

# Virginia

## What's New

Returns Included	e-File Approved*	e-File Activated
500	12/27/2023	01/08/2024
502	12/27/2023	01/08/2024
502PTET	12/27/2023	01/08/2024
762	11/30/2023	01/18/2024
765	12/27/2023	01/18/2024
770	12/13/2023	01/02/2024
VA760CG, 760PY, 763	11/30/2023	01/18/2024

\*NOTE: Certain return types may not be available for e-file as of the EF approval date. e-File will be activated when the state taxing authority is ready to receive all forms within the applicable package.

## Modified Forms

- **Form 502, Pass-Through Entity Return of Income and Return of Nonresident Withholding Tax –**  
Removed the check box “Electing large partnership”
- **Form 502PTET, Pass-Through Entity Elective Income Tax Form**
  - Added the option “Check here if electing PTE is required to make withholding payments for nonresident corporate owners”
  - Updated line a – “Number of eligible individual and fiduciary nonresident owners”
  - Updated line b – “Number of eligible individual and fiduciary resident owners”
  - Added line c – “Number of ineligible owners”
  - Added line d – “Number of nonresident corporate owners for which the PTE is required to make withholding payments”
  - Renumbered and reworked Section II, line 7 → 7a – “Pass-Through Entity Tax: Multiply Line 6 by 5.75%”
  - Added Section II, line 7b – “Withholding tax due for nonresident corporate owners”
  - Added new Section II total line – “Add amounts on Lines 7a and b and enter the total here”
  - Updated Section III, line 9 – “Extension payment, withholding paid prior to return filing, and other payments”
  - Activated Section III, line 16 check box – “Check this box to indicate that Form 500C is attached” (used if the taxpayer chooses to calculate the addition to tax due because estimated tax was underpaid)
- **Form 762, Return of Tangible Personal Property, Machinery and Tools, and Merchants’ Capital – For Local Taxation Only** – Added line 28(g), “Sporting and photographic equipment”

- **Form 770, Virginia Fiduciary Income Tax Return** – Added line 5(v), “Retroactive Pass-Through Entity Elective Tax Payment Credit”
- **Schedule 500A, Corporation Allocation and Apportionment of Income** – Added the check box “An Internet root infrastructure provider that has entered into a memorandum of understanding with VEDP and meets the criteria outlined in Va. Code 58.1-422.4” to the header of the form
- **Schedule 500CR, Credit Computation Schedule for Corporations**
  - Updated Part 8 – “Vehicle Emissions Testing Equipment Tax Credit”
  - Updated Part 18 – “Green and Alternative Energy Job Creation Tax Credit”
  - Updated Part 27 – “Food Donation Tax Credit”
- **Schedule 502A, Pass-Through Entity Allocation and Apportionment of Income** – Added the check box “An Internet root infrastructure provider that has entered into a memorandum of understanding with VEDP and meets the criteria in VA. Code 58.1-722.5” to the header of the form
- **Schedule 502ADJ, Pass-Through Entity Schedule of Adjustments**
  - Updated line 16 – “Green and Alternative Energy Job Creation Tax Credit”
  - Updated line 25 – “Food Donation Tax Credit”
- **Limited Itemized Deduction Worksheet (Schedule A)** – Updated income amounts on line 6:
  - Single – \$307,400
  - Married Filing Separately – \$184,450
  - Married Filing Jointly, Qualifying Widow(er)/Surviving Spouse – \$368,900
  - Head of Household – \$338,150
- **Schedule CR/CG, Credit Computation Schedule**
  - Expanded to six pages
  - Reserved Part 7 – “Clean Fuel Vehicle Credit”
  - Updated Part 20 – “Green & Alternative Energy Job Creation Tax Credit”
  - Updated Part 32 – “Hardwood Initiative Tax Credit”; activated line B for “Carryover credit from prior years(s)”
  - Added Part 33 – “Firearm Safety Device Tax Credit”
  - Added Part 6, line B, to page 6 – “Carryforward credit from taxable year 2021”
- **Schedule VK-1 (Form 502), Virginia Pass-Through Entity Owner’s Share of Income and Virginia Modifications and Credits** – Updated the following lines on Part 1:
  - Line 16 – “Green and Alternative Energy Job Creation and Tax Credit”
  - Line 25 – “Food Donation Tax Credit”

## Tax Law Changes

- **Firearm Safety Device Tax Credit (New)** – Effective for taxable years beginning January 1, 2023, and before January 1, 2028, a new nonrefundable individual income tax credit is allowed in the amount of up to \$300 for the cost incurred in the purchase of one or more firearm safety devices in an eligible transaction. See the Schedule CR instructions for more details.





