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SENATE BILL NO. 702

Offered January 14, 2026

Prefiled January 14, 2026

A BILL to amend and reenact §§ 58.1-302, 58.1-320, 58.1-321, and 58.1-322.03 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 58.1-210.2, relating to individual income tax; brackets, deductions, and exemptions; inflation indexing.

Patron—Srinivasan

Referred to Committee on Finance and Appropriations

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-302, 58.1-320, 58.1-321, and 58.1-322.03 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 58.1-210.2 as follows:

§ 58.1-210.2. Publication of individual income tax inflation adjustments.

The Department shall annually publish on its website the current (i) rate of the individual income tax for each tax bracket pursuant to § 58.1-302; (ii) amount of the filing threshold pursuant to § 58.1-321(B); (iii) amount of the standard deduction pursuant to § 58.1-322.03; and (iv) amount of any personal exemption, other individual exemption, or deduction adjusted each year by the indexing modification pursuant to § 58.1-322.03.

§ 58.1-302. Definitions.

For the purpose of this chapter and, unless otherwise required by the context requires a different meaning:

"Affiliated" means two or more corporations subject to Virginia income taxes whose relationship to each other is such that (i) one corporation owns at least 80 percent of the voting stock of the other or others or (ii) at least 80 percent of the voting stock of two or more corporations is owned by the same interests.

"Compensation" means wages, salaries, commissions and any other form of remuneration paid or accrued to employees for personal services.

"Corporation" includes associations, joint stock companies and insurance companies.

"Domicile" means the permanent place of residence of a taxpayer and the place to which he intends to return even though he may actually reside elsewhere. In determining domicile, consideration may be given to the applicant's expressed intent, conduct, and all attendant circumstances including, but not limited to, financial independence, business pursuits, employment, income sources, residence for federal income tax purposes, marital status, residence of parents, spouse and children, if any, leasehold, sites of personal and real property owned by the applicant, motor vehicle and other personal property registration, residence for purposes of voting as proven by registration to vote, if any, and such other factors as may reasonably be deemed necessary to determine the person's domicile.

"Foreign source income" means:

1. Interest, other than interest derived from sources within the United States;
2. Dividends, other than dividends derived from sources within the United States;
3. Rents, royalties, license, and technical fees from property located or services performed without the United States or from any interest in such property, including rents, royalties, or fees for the use of or the privilege of using without the United States any patents, copyrights, secret processes and formulas, good will, trademarks, trade brands, franchises, and other like properties;
4. Gains, profits, or other income from the sale of intangible or real property located without the United States; and
5. The amount of an individual's share of net income attributable to a foreign source qualified business unit of an electing small business corporation (S corporation). For purposes of this subsection, qualified business unit shall be defined by § 989 of the Internal Revenue Code, and the source of such income shall be determined in accordance with §§ 861, 862 and 987 of the Internal Revenue Code.

In determining the source of "foreign source income," the provisions of §§ 861, 862, and 863 of the Internal Revenue Code shall be applied except as specifically provided in subsection 5 above.

"Income and deductions from Virginia sources" includes:

1. Items of income, gain, loss and deduction attributable to:
 - a. The ownership of any interest in real or tangible personal property in Virginia;
 - b. A business, trade, profession or occupation carried on in Virginia; or
 - c. Prizes paid by the Virginia Lottery Department, and gambling winnings from wagers placed or paid at a location in Virginia.
2. Income from intangible personal property, including annuities, dividends, interest, royalties and gains

59 from the disposition of intangible personal property to the extent that such income is from property employed
60 by the taxpayer in a business, trade, profession, or occupation carried on in Virginia.

