarize the information collected and make it available to the Governor and any 128 member of the General Assembly upon request, regardless of the number of taxpayers applying for the 129 credit.

M. No tax credit shall be allowed pursuant to this section if the otherwise qualified research and
development expenses are paid for or incurred by a taxpayer for research conducted in the
Commonwealth on human cells or tissue derived from induced abortions or from stem cells obtained
from human embryos. The foregoing provision shall not apply to research conducted using stem cells
other than embryonic stem cells.

§ 58.1-439.12:11. Major research and development expenses tax credit.

136 A. As used in this section, unless the context requires a different meaning:

135

137 "Virginia qualified research" means qualified research, as defined in § 41(d) of the Internal Revenue
138 Code, as amended, that is conducted in the Commonwealth.

139 "Virginia qualified research and development expenses" means qualified research expenses, as140 defined in § 41(b) of the Internal Revenue Code, as amended, incurred for Virginia qualified research.

141 B. 1. For taxable years beginning on or after January 1, 2016, but before January 1, 2025 2021, a 142 taxpayer with Virginia qualified research and development expenses for the taxable year in excess of \$5 143 million shall be allowed a credit against the tax levied pursuant to § 58.1-320 or 58.1-400 in an amount 144 equal to 10 percent of the difference between (i) the Virginia qualified research and development 145 expenses paid or incurred by the taxpayer during the taxable year and (ii) 50 percent of the average 146 Virginia qualified research and development expenses paid or incurred by the taxpayer for the three 147 taxable years immediately preceding the taxable year for which the credit is being determined. If the 148 taxpayer did not pay or incur Virginia qualified research and development expenses in any one of the 149 three taxable years immediately preceding the taxable year for which the credit is being determined, the 150 tax credit shall equal five percent of the Virginia qualified research and development expenses paid or 151 incurred by the taxpayer during the relevant taxable year.

152 2. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, a taxpayer 153 with Virginia qualified research and development expenses for the taxable year in excess of \$5 million 154 shall be allowed a credit against the tax levied pursuant to § 58.1-320 [$\theta = \pi$,] 58.1-400 [, or 58.1-1202 155] in an amount equal to 10 percent of the difference between (i) the Virginia qualified research and 156 development expenses paid or incurred by the taxpayer during the taxable year and (ii) 50 percent of 157 the average Virginia qualified research and development expenses paid or incurred by the taxpayer for 158 the three taxable years immediately preceding the taxable year for which the credit is being determined. 159 If the taxpayer did not pay or incur Virginia qualified research and development expenses in any one of 160 the three taxable years immediately preceding the taxable year for which the credit is being determined, 161 the tax credit shall equal five percent of the Virginia qualified research and development expenses paid 162 or incurred by the taxpayer during the relevant taxable year.

163 C. 1. For taxable years beginning before January 1, 2021, the aggregate amount of credits granted for 164 each fiscal year of the Commonwealth pursuant to this section shall not exceed \$20 million.

165 2. For taxable years beginning on and after January 1, 2021, the aggregate amount of credits granted166 for each fiscal year of the Commonwealth pursuant to this section shall not exceed \$24 million.

167 D. In the event that approved applications for the tax credits allowed under this section exceed the 168 limit described in subsection C for any taxable year, the Department shall apportion the credits by 169 dividing such limit by the total amount of tax credits approved, to determine the percentage of allowed 170 tax credits each taxpayer shall receive.

E. The amount of the credit claimed for the taxable year shall not exceed 75 percent of the total amount of tax imposed by this chapter upon the taxpayer 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 taxpayer in the next 10 succeeding taxable years or until the total amount of the tax credit has been taken, whichever is sooner.

F. Any taxpayer who claims the tax credit for Virginia qualified research and development expenses
pursuant to this section shall not use such expenses as the basis for claiming any other credit provided
under the Code of Virginia.

G. Credits granted to a partnership, limited liability company, or electing small business corporation
(S corporation) shall be allocated to the individual partners, members, or shareholders, respectively, in
proportion to their ownership interests in such entities or in accordance with a written agreement entered

182 into by such individual partners, members, or shareholders.

H. The Department shall develop and publish guidelines under this section including guidelines for applying for the tax credit. Such guidelines shall be exempt from the Administrative Process Act (§ 2.2-4000 et seq.). Applications for the tax credit must be received by the Department no later than September 1 of the calendar year following the close of the taxable year in which the expenses were paid or incurred.

188 The Department shall also adopt guidelines to prescribe standards for determining when research and development is considered conducted in the Commonwealth for purposes of allowing the credit under this section. In adopting guidelines, the Department may consider (i) the location where the research and development is performed; (ii) the residence or business location of the taxpayer or taxpayers conducting the research and development; (iii) the location where supplies used in the research and development are consumed; and (iv) any other factors that the Department deems to be relevant.

194 I. No tax credit shall be allowed pursuant to this section, if the otherwise qualified research and 195 development expenses are paid for or incurred by a taxpayer for research conducted in the 196 Commonwealth on human cells or tissue derived from induced abortions or from stem cells obtained 197 from human embryos. The foregoing provision shall not apply to research conducted using stem cells 198 other than embryonic stem cells.