

# VIRGINIA ACTS OF ASSEMBLY - 2025 SESSION

## CHAPTER 192

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

[H 1743]

Approved March 21, 2025

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

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