61 "Income tax return preparer" means any person who prepares for compensation, or who employs one or
62 more persons to prepare for compensation, any return of tax imposed by this chapter or any claim for refund
63 of tax. For purposes of the preceding sentence, the preparation for compensation of any portion of a return or
64 claim for refund shall be treated as if it were the preparation of the return or claim for refund. A person shall
65 not be an "income tax return preparer" merely because the person:

- 66 1. Furnishes typing, reproducing, or other mechanical assistance;
- 67 2. Prepares a return or claim for refund of the employer (or of an officer or employee of the employer) by
68 whom he is regularly and continuously employed;
- 69 3. Prepares as a fiduciary a return or claim for refund for any person; or
- 70 4. Prepares an application for correction of an erroneous assessment or a protective claim for refund for a
71 taxpayer in response to any assessment pursuant to § 58.1-1812 issued to the taxpayer or in response to any
72 waiver pursuant to § 58.1-101 or 58.1-220 after the commencement of an audit of the taxpayer or another
73 taxpayer if a determination in such audit of such other taxpayer directly or indirectly affects the tax liability
74 of such taxpayer.

75 "*Indexing modification*" means the year-over-year percentage increase, if any, in the Chained Consumer
76 Price Index for All Urban Consumers (C-CPI-U), as published by the Bureau of Labor Statistics of the U.S.
77 Department of Labor, or any predecessor or successor index. If no percentage increase occurs, the indexing
78 modification shall be zero.

79 "Individual" means all natural persons whether married or unmarried and fiduciaries acting for natural
80 persons, but not fiduciaries acting for trusts or estates.

81 "Intangible expenses and costs" means:

- 82 1. Expenses, losses and costs for, related to, or in connection directly or indirectly with the direct or
83 indirect acquisition, use, maintenance or management, ownership, sale, exchange, lease, transfer, or any other
84 disposition of intangible property to the extent such amounts are allowed as deductions or costs in
85 determining taxable income;
- 86 2. Losses related to or incurred in connection directly or indirectly with factoring transactions or
87 discounting transactions;
- 88 3. Royalty, patent, technical and copyright fees;
- 89 4. Licensing fees; and
- 90 5. Other similar expenses and costs.

91 "Intangible property" means patents, patent applications, trade names, trademarks, service marks,
92 copyrights and similar types of intangible assets.

93 "Interest expenses and costs" means amounts directly or indirectly allowed as deductions under § 163 of
94 the Internal Revenue Code for purposes of determining taxable income under the Internal Revenue Code to
95 the extent such expenses and costs are directly or indirectly for, related to, or in connection with the direct or
96 indirect acquisition, use, maintenance, management, ownership, sale, exchange, lease, transfer, or disposition
97 of intangible property.

98 "Nonresident estate or trust" means an estate or trust which is not a resident estate or trust.

99 "Related entity" means:

- 100 1. A stockholder who is an individual, or a member of the stockholder's family enumerated in § 318 of the
101 Internal Revenue Code, if the stockholder and the members of the stockholder's family own, directly,
102 indirectly, beneficially or constructively, in the aggregate, at least 50 percent of the value of the taxpayer's
103 outstanding stock;
- 104 2. A stockholder, or a stockholder's partnership, limited liability company, estate, trust or corporation, if
105 the stockholder and the stockholder's partnerships, limited liability companies, estates, trusts and corporations
106 own directly, indirectly, beneficially or constructively, in the aggregate, at least 50 percent of the value of the
107 taxpayer's outstanding stock; or
- 108 3. A corporation, or a party related to the corporation in a manner that would require an attribution of
109 stock from the corporation to the party or from the party to the corporation under the attribution rules of §
110 318 of the Internal Revenue Code, if the taxpayer owns, directly, indirectly, beneficially or constructively, at
111 least 50 percent of the value of the corporation's outstanding stock. The attribution rules of § 318 of the
112 Internal Revenue Code shall apply for purposes of determining whether the ownership requirements of this
113 subdivision have been met.

114 "Related member" means a person that, with respect to the taxpayer during all or any portion of the
115 taxable year, is a related entity, a component member as defined in § 1563(b) of the Internal Revenue Code,
116 or is a person to or from whom there is attribution of stock ownership in accordance with § 1563(e) of the
117 Internal Revenue Code.

