

VIRGINIA ACTS OF ASSEMBLY -- 1996 SESSION

CHAPTER 837

An Act to amend and reenact §§ 58.1-338 and 58.1-445.1 of the Code of Virginia and to amend and reenact the second enactment of Chapter 709 of the 1990 Acts of Assembly, as amended by Chapter 313 of the 1992 Acts of Assembly, Chapter 585 of the 1993 Acts of Assembly, and Chapter 202 of the 1995 Acts of Assembly, relating to the tax credit for purchase of machinery and equipment for processing recyclable materials.

[H 297]

Approved April 8, 1996

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-338 and 58.1-445.1 of the Code of Virginia are amended and reenacted as follows:

§ 58.1-338. Tax credit for purchase of machinery and equipment for processing recyclable materials.

A. Any individual shall be allowed a credit against the tax imposed pursuant to § 58.1-320 in an amount equal to ten percent of the purchase price paid during the taxable year for machinery and equipment used exclusively in or on the premises of manufacturing facilities or plant units which manufacture, process, compound, or produce items of tangible personal property from recyclable materials, within the Commonwealth, for sale. For purposes of determining "purchase price paid" under this section, the taxpayer may use the original total capitalized cost of such machinery and equipment, less capitalized interest. The Department of ~~Waste Management~~ *Environmental Quality* shall certify that such machinery and equipment are integral to the recycling process before the taxpayer shall be entitled to the tax credit under this section. The taxpayer shall also submit purchase receipts, invoices, and such other documentation as may be necessary to confirm the taxpayer's statement of purchase price paid, with the income tax return to verify the amount of purchase price paid for the recycling machinery and equipment.

The total credit allowed under this section in any taxable year shall not exceed forty percent of the Virginia income tax liability of such taxpayer.

B. Any tax credit not used for the taxable year in which the purchase price on recycling machinery and equipment was paid may be carried over for credit against the individual's income taxes in the ~~five~~ *ten* succeeding taxable years until the total credit amount is used.

C. For purposes of this section, the amount of any credit attributable to the purchase of recycling machinery and equipment by a partnership or electing small business corporation (S corporation) shall be allocated to the individual partners or shareholders in proportion to their ownership or interest in the partnership or S corporation.

§ 58.1-445.1. Tax credit for purchase of machinery and equipment for processing recyclable materials.

A. A corporation shall be allowed a credit against the tax imposed pursuant to § 58.1-400 in an amount equal to ten percent of the purchase price paid during the taxable year for machinery and equipment used exclusively in or on the premises of manufacturing facilities or plant units which manufacture, process, compound, or produce items of tangible personal property from recyclable materials, within the Commonwealth, for sale. For purposes of determining "purchase price paid" under this section, the taxpayer may use the original total capitalized cost of such machinery and equipment, less capitalized interest. The Department of ~~Waste Management~~ *Environmental Quality* shall certify that such machinery and equipment are integral to the recycling process before the corporation shall be entitled to the tax credit under this section. The corporation shall also submit purchase receipts, invoices, and such other documentation as may be necessary to confirm the taxpayer's statement of purchase price paid, with the income tax return to verify the amount of purchase price paid for the recycling machinery and equipment.

The total credit allowed under this section in any taxable year shall not exceed forty percent of the Virginia income tax liability of such taxpayer.

B. Any tax credit not used for the taxable year in which the purchase price on recycling machinery and equipment was paid may be carried over for credit against the corporation's income taxes in the ~~five~~ *ten* succeeding taxable years until the total credit amount is used.

2. That the second enactment of Chapter 709 of the 1990 Acts of Assembly, as amended by Chapter 313 of the 1992 Acts of Assembly, Chapter 585 of the 1993 Acts of Assembly, and Chapter 202 of the 1995 Acts of Assembly, is amended and reenacted as follows:

2. That the provisions of this act shall be effective for all taxable years beginning on and after January 1, 1993, but before January 1, ~~1997~~, ~~provided that the machinery or equipment is purchased before July 1, 1996~~ *2001*; however, the expiration of this act shall not affect unused credits which may be carried over by the taxpayer in succeeding taxable years.