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HOUSE BILL NO. 887

Offered January 10, 2024

Prefiled January 9, 2024

A *BILL to amend and reenact §§ 58.1-320 and 58.1-322.03, as it is currently effective and as it may become effective, of the Code of Virginia and to amend the Code of Virginia by adding in Article 3 of Chapter 3 of Title 58.1 sections numbered 58.1-339.15 and 58.1-339.16, relating to income taxes.*

Patron—Watts

Referred to Committee on Subcommittee #3

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-320 and 58.1-322.03, as it is currently effective and as it may become effective, of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Article 3 of Chapter 3 of Title 58.1 sections numbered 58.1-339.15 and 58.1-339.16 as follows:

§ 58.1-320. Imposition of tax.

A tax is hereby annually imposed on the Virginia taxable income for each taxable year of every individual as follows:

Two percent on income not exceeding \$3,000;

Three percent on income in excess of \$3,000, but not in excess of \$5,000;

Five percent on income in excess of \$5,000, but not in excess of \$12,000 for taxable years beginning before January 1, 1987;

Five percent on income in excess of \$5,000 but not in excess of \$14,000 for taxable years beginning January 1, 1987, through December 31, 1987;

Five percent on income in excess of \$5,000 but not in excess of \$15,000 for taxable years beginning January 1, 1988, through December 31, 1988;

Five percent on income in excess of \$5,000 but not in excess of \$16,000 for taxable years beginning January 1, 1989, through December 31, 1989;

Five percent on income in excess of \$5,000 but not in excess of \$17,000 for taxable years beginning on and after January 1, 1990;

Five and three-quarters percent on income in excess of \$12,000 for taxable years beginning before January 1, 1987;

Five and three-quarters percent on income in excess of \$14,000 for taxable years beginning January 1, 1987, through December 31, 1987;

Five and three-quarters percent on income in excess of \$15,000 for taxable years beginning January 1, 1988, through December 31, 1988;

Five and three-quarters percent on income in excess of \$16,000 for taxable years beginning January 1, 1989, through December 31, 1989; and

Five and three-quarters percent on income in excess of \$17,000 for taxable years beginning on and after January 1, 1990, but before January 1, 2024;

Five and three-quarters percent on income in excess of \$17,000 but not in excess of \$600,000 for taxable years beginning on and after January 1, 2024; and

Seven percent on income in excess of \$600,000 for taxable years beginning on and after January 1, 2024.

§ 58.1-322.03. (For contingent expiration date, see Acts 2023, Sp. Sess. I, ch. 1, cl. 22) Virginia taxable income; deductions.

In computing Virginia taxable income pursuant to § 58.1-322, there shall be deducted from Virginia adjusted gross income as defined in § 58.1-321:

1. a. The amount allowable for itemized deductions for federal income tax purposes where the taxpayer has elected for the taxable year to itemize deductions on his federal return, but reduced by the amount of income taxes imposed by the Commonwealth or any other taxing jurisdiction and deducted on such federal return and increased by an amount that, when added to the amount deducted under § 170 of the Internal Revenue Code for mileage, results in a mileage deduction at the state level for such purposes at a rate of 18 cents per mile; or

b. Provided that the taxpayer has not itemized deductions for the taxable year on his federal income tax return: (i) for taxable years beginning before January 1, 2019, and on and after January 1, 2026, \$3,000 for single individuals and \$6,000 for married persons (one-half of such amounts in the case of a married individual filing a separate return); (ii) for taxable years beginning on and after January 1, 2019, but before January 1, 2022, \$4,500 for single individuals and \$9,000 for married persons (one-half of such amounts in the case of a married individual filing a separate return); and (iii) for taxable years beginning on and after

INTRODUCED

HB887

59 January 1, 2022, but before January 1, 2026, \$8,000 for single individuals and \$16,000 for married persons
60 (one-half of such amounts in the case of a married individual filing a separate return). For purposes of this
61 section, any person who may be claimed as a dependent on another taxpayer's return for the taxable year may
62 compute the deduction only with respect to earned income.

63 2. a. A deduction in the amount of \$930 for each personal exemption allowable to the taxpayer for federal
64 income tax purposes.