118 "Resident" applies only to natural persons and includes, for the purpose of determining liability for the
119 taxes imposed by this chapter upon the income of any taxable year every person domiciled in Virginia at any
120 time during the taxable year and every other person who, for an aggregate of more than 183 days of the

121 taxable year, maintained his place of abode within Virginia, whether domiciled in Virginia or not. The word
 122 "resident" shall not include any member of the United States Congress who is domiciled in another state.

123 "Resident estate or trust" means:

- 124 1. The estate of a decedent who at his death was domiciled in the Commonwealth;
- 125 2. A trust created by will of a decedent who at his death was domiciled in the Commonwealth; or
- 126 3. A trust created by or consisting of property of a person domiciled in the Commonwealth.

127 "Sales" means all gross receipts of the corporation not allocated under § 58.1-407, except the sale or other
 128 disposition of intangible property shall include only the net gain realized from the transaction.

129 "State," for purposes of Article 10 (§ 58.1-400 et seq.), means any state of the United States, the District
 130 of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, and any
 131 foreign country.

132 "Trust" or "estate" means a trust or estate, or a fiduciary thereof, which is required to file a fiduciary
 133 income tax return under the laws of the United States.

134 "Virginia fiduciary adjustment" means the net amount of the applicable modifications described in
 135 §§ 58.1-322.01, 58.1-322.02, and 58.1-322.04 (including subdivision 1 of § 58.1-322.04 if the estate or trust
 136 is a beneficiary of another estate or trust) which relate to items of income, gain, loss or deduction of an estate
 137 or trust. The fiduciary adjustment shall not include the modification in § 58.1-322.03, except that the amount
 138 of state income taxes excluded from federal taxable income shall be included. The fiduciary adjustment shall
 139 also include the modification in subdivision 7 of § 58.1-322.03 regarding the deduction for the purchase of a
 140 prepaid tuition contract or contribution to a savings trust account.

141 **§ 58.1-320. Imposition of tax.**

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

144 ~~Two~~ For taxable years beginning before January 1, 2026, two percent on income not exceeding in excess
 145 of \$3,000;

146 For taxable years beginning on and after January 1, 2026, two percent on income not in excess of \$3,000,
 147 adjusted each year by the indexing modification;

148 ~~Three~~ For taxable years beginning before January 1, 2026, three percent on income in excess of \$3,000,
 149 but not in excess of \$5,000;

150 For taxable years beginning on and after January 1, 2026, three percent on income in excess of \$3,000
 151 but not in excess of \$5,000, adjusted each year by the indexing modification;

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

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

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

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

160 ~~Five~~ For taxable years beginning before January 1, 2026, five percent on income in excess of \$5,000 but
 161 not in excess of \$17,000 for taxable years beginning January 1, 1990;

162 For taxable years beginning on and after January 1, 2026, five percent on income in excess of \$5,000 but
 163 not in excess of \$17,000, adjusted each year by the indexing modification;

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

166 Five and three-quarters percent on income in excess of \$14,000 for taxable years beginning January 1,
 167 1987, through December 31, 1987;

168 Five and three-quarters percent on income in excess of \$15,000 for taxable years beginning January 1,
 169 1988, through December 31, 1988;

170 Five and three-quarters percent on income in excess of \$16,000 for taxable years beginning January 1,
 171 1989, through December 31, 1989; and

172 ~~Five~~ For taxable years beginning before January 1, 2026, five and three-quarters percent on income in
 173 excess of \$17,000 for taxable years beginning on and after January 1, 1990; and

174 For taxable years beginning on and after January 1, 2026, five and three-quarters percent on income in
 175 excess of \$17,000, adjusted each year by the indexing modification.