- **Retroactive Pass-Through Entity Elective Tax Payment Credit (New)** – Due to the timing of the legislation, implementation of the taxable year 2021 PTET was delayed until late 2023. As a result, the PTE must report the amount of tax year 2021 PTET as a retroactive credit to owners, and the owners may claim their share on their 2023 return.
- **Food Donation Tax Credit (formerly “Food Crop Donation Tax Credit”)**
  - The sunset date has been extended to taxable years beginning before January 1, 2028.
  - The amount of the tax credit has been increased from 30% → 50% of the fair market value of qualifying donations.
  - The maximum annual amount of tax credits that a taxpayer can earn has been increased from \$5,000 → \$10,000.
  - The credit was expanded to include donations of “wholesome food,” defined as food that meets all quality standards imposed by federal, state, and local laws or regulations, including food that may not be readily marketable due to appearance, age, freshness, grade, surplus, or other condition.
- **Green and Alternative Energy Job Creation Tax Credit (formerly “Green Job Creation Tax Credit”)** – Added methane extracted in Planning District 2 to the list of renewable, alternative energy sources
- **Land Preservation Tax Credit** – Increased the amount of the credit that may be claimed by each taxpayer, including amounts carried over from prior taxable years, from \$20,000 → \$50,000
- **Livable Home Tax Credit**
  - The aggregate cap of the credit has been increased from \$1 million to \$2 million.
  - The Department of Housing and Community Development (DHCD) will split the total amount of credit available between (i), the purchase or construction of new residences, and (ii), the retrofitting or renovation of existing residences or residential structures or units. As a result, the amount of credit available for each category has been increased from \$500,000 → \$1 million per fiscal year.
  - The allowable tax credit amount each taxpayer may claim has been increased to (i), \$6,500 for the purchase of each new residence or the construction of each new residential structure or unit, or (ii), 50% of the total amount expended, but not to exceed \$6,500, for the retrofitting or renovation of each existing residence or residential structure or unit.
- **Virginia Housing Opportunity Tax Credit**
  - Carryover credits from the prior year may now be claimed (Section 1, Part 31, Line B).
  - While the credit became effective in tax year 2021, no credit will be granted until calendar year 2023. Taxpayers could reserve the credit beginning in tax year 2021 with the Virginia Housing Authority but credits would not be granted until after the project has been completed. If, for example, the effective date of the project was tax year 2021, taxpayers could then amend their tax year 2021 return and claim the credit in 2023; otherwise, they may begin claiming the credit in 2023 (since there is a five-year carryforward) or transfer their credits.
- **Elective Pass-Through Entity Tax** – Expanded the PTET eligibility by removing the requirement that a PTE must be 100% owned by natural persons or persons eligible to be shareholders of an S Corporation. An “eligible owner” is a direct owner of a pass-through entity or an estate or trust subject to fiduciary income tax. The elective PTE tax only applies to the pro rata or distributive share of income, gain, loss, or deduction attributable to eligible owners.

- **Virginia National Guard Income Subtraction**
  - Increased subtraction salary cap from \$3,000 → \$5,500 for individuals receiving wages or salaries for active or inactive service in the Virginia National Guard
  - Increased credit eligibility ranking limit from 03 and below → 06 and below
- **Retail Company Apportionment** – An affiliated group of corporations with 80% or more of their sales derived from retail company activities may apportion all their income using the single sales factor on a VA consolidated return. This election is effective only in years during which the “80% or more” sales test is met. The election cannot be changed without permission of the Department.
- **Corporate Filing Status for Affiliated Groups** – Effective for applications filed on or after July 1, an affiliated group may elect to change its corporate income tax filing status without the condition that its tax liability for the previous tax year not be decreased by a change in filing status. All other current requirements still apply, including the requirement that the electing affiliated group has filed on the same basis for the preceding 12 years and the affiliated group agrees to compute its tax liability under both the prior filing status and the newly elected filing status and pay the greater of the two amounts for the taxable year in which the request is effective and the immediately succeeding taxable year.

## Supported Forms

The following Virginia forms are supported in Drake Tax 2023