65 b. Each blind or aged taxpayer as defined under § 63(f) of the Internal Revenue Code shall be entitled to
66 an additional personal exemption in the amount of \$800.

67 The additional deduction for blind or aged taxpayers allowed under this subdivision shall be allowable
68 regardless of whether the taxpayer itemizes deductions for the taxable year for federal income tax purposes.

69 3. ~~A~~ For taxable years beginning before January 1, 2024, a deduction equal to the amount of
70 employment-related expenses upon which the federal credit is based under § 21 of the Internal Revenue Code
71 for expenses for household and dependent care services necessary for gainful employment.

72 4. An additional \$1,000 deduction for each child residing for the entire taxable year in a home under
73 permanent foster care placement as defined in § 63.2-908, provided that the taxpayer can also claim the child
74 as a personal exemption under § 151 of the Internal Revenue Code.

75 5. a. A deduction in the amount of \$12,000 for individuals born on or before January 1, 1939.

76 b. A deduction in the amount of \$12,000 for individuals born after January 1, 1939, who have attained the
77 age of 65. This deduction shall be reduced by \$1 for every \$1 that the taxpayer's adjusted federal adjusted
78 gross income exceeds \$50,000 for single taxpayers or \$75,000 for married taxpayers. For married taxpayers
79 filing separately, the deduction shall be reduced by \$1 for every \$1 that the total combined adjusted federal
80 adjusted gross income of both spouses exceeds \$75,000.

81 For the purposes of this subdivision, "adjusted federal adjusted gross income" means federal adjusted
82 gross income minus any benefits received under Title II of the Social Security Act and other benefits subject
83 to federal income taxation solely pursuant to § 86 of the Internal Revenue Code, as amended.

84 6. The amount an individual pays as a fee for an initial screening to become a possible bone marrow
85 donor, if (i) the individual is not reimbursed for such fee or (ii) the individual has not claimed a deduction for
86 the payment of such fee on his federal income tax return.

87 7. a. A deduction shall be allowed to the purchaser or contributor for the amount paid or contributed
88 during the taxable year for a prepaid tuition contract or college savings trust account entered into with the
89 Virginia College Savings Plan, pursuant to Chapter 7 (§ 23.1-700 et seq.) of Title 23.1. Except as provided in
90 subdivision b, the amount deducted on any individual income tax return in any taxable year shall be limited to
91 \$4,000 per prepaid tuition contract or college savings trust account. No deduction shall be allowed pursuant
92 to this subdivision 7 if such payments or contributions are deducted on the purchaser's or contributor's federal
93 income tax return. If the purchase price or annual contribution to a college savings trust account exceeds
94 \$4,000, the remainder may be carried forward and subtracted in future taxable years until the purchase price
95 or college savings trust contribution has been fully deducted; however, except as provided in subdivision b, in
96 no event shall the amount deducted in any taxable year exceed \$4,000 per contract or college savings trust
97 account. Notwithstanding the statute of limitations on assessments contained in § 58.1-312, any deduction
98 taken hereunder shall be subject to recapture in the taxable year or years in which distributions or refunds are
99 made for any reason other than (i) to pay qualified higher education expenses, as defined in § 529 of the
100 Internal Revenue Code or (ii) the beneficiary's death, disability, or receipt of a scholarship. For the purposes
101 of this subdivision, "purchaser" or "contributor" means the person shown as such on the records of the
102 Virginia College Savings Plan as of December 31 of the taxable year. In the case of a transfer of ownership of
103 a prepaid tuition contract or college savings trust account, the transferee shall succeed to the transferor's tax
104 attributes associated with a prepaid tuition contract or college savings trust account, including, but not limited
105 to, carryover and recapture of deductions.

106 b. A purchaser of a prepaid tuition contract or contributor to a college savings trust account who has
107 attained age 70 shall not be subject to the limitation that the amount of the deduction not exceed \$4,000 per
108 prepaid tuition contract or college savings trust account in any taxable year. Such taxpayer shall be allowed a
109 deduction for the full amount paid for the contract or contributed to a college savings trust account, less any
110 amounts previously deducted.