176 **§ 58.1-321. Exemptions and exclusions.**

177 A. For the purposes of this section, "Virginia adjusted gross income" means federal adjusted gross
 178 income for the taxable years with the modifications specified in §§ 58.1-322.01 and 58.1-322.02.

179 B. No tax levied pursuant to § 58.1-320 is imposed, nor any return required to be filed, by:

180 1. A single individual where the Virginia adjusted gross income plus the modification specified in
 181 subdivision 5 of § 58.1-322.03 for such taxable year is less than \$11,650 for taxable years beginning on and
 182 after January 1, 2010, but before January 1, 2012.

183 A single individual where the Virginia adjusted gross income plus the modification specified in
 184 subdivision 5 of § 58.1-322.03 for such taxable year is less than \$11,950 for taxable years beginning on and
 185 after January 1, 2012.

186 2. An individual and spouse if their combined Virginia adjusted gross income plus the modification
 187 specified in subdivision 5 of § 58.1-322.03 is less than \$23,300 for taxable years beginning on and after
 188 January 1, 2010 (or one-half of such amount in the case of a married individual filing a separate return) but
 189 before January 1, 2012, and less than \$23,900 for taxable years beginning on and after January 1, 2012 (or
 190 one-half of such amount in the case of a married individual filing a separate return).

191 ~~For the purposes of this section, "Virginia adjusted gross income" means federal adjusted gross income~~
 192 ~~for the taxable years with the modifications specified in §§ 58.1-322.01 and 58.1-322.02.~~

193 3. ~~For taxable years beginning on and after January 1, 2026, the amounts provided in subdivisions 1 and~~
 194 ~~2 shall be adjusted each year by the indexing modification.~~

195 ~~B. C. Persons in the Armed Forces of the United States stationed on military or naval reservations within~~
 196 ~~Virginia who are not domiciled in Virginia shall not be held liable to income taxation for compensation~~
 197 ~~received from military or naval service.~~

198 ~~C. D. For taxable years beginning on and after January 1, 2020, but before January 1, 2026, any amount~~
 199 ~~that is includible in the federal adjusted gross income of an eligible veteran by reason of the whole or partial~~
 200 ~~discharge of any loan described in § 108(f)(5)(B) of the Internal Revenue Code shall be excluded from~~
 201 ~~Virginia adjusted gross income. This exclusion shall apply only to those discharges that (i) are described in~~
 202 ~~clauses (i), (ii), and (iii) of § 108(f)(5)(A) of the Internal Revenue Code and (ii) occur after December 31,~~
 203 ~~2017. For the purposes of this subsection, "eligible veteran" means a veteran who has been rated by the U.S.~~
 204 ~~Department of Veterans Affairs, or its successor agency pursuant to federal law, to have a 100 percent~~
 205 ~~service-connected, permanent, and total disability.~~

206 **§ 58.1-322.03. Virginia taxable income; deductions.**

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

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

215 b. Provided that the taxpayer has not itemized deductions for the taxable year on his federal income tax
 216 return: (i) for taxable years beginning before January 1, 2019, ~~and on and after January 1, 2027,~~ \$3,000 for
 217 single individuals and \$6,000 for married persons (one-half of such amounts in the case of a married
 218 individual filing a separate return); (ii) for taxable years beginning on and after January 1, 2019, but before
 219 January 1, 2022, \$4,500 for single individuals and \$9,000 for married persons (one-half of such amounts in
 220 the case of a married individual filing a separate return); (iii) for taxable years beginning on and after January
 221 1, 2022, but before January 1, 2024, \$8,000 for single individuals and \$16,000 for married persons (one-half
 222 of such amounts in the case of a married individual filing a separate return); (iv) for taxable years beginning
 223 on and after January 1, 2024, but before January 1, 2025, \$8,500 for single individuals and \$17,000 for
 224 married persons (one-half of such amounts in the case of a married individual filing a separate return); and (v)
 225 for taxable years beginning on and after January 1, 2025, but before January 1, 2027, \$8,750 for single
 226 individuals and \$17,500 for married persons (one-half of such amounts in the case of a married individual
 227 filing a separate return). ~~For taxable years beginning on and after January 1, 2026, the amounts provided in~~
 228 ~~clause (v) shall be adjusted each year by the indexing modification.~~ For purposes of this section, any person
 229 who may be claimed as a dependent on another taxpayer's return for the taxable year may compute the
 230 deduction only with respect to earned income.

