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**HOUSE BILL NO. 2681**

**AMENDMENT IN THE NATURE OF A SUBSTITUTE**

(Proposed by the House Committee on Finance  
on January 29, 2025)

(Patron Prior to Substitute—Delegate Ballard)

*A BILL to direct the Department of Taxation to convene a work group to analyze the treatment of net operating losses in Virginia when compared to other states; report.*

**Be it enacted by the General Assembly of Virginia:**

**1. § 1.** *That the Department of Taxation shall convene a work group composed of tax practitioners experienced in the preparation of corporate tax returns involving net operating losses, including members recommended by the Taxation Section of the Virginia Bar Association and the Virginia Society of Certified Public Accountants. The work group shall study the treatment of net operating losses in Virginia when compared to other states and shall make recommendations to simplify such treatment in Virginia. The work group shall consider at a minimum: (i) transition rules to the proposed simplified method of determining net operating losses; (ii) the effective date of any such transition; and (iii) what legislative, regulatory, or guideline amendments would be necessary to best effectuate such transition. The work group shall complete its meetings by October 1, 2025, and the Department shall submit a report of the work group's findings and recommendations to the Chairmen of the Senate Committee on Finance and Appropriations, the House Committee on Finance, and the House Committee on Appropriations by November 1, 2025.*

**HOUSE  
SUBSTITUTE**

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