111 8. The total amount an individual actually contributed in funds to the Virginia Public School Construction
112 Grants Program and Fund, established in Chapter 11.1 (§ 22.1-175.1 et seq.) of Title 22.1, provided that the
113 individual has not claimed a deduction for such amount on his federal income tax return.

114 9. An amount equal to 20 percent of the tuition costs incurred by an individual employed as a primary or
115 secondary school teacher licensed pursuant to Chapter 15 (§ 22.1-289.1 et seq.) of Title 22.1 to attend
116 continuing teacher education courses that are required as a condition of employment; however, the deduction
117 provided by this subdivision shall be available only if (i) the individual is not reimbursed for such tuition
118 costs and (ii) the individual has not claimed a deduction for the payment of such tuition costs on his federal
119 income tax return.

120 10. The amount an individual pays annually in premiums for long-term health care insurance, provided

121 that the individual has not claimed a deduction for federal income tax purposes, or, for taxable years
 122 beginning before January 1, 2014, a credit under § 58.1-339.11. For taxable years beginning on and after
 123 January 1, 2014, no such deduction for long-term health care insurance premiums paid by the individual
 124 during the taxable year shall be allowed if the individual has claimed a federal income tax deduction for such
 125 taxable year for long-term health care insurance premiums paid by him.

126 11. Contract payments to a producer of quota tobacco or a tobacco quota holder, or their spouses, as
 127 provided under the American Jobs Creation Act of 2004 (P.L. 108-357), but only to the extent that such
 128 payments have not been subtracted pursuant to subsection D of § 58.1-402, as follows:

129 a. If the payment is received in installment payments, then the recognized gain may be subtracted in the
 130 taxable year immediately following the year in which the installment payment is received.

131 b. If the payment is received in a single payment, then 10 percent of the recognized gain may be
 132 subtracted in the taxable year immediately following the year in which the single payment is received. The
 133 taxpayer may then deduct an equal amount in each of the nine succeeding taxable years.

134 12. An amount equal to 20 percent of the sum paid by an individual pursuant to Chapter 6 (§ 58.1-600 et
 135 seq.), not to exceed \$500 in each taxable year, in purchasing for his own use the following items of tangible
 136 personal property: (i) any clothes washers, room air conditioners, dishwashers, and standard size refrigerators
 137 that meet or exceed the applicable energy star efficiency requirements developed by the U.S. Environmental
 138 Protection Agency and the U.S. Department of Energy; (ii) any fuel cell that (a) generates electricity using an
 139 electrochemical process, (b) has an electricity-only generation efficiency greater than 35 percent, and (c) has
 140 a generating capacity of at least two kilowatts; (iii) any gas heat pump that has a coefficient of performance
 141 of at least 1.25 for heating and at least 0.70 for cooling; (iv) any electric heat pump hot water heater that
 142 yields an energy factor of at least 1.7; (v) any electric heat pump that has a heating system performance factor
 143 of at least 8.0 and a cooling seasonal energy efficiency ratio of at least 13.0; (vi) any central air conditioner
 144 that has a cooling seasonal energy efficiency ratio of at least 13.5; (vii) any advanced gas or oil water heater
 145 that has an energy factor of at least 0.65; (viii) any advanced oil-fired boiler with a minimum annual fuel-
 146 utilization rating of 85; (ix) any advanced oil-fired furnace with a minimum annual fuel-utilization rating of
 147 85; and (x) programmable thermostats.

148 13. The lesser of \$5,000 or the amount actually paid by a living donor of an organ or other living tissue
 149 for unreimbursed out-of-pocket expenses directly related to the donation that arose within 12 months of such
 150 donation, provided that the donor has not taken a medical deduction in accordance with the provisions of §
 151 213 of the Internal Revenue Code for such expenses. The deduction may be taken in the taxable year in
 152 which the donation is made or the taxable year in which the 12-month period expires.