231 2. a. A deduction in the amount of \$930, *adjusted each year by the indexing modification*, for each
 232 personal exemption allowable to the taxpayer for federal income tax purposes.

233 b. Each blind or aged taxpayer as defined under § 63(f) of the Internal Revenue Code shall be entitled to
 234 an additional personal exemption in the amount of \$800, *adjusted each year by the indexing modification*.

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

237 3. A deduction equal to the amount of employment-related expenses upon which the federal credit is
 238 based under § 21 of the Internal Revenue Code for expenses for household and dependent care services
 239 necessary for gainful employment.

240 4. An additional \$1,000 deduction, *adjusted each year by the indexing modification*, for each child
 241 residing for the entire taxable year in a home under permanent foster care placement as defined in § 63.2-908,
 242 provided that the taxpayer can also claim the child as a personal exemption under § 151 of the Internal
 243 Revenue Code.

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

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

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

253 *c. For taxable years beginning on and after January 1, 2026, the amounts provided by subdivisions a and*
 254 *b shall be adjusted each year by the indexing modification.*

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

258 7. a. A deduction shall be allowed to the purchaser or contributor for the amount paid or contributed
 259 during the taxable year for a prepaid tuition contract or college savings trust account entered into with the
 260 Commonwealth Savers Plan, pursuant to Chapter 7 (§ 23.1-700 et seq.) of Title 23.1. Except as provided in
 261 subdivision b, the amount deducted on any individual income tax return in any taxable year shall be limited to
 262 \$4,000 per prepaid tuition contract or college savings trust account. No deduction shall be allowed pursuant
 263 to this subdivision 7 if such payments or contributions are deducted on the purchaser's or contributor's federal
 264 income tax return. If the purchase price or annual contribution to a college savings trust account exceeds
 265 \$4,000, the remainder may be carried forward and subtracted in future taxable years until the purchase price
 266 or college savings trust contribution has been fully deducted; however, except as provided in subdivision b, in
 267 no event shall the amount deducted in any taxable year exceed \$4,000 per contract or college savings trust
 268 account. Notwithstanding the statute of limitations on assessments contained in § 58.1-312, any deduction
 269 taken hereunder shall be subject to recapture in the taxable year or years in which distributions or refunds are
 270 made for any reason other than (i) to pay qualified higher education expenses, as defined in § 529 of the
 271 Internal Revenue Code or (ii) the beneficiary's death, disability, or receipt of a scholarship. For the purposes
 272 of this subdivision, "purchaser" or "contributor" means the person shown as such on the records of the
 273 Commonwealth Savers Plan as of December 31 of the taxable year. In the case of a transfer of ownership of a
 274 prepaid tuition contract or college savings trust account, the transferee shall succeed to the transferor's tax
 275 attributes associated with a prepaid tuition contract or college savings trust account, including, but not limited
 276 to, carryover and recapture of deductions.

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

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

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

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

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

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

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

305 12. An amount equal to 20 percent of the sum paid by an individual pursuant to Chapter 6 (§ 58.1-600 et
 306 seq.), not to exceed \$500 in each taxable year, in purchasing for his own use the following items of tangible

