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SENATE BILL NO. 268

Offered January 14, 2026

A BILL to amend the Code of Virginia by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.15, relating to individual income tax; child tax credit.

Patron—Craig

Referred to Committee on Finance and Appropriations

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.15 as follows:

§ 58.1-339.15. Child tax credit.

A. For purposes of this section, "qualifying child" means the same as that term is defined in § 24 of the Internal Revenue Code.

B. For taxable years beginning on and after January 1, 2027, but before January 1, 2032, an individual or married individuals filing jointly with a household income at or below 300 percent of the federal poverty level in the previous taxable year shall be allowed a refundable credit against the tax levied pursuant to § 58.1-320 for each qualifying child of the taxpayer's household. The amount of the credit shall be equal to the amount of the credit allowed under § 24 of the Internal Revenue Code for each such qualifying child for the same taxable year. Only one credit shall be claimed per such qualifying child.

C. Any credit allowed under this section shall be reduced by the amount of any credit claimed for the same qualifying child pursuant to § 58.1-339.8 in the same taxable year.

D. The aggregate amount of credits allowable under this section shall not exceed \$5 million per taxable year. Credits shall be allocated by the Department on a first-come, first-served basis.

E. If the amount of the credit exceeds the taxpayer's liability for such taxable year, the excess shall be refunded by the Tax Commissioner on behalf of the Commonwealth to the extent and in the manner provided under § 24 of the Internal Revenue Code. Tax credits shall be refunded within 90 days after the filing date of the income tax return on which the individual applies for the refund.

F. No credit shall be allowed under this section to the extent the corresponding federal credit pursuant to § 24 of the Internal Revenue Code has been denied, reduced, or recaptured due to fraud, ineligibility, or noncompliance with federal requirements.

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

INTRODUCED

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