153 14. For taxable years beginning on and after January 1, 2013, the amount an individual age 66 or older
 154 with earned income of at least \$20,000 for the year and federal adjusted gross income not in excess of
 155 \$30,000 for the year pays annually in premiums for (i) a prepaid funeral insurance policy covering the
 156 individual or (ii) medical or dental insurance for any person for whom individual tax filers may claim a
 157 deduction for such premiums under federal income tax laws. As used in this subdivision, "earned income"
 158 means the same as that term is defined in § 32(c) of the Internal Revenue Code. The deduction shall not be
 159 allowed for any portion of such premiums paid for which the individual has (a) been reimbursed, (b) claimed
 160 a deduction for federal income tax purposes, (c) claimed a deduction or subtraction under another provision
 161 of this section, or (d) claimed a federal income tax credit or any income tax credit pursuant to this chapter.

162 15. Business interest disallowed as a deduction pursuant to § 163(j) of the Internal Revenue Code:

163 a. For taxable years beginning on and after January 1, 2018, but before January 1, 2022, 20 percent of
 164 such disallowed business interest;

165 b. For taxable years beginning on and after January 1, 2022, but before January 1, 2024, 30 percent of
 166 such disallowed business interest;

167 c. For taxable years beginning on and after January 2, 2024, 50 percent of such disallowed business
 168 interest.

169 For purposes of subdivision 15, "business interest" means the same as that term is defined under § 163(j)
 170 of the Internal Revenue Code.

171 16. For taxable years beginning on and after January 1, 2019, the actual amount of real and personal
 172 property taxes imposed by the Commonwealth or any other taxing jurisdiction not otherwise deducted solely
 173 on account of the dollar limitation imposed on individual deductions by § 164(b)(6)(B) of the Internal
 174 Revenue Code.

175 17. For taxable years beginning before January 1, 2021, up to \$100,000 of the amount that is not
 176 deductible when computing federal adjusted gross income solely on account of the portion of subdivision B
 177 10 of § 58.1-301 related to Paycheck Protection Program loans.

178 18. For taxable years beginning on and after January 1, 2022, but before January 1, 2025, the lesser of
 179 \$500 or the actual amount paid or incurred for eligible educator qualifying expenses. For purposes of this
 180 subdivision, "eligible educator" means an individual who for at least 900 hours during the taxable year in
 181 which the credit under this section is claimed served as a teacher licensed pursuant to Chapter 15 (§ 22.1-

182 289.1 et seq.) of Title 22.1, instructor, student counselor, principal, special needs personnel, or student aide
183 serving accredited public or private primary and secondary school students in Virginia, and "qualifying
184 expenses" means 100 percent of the amount paid or incurred by an eligible educator during the taxable year
185 for participation in professional development courses and the purchase of books, supplies, computer
186 equipment (including related software and services), other educational and teaching equipment, and
187 supplementary materials used directly in that individual's service to students as an eligible educator, provided
188 that such purchases were neither reimbursed nor claimed as a deduction on the eligible educator's federal
189 income tax return for such taxable year.

190 **§ 58.1-322.03. (For contingent effective date, see Acts 2023, Sp. Sess. I, ch. 1, cl. 22) Virginia taxable**
191 **income; deductions.**

192 In computing Virginia taxable income pursuant to § 58.1-322, there shall be deducted from Virginia
193 adjusted gross income as defined in § 58.1-321:

194 1. a. The amount allowable for itemized deductions for federal income tax purposes where the taxpayer
195 has elected for the taxable year to itemize deductions on his federal return, but reduced by the amount of
196 income taxes imposed by the Commonwealth or any other taxing jurisdiction and deducted on such federal
197 return and increased by an amount that, when added to the amount deducted under § 170 of the Internal
198 Revenue Code for mileage, results in a mileage deduction at the state level for such purposes at a rate of 18
199 cents per mile; or

200 b. Provided that the taxpayer has not itemized deductions for the taxable year on his federal income tax
201 return: (i) for taxable years beginning before January 1, 2019, and on and after January 1, 2026, \$3,000 for
202 single individuals and \$6,000 for married persons (one-half of such amounts in the case of a married
203 individual filing a separate return); (ii) for taxable years beginning on and after January 1, 2019, but before
204 January 1, 2022, \$4,500 for single individuals and \$9,000 for married persons (one-half of such amounts in
205 the case of a married individual filing a separate return); (iii) for taxable years beginning on and after January
206 1, 2022, but before January 1, 2024, \$8,000 for single individuals and \$16,000 for married persons (one-half
207 of such amounts in the case of a married individual filing a separate return); and (iv) for taxable years
208 beginning on and after January 1, 2024, but before January 1, 2026, \$8,500 for single individuals and \$17,000
209 for married persons (one-half of such amounts in the case of a married individual filing a separate return). For
210 purposes of this section, any person who may be claimed as a dependent on another taxpayer's return for the
211 taxable year may compute the deduction only with respect to earned income.