307 personal property: (i) any clothes washers, room air conditioners, dishwashers, and standard size refrigerators
308 that meet or exceed the applicable energy star efficiency requirements developed by the U.S. Environmental
309 Protection Agency and the U.S. Department of Energy; (ii) any fuel cell that (a) generates electricity using an
310 electrochemical process, (b) has an electricity-only generation efficiency greater than 35 percent, and (c) has
311 a generating capacity of at least two kilowatts; (iii) any gas heat pump that has a coefficient of performance
312 of at least 1.25 for heating and at least 0.70 for cooling; (iv) any electric heat pump hot water heater that
313 yields an energy factor of at least 1.7; (v) any electric heat pump that has a heating system performance factor
314 of at least 8.0 and a cooling seasonal energy efficiency ratio of at least 13.0; (vi) any central air conditioner
315 that has a cooling seasonal energy efficiency ratio of at least 13.5; (vii) any advanced gas or oil water heater
316 that has an energy factor of at least 0.65; (viii) any advanced oil-fired boiler with a minimum annual
317 fuel-utilization rating of 85; (ix) any advanced oil-fired furnace with a minimum annual fuel-utilization rating
318 of 85; and (x) programmable thermostats.

319 13. The lesser of \$5,000 or the amount actually paid by a living donor of an organ or other living tissue
320 for unreimbursed out-of-pocket expenses directly related to the donation that arose within 12 months of such
321 donation, provided that the donor has not taken a medical deduction in accordance with the provisions of §
322 213 of the Internal Revenue Code for such expenses. The deduction may be taken in the taxable year in
323 which the donation is made or the taxable year in which the 12-month period expires.

324 14. For taxable years beginning on and after January 1, 2013, the amount an individual age 66 or older
325 with earned income of at least \$20,000 for the year and federal adjusted gross income not in excess of
326 \$30,000 for the year pays annually in premiums for (i) a prepaid funeral insurance policy covering the
327 individual or (ii) medical or dental insurance for any person for whom individual tax filers may claim a
328 deduction for such premiums under federal income tax laws. As used in this subdivision, "earned income"
329 means the same as that term is defined in § 32(c) of the Internal Revenue Code. The deduction shall not be
330 allowed for any portion of such premiums paid for which the individual has (a) been reimbursed, (b) claimed
331 a deduction for federal income tax purposes, (c) claimed a deduction or subtraction under another provision
332 of this section, or (d) claimed a federal income tax credit or any income tax credit pursuant to this chapter.

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

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

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

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

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

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

346 17. For taxable years beginning before January 1, 2021, up to \$100,000 of the amount that is not
347 deductible when computing federal adjusted gross income solely on account of the portion of subdivision B
348 10 of § 58.1-301 related to Paycheck Protection Program loans.

349 18. For taxable years beginning on and after January 1, 2022, but before January 1, 2025, the lesser of
350 \$500 or the actual amount paid or incurred for eligible educator qualifying expenses. For purposes of this
351 subdivision, "eligible educator" means an individual who for at least 900 hours during the taxable year in
352 which the credit under this section is claimed served as a teacher licensed pursuant to Chapter 15
353 (§ 22.1-289.1 et seq.) of Title 22.1, instructor, student counselor, principal, special needs personnel, or
354 student aide serving accredited public or private primary and secondary school students in Virginia, and
355 "qualifying expenses" means 100 percent of the amount paid or incurred by an eligible educator during the
356 taxable year for participation in professional development courses and the purchase of books, supplies,
357 computer equipment (including related software and services), other educational and teaching equipment, and
358 supplementary materials used directly in that individual's service to students as an eligible educator, provided
359 that such purchases were neither reimbursed nor claimed as a deduction on the eligible educator's federal
360 income tax return for such taxable year.

361 19. For taxable years beginning on and after January 1, 2026, the amount paid or cost incurred for
362 installing a qualifying upgrade required to interconnect a triggering project. No deduction shall be allowed
363 under this section for a taxpayer who has claimed a deduction under subsection I of § 58.1-402 for the same
364 amount paid or cost incurred to install such qualifying upgrade.

365 For purposes of this subdivision, "qualifying upgrade" and "triggering project" have the same meanings as
366 provided for those terms in § 56-596.5.