

Income/Franchise:

Virginia: Enacted Budget Bill Includes Provision that Extends Ability to Make PTET Election for One More Year

H.B. 1600, signed by gov. 5/2/25. Amending existing Virginia law allowing certain pass-through entities to make an annual election to pay an elective income tax at the entity level (PTET) for taxable years beginning on and after January 1, 2021, but before January 1, 2026 [see H.B. 1456 (2023) / S.B. 1476 (2023), and previously issued Multistate Tax Alert for more details on Virginia's PTET], Virginia's recently enacted budget bill includes a provision that permits qualifying pass-through entities to make Virginia's PTET election through January 1, 2027, rather than just through January 1, 2026.

URL: <https://lis.virginia.gov/bill-details/20251/HB1600>

URL: <https://lis.virginia.gov/cgi-bin/legp604.exe?ses=231&typ=bil&val=hb1456>

URL: <https://lis.virginia.gov/cgi-bin/legp604.exe?ses=231&typ=bil&val=sb1476>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-multistate-tax-alert-virginia-enacts-changes-to-pass-through-entity-tax.pdf>

Some other provisions in the budget bill require the Virginia Department of Taxation to study the implications of implementing market-based sourcing in Virginia, as well as Virginia's treatment of net operating losses (NOLs) relative to other states. Please contact us with any questions.

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