212 2. a. A deduction in the amount of \$930 for each personal exemption allowable to the taxpayer for federal
213 income tax purposes.

214 b. Each blind or aged taxpayer as defined under § 63(f) of the Internal Revenue Code shall be entitled to
215 an additional personal exemption in the amount of \$800.

216 The additional deduction for blind or aged taxpayers allowed under this subdivision shall be allowable
217 regardless of whether the taxpayer itemizes deductions for the taxable year for federal income tax purposes.

218 3. ~~A~~ For taxable years beginning before January 1, 2024, a deduction equal to the amount of
219 employment-related expenses upon which the federal credit is based under § 21 of the Internal Revenue Code
220 for expenses for household and dependent care services necessary for gainful employment.

221 4. An additional \$1,000 deduction for each child residing for the entire taxable year in a home under
222 permanent foster care placement as defined in § 63.2-908, provided that the taxpayer can also claim the child
223 as a personal exemption under § 151 of the Internal Revenue Code.

224 5. a. A deduction in the amount of \$12,000 for individuals born on or before January 1, 1939.

225 b. A deduction in the amount of \$12,000 for individuals born after January 1, 1939, who have attained the
226 age of 65. This deduction shall be reduced by \$1 for every \$1 that the taxpayer's adjusted federal adjusted
227 gross income exceeds \$50,000 for single taxpayers or \$75,000 for married taxpayers. For married taxpayers
228 filing separately, the deduction shall be reduced by \$1 for every \$1 that the total combined adjusted federal
229 adjusted gross income of both spouses exceeds \$75,000.

230 For the purposes of this subdivision, "adjusted federal adjusted gross income" means federal adjusted
231 gross income minus any benefits received under Title II of the Social Security Act and other benefits subject
232 to federal income taxation solely pursuant to § 86 of the Internal Revenue Code, as amended.

233 6. The amount an individual pays as a fee for an initial screening to become a possible bone marrow
234 donor, if (i) the individual is not reimbursed for such fee or (ii) the individual has not claimed a deduction for
235 the payment of such fee on his federal income tax return.

236 7. a. A deduction shall be allowed to the purchaser or contributor for the amount paid or contributed
237 during the taxable year for a prepaid tuition contract or college savings trust account entered into with the
238 Virginia College Savings Plan, pursuant to Chapter 7 (§ 23.1-700 et seq.) of Title 23.1. Except as provided in
239 subdivision b, the amount deducted on any individual income tax return in any taxable year shall be limited to
240 \$4,000 per prepaid tuition contract or college savings trust account. No deduction shall be allowed pursuant
241 to this subdivision 7 if such payments or contributions are deducted on the purchaser's or contributor's federal
242 income tax return. If the purchase price or annual contribution to a college savings trust account exceeds

243 \$4,000, the remainder may be carried forward and subtracted in future taxable years until the purchase price
 244 or college savings trust contribution has been fully deducted; however, except as provided in subdivision b, in
 245 no event shall the amount deducted in any taxable year exceed \$4,000 per contract or college savings trust
 246 account. Notwithstanding the statute of limitations on assessments contained in § 58.1-312, any deduction
 247 taken hereunder shall be subject to recapture in the taxable year or years in which distributions or refunds are
 248 made for any reason other than (i) to pay qualified higher education expenses, as defined in § 529 of the
 249 Internal Revenue Code or (ii) the beneficiary's death, disability, or receipt of a scholarship. For the purposes
 250 of this subdivision, "purchaser" or "contributor" means the person shown as such on the records of the
 251 Virginia College Savings Plan as of December 31 of the taxable year. In the case of a transfer of ownership of
 252 a prepaid tuition contract or college savings trust account, the transferee shall succeed to the transferor's tax
 253 attributes associated with a prepaid tuition contract or college savings trust account, including, but not limited
 254 to, carryover and recapture of deductions.

