

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to convene a work group to review the local license tax deduction in Virginia for receipts attributable*
3 *to out-of-state business; report.*

4 [H 1743]

5 Approved

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

7 **1. § 1.** *That the Department of Taxation shall convene a work group to review the local license tax*
8 *deduction in Virginia for receipts attributable to out-of-state business, including a review of (i) current*
9 *policy and methodology of the deduction set forth in subdivision B 2 of § 58.1-3732 of the Code of Virginia;*
10 *(ii) any constitutional or case law concerns regarding the existing laws governing such deduction; (iii) any*
11 *potential impact on local government revenue as a result of determining such deduction based upon receipts*
12 *subject to a net income tax or gross receipts tax in another state or foreign jurisdiction and alternatives to*
13 *phase in any such potential impact; (iv) the potential administrative complexities or benefits for taxpayers*
14 *and the support structure necessary to verify across local jurisdictions the applicable tax deduction and to*
15 *enforce compliance; and (v) any impact to such deduction from other existing provisions of law. The work*
16 *group shall consist of individuals with experience in local license tax compliance and enforcement,*
17 *including representatives of the Virginia Municipal League, the Virginia Association of Counties, the*
18 *Commissioners of the Revenue Association of Virginia, the Virginia Society of Certified Public Accountants,*
19 *the Council on State Taxation, the Virginia Chamber of Commerce, and any other key business tax*
20 *representatives as determined by the Department of Taxation. The Department of Taxation shall submit a*
21 *report of the findings and recommendations, if any, of the work group to the Joint Subcommittee on Tax*
22 *Policy and to the Chairs of the Senate Committee on Finance and Appropriations and the House*
23 *Committees on Finance and Appropriations by October 1, 2025.*

ENROLLED

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