

Income/Franchise:

Virginia: Enacted Budget Bill Includes Provisions that Pause Rolling Conformity with Internal Revenue Code

H.B. 1600, signed by gov. 5/2/25. Revising existing Virginia law that generally updates state corporate and individual income tax statutory references to federal income tax law as it exists as soon as any federal tax law changes are enacted [see *State Tax Matters*, Issue 2023-16, for details on Virginia legislation enacted in 2023, which moved Virginia from “fixed date” to “rolling conformity” with the Internal Revenue Code], Virginia’s recently enacted budget bill provides that Virginia will *not* conform to certain additional federal law changes that impact its general fund revenues. Specifically, the recently enacted budget bill provides that Virginia shall *not* conform to:

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

URL: https://dhub.deloitte.com/Newsletters/Tax/2023/STM/230421_2.html

1. Any amendment enacted on or after January 1, 2025, but before January 1, 2027, with a projected impact that would increase or decrease Virginia general fund revenues by any amount in the fiscal year in which the amendment was enacted or any of the succeeding four fiscal years, and
2. All amendments enacted on or after January 1, 2025, but before January 1, 2027, if the cumulative projected impact of such amendments would increase or decrease Virginia general fund revenues by any amount in the fiscal year in which the amendments were enacted or any of the succeeding four fiscal years.

However, the legislation states that such federal conformity restrictions “shall not apply to any amendment to federal income tax law that is either subsequently adopted by the General Assembly or a federal tax extender as defined under subdivision B 11 of § 58.1-301, as created by this act.” Please contact us with any questions.

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