255 b. A purchaser of a prepaid tuition contract or contributor to a college savings trust account who has
 256 attained age 70 shall not be subject to the limitation that the amount of the deduction not exceed \$4,000 per
 257 prepaid tuition contract or college savings trust account in any taxable year. Such taxpayer shall be allowed a
 258 deduction for the full amount paid for the contract or contributed to a college savings trust account, less any
 259 amounts previously deducted.

260 8. The total amount an individual actually contributed in funds to the Virginia Public School Construction
 261 Grants Program and Fund, established in Chapter 11.1 (§ 22.1-175.1 et seq.) of Title 22.1, provided that the
 262 individual has not claimed a deduction for such amount on his federal income tax return.

263 9. An amount equal to 20 percent of the tuition costs incurred by an individual employed as a primary or
 264 secondary school teacher licensed pursuant to Chapter 15 (§ 22.1-289.1 et seq.) of Title 22.1 to attend
 265 continuing teacher education courses that are required as a condition of employment; however, the deduction
 266 provided by this subdivision shall be available only if (i) the individual is not reimbursed for such tuition
 267 costs and (ii) the individual has not claimed a deduction for the payment of such tuition costs on his federal
 268 income tax return.

269 10. The amount an individual pays annually in premiums for long-term health care insurance, provided
 270 that the individual has not claimed a deduction for federal income tax purposes, or, for taxable years
 271 beginning before January 1, 2014, a credit under § 58.1-339.11. For taxable years beginning on and after
 272 January 1, 2014, no such deduction for long-term health care insurance premiums paid by the individual
 273 during the taxable year shall be allowed if the individual has claimed a federal income tax deduction for such
 274 taxable year for long-term health care insurance premiums paid by him.

275 11. Contract payments to a producer of quota tobacco or a tobacco quota holder, or their spouses, as
 276 provided under the American Jobs Creation Act of 2004 (P.L. 108-357), but only to the extent that such
 277 payments have not been subtracted pursuant to subsection D of § 58.1-402, as follows:

278 a. If the payment is received in installment payments, then the recognized gain may be subtracted in the
 279 taxable year immediately following the year in which the installment payment is received.

280 b. If the payment is received in a single payment, then 10 percent of the recognized gain may be
 281 subtracted in the taxable year immediately following the year in which the single payment is received. The
 282 taxpayer may then deduct an equal amount in each of the nine succeeding taxable years.

283 12. An amount equal to 20 percent of the sum paid by an individual pursuant to Chapter 6 (§ 58.1-600 et
 284 seq.), not to exceed \$500 in each taxable year, in purchasing for his own use the following items of tangible
 285 personal property: (i) any clothes washers, room air conditioners, dishwashers, and standard size refrigerators
 286 that meet or exceed the applicable energy star efficiency requirements developed by the U.S. Environmental
 287 Protection Agency and the U.S. Department of Energy; (ii) any fuel cell that (a) generates electricity using an
 288 electrochemical process, (b) has an electricity-only generation efficiency greater than 35 percent, and (c) has
 289 a generating capacity of at least two kilowatts; (iii) any gas heat pump that has a coefficient of performance
 290 of at least 1.25 for heating and at least 0.70 for cooling; (iv) any electric heat pump hot water heater that
 291 yields an energy factor of at least 1.7; (v) any electric heat pump that has a heating system performance factor
 292 of at least 8.0 and a cooling seasonal energy efficiency ratio of at least 13.0; (vi) any central air conditioner
 293 that has a cooling seasonal energy efficiency ratio of at least 13.5; (vii) any advanced gas or oil water heater
 294 that has an energy factor of at least 0.65; (viii) any advanced oil-fired boiler with a minimum annual fuel-
 295 utilization rating of 85; (ix) any advanced oil-fired furnace with a minimum annual fuel-utilization rating of
 296 85; and (x) programmable thermostats.

297 13. The lesser of \$5,000 or the amount actually paid by a living donor of an organ or other living tissue
 298 for unreimbursed out-of-pocket expenses directly related to the donation that arose within 12 months of such
 299 donation, provided that the donor has not taken a medical deduction in accordance with the provisions of §
 300 213 of the Internal Revenue Code for such expenses. The deduction may be taken in the taxable year in
 301 which the donation is made or the taxable year in which the 12-month period expires.

302 14. For taxable years beginning on and after January 1, 2013, the amount an individual age 66 or older
 303 with earned income of at least \$20,000 for the year and federal adjusted gross income not in excess of

304 \$30,000 for the year pays annually in premiums for (i) a prepaid funeral insurance policy covering the
305 individual or (ii) medical or dental insurance for any person for whom individual tax filers may claim a
306 deduction for such premiums under federal income tax laws. As used in this subdivision, "earned income"
307 means the same as that term is defined in § 32(c) of the Internal Revenue Code. The deduction shall not be
308 allowed for any portion of such premiums paid for which the individual has (a) been reimbursed, (b) claimed
309 a deduction for federal income tax purposes, (c) claimed a deduction or subtraction under another provision
310 of this section, or (d) claimed a federal income tax credit or any income tax credit pursuant to this chapter.

311 15. Business interest disallowed as a deduction pursuant to § 163(j) of the Internal Revenue Code:

312 a. For taxable years beginning on and after January 1, 2018, but before January 1, 2022, 20 percent of
313 such disallowed business interest;

314 b. For taxable years beginning on and after January 1, 2022, but before January 1, 2024, 30 percent of
315 such disallowed business interest;

316 c. For taxable years beginning on and after January 2, 2024, 50 percent of such disallowed business
317 interest.

318 For purposes of subdivision 15, "business interest" means the same as that term is defined under § 163(j)
319 of the Internal Revenue Code.

320 16. For taxable years beginning on and after January 1, 2019, the actual amount of real and personal
321 property taxes imposed by the Commonwealth or any other taxing jurisdiction not otherwise deducted solely
322 on account of the dollar limitation imposed on individual deductions by § 164(b)(6)(B) of the Internal
323 Revenue Code.

324 17. For taxable years beginning before January 1, 2021, up to \$100,000 of the amount that is not
325 deductible when computing federal adjusted gross income solely on account of the portion of subdivision B
326 10 of § 58.1-301 related to Paycheck Protection Program loans.

327 18. For taxable years beginning on and after January 1, 2022, but before January 1, 2025, the lesser of
328 \$500 or the actual amount paid or incurred for eligible educator qualifying expenses. For purposes of this
329 subdivision, "eligible educator" means an individual who for at least 900 hours during the taxable year in
330 which the credit under this section is claimed served as a teacher licensed pursuant to Chapter 15 (§ 22.1-
331 289.1 et seq.) of Title 22.1, instructor, student counselor, principal, special needs personnel, or student aide
332 serving accredited public or private primary and secondary school students in Virginia, and "qualifying
333 expenses" means 100 percent of the amount paid or incurred by an eligible educator during the taxable year
334 for participation in professional development courses and the purchase of books, supplies, computer
335 equipment (including related software and services), other educational and teaching equipment, and
336 supplementary materials used directly in that individual's service to students as an eligible educator, provided
337 that such purchases were neither reimbursed nor claimed as a deduction on the eligible educator's federal
338 income tax return for such taxable year.

339 **§ 58.1-339.15. Family caregiver tax credit.**

340 A. For the purposes of this section:

341 "Activities of daily living" or "ADLs" means bathing, dressing, toileting, transferring or moving, bowel
342 control, bladder control, and eating or feeding.

343 "Eligible expenditures" means expenses incurred by a family caregiver that are directly related to the
344 care of an eligible family member, including (i) improvements or alterations to the family caregiver's primary
345 residence to permit the eligible family member to remain mobile, safe, and independent; (ii) the purchase or
346 lease of equipment or technology that assists the eligible family member in carrying out one or more
347 activities of daily living; or (iii) expenditures related to hiring a home care aide or personal care attendant,
348 respite care, adult day care, transportation, and legal or financial services. "Eligible expenditures" does not
349 include expenses incurred in carrying out general household maintenance, including painting, plumbing,
350 electrical repairs, or exterior maintenance.

351 "Eligible family member" means an individual who (i) is at least 18 years of age during the taxable year;
352 (ii) is a resident of the Commonwealth; (iii) requires assistance with one or more ADLs, as certified by a
353 licensed physician, physician assistant, nurse practitioner, or registered nurse; and (iv) qualifies as a
354 dependent of the family caregiver or is in the care of the family caregiver as a legally appointed guardian.

355 "Family caregiver" means an individual, or in the case of married persons, an individual and his spouse,
356 who (i) provides care to one or more eligible family members during the taxable year and (ii) has federal
357 adjusted gross income that is no greater than \$100,000 for an individual or \$200,000 for married persons.

358 B. For taxable years beginning on and after January 1, 2024, but before January 1, 2029, a family
359 caregiver shall be allowed a credit against the tax levied pursuant to § 58.1-320 for eligible expenditures.
360 The credit shall equal 50 percent of the eligible expenditures incurred by the family caregiver but shall not
361 exceed \$1,000. In order to qualify for the credit, the family caregiver shall not have received any
362 compensation or reimbursement for the eligible expenditures.

363 C. 1. If (i) the family caregiver is a resident of Virginia and not a person to whom § 58.1-303 applies and
364 (ii) the amount of the credit exceeds the family caregiver's Virginia income tax liability for such taxable year,

365 *the excess shall be refunded by the Tax Commissioner. Tax credits shall be refunded by the Tax*
 366 *Commissioner on behalf of the Commonwealth for 100 percent of face value. Tax credits shall be refunded*
 367 *within 90 days after the filing date of the income tax return on which the taxpayer applies for the refund.*

368 *2. Except as provided in subdivision 1, the amount of the credit claimed pursuant to this section for any*
 369 *taxable year shall not exceed the family caregiver's Virginia income tax liability. If the amount of the credit*
 370 *allowed under this section exceeds the family caregiver's Virginia income tax liability, the excess amount may*
 371 *be carried over for credit against the income taxes of the family caregiver in the next five taxable years or*
 372 *until the total amount of the tax credit has been taken, whichever is sooner.*

373 *D. The Tax Commissioner shall develop guidelines for claiming the credit provided by this section. Such*
 374 *guidelines shall be exempt from the provisions of the Administrative Process Act (§ 2.2-4000 et seq.).*

375 **§ 58.1-339.16. Child and dependent care tax credit.**

376 *A. For taxable years beginning on and after January 1, 2024, but before January 1, 2029, an individual*
 377 *or married persons filing a joint return shall be allowed a credit against the tax levied pursuant to § 58.1-320*
 378 *equal to 50 percent of the federal credit. For purposes of this section, "federal credit" means the amount of*
 379 *the tax credit allowed to the individual or married persons and claimed on the individual's or married*
 380 *persons' federal income tax return for employment-related expenses under § 21 of the Internal Revenue Code.*

381 *B. 1. If (i) the individual or married persons are residents of Virginia and not a person to whom § 58.1-*
 382 *303 applies and (ii) the amount of the credit exceeds the individual's or married persons' Virginia income tax*
 383 *liability for such taxable year, the excess shall be refunded by the Tax Commissioner. Tax credits shall be*
 384 *refunded by the Tax Commissioner on behalf of the Commonwealth for 100 percent of face value. Tax credits*
 385 *shall be refunded within 90 days after the filing date of the income tax return on which the taxpayer applies*
 386 *for the refund.*

387 *2. Except as provided in subdivision 1, the amount of the credit claimed pursuant to this section for any*
 388 *taxable year shall not exceed the individual's or married persons' Virginia income tax liability. If the amount*
 389 *of the credit allowed under this section exceeds the individual's or married persons' Virginia income tax*
 390 *liability, the excess amount may be carried over for credit against the income taxes of the individual or*
 391 *married persons in the next five taxable years or until the total amount of the tax credit has been taken,*
 392 *whichever is sooner.*

393 *C. The Tax Commissioner shall develop guidelines for claiming the credit provided by this section. Such*
 394 *guidelines shall be exempt from the provisions of the Administrative Process Act (§ 2.2-4000 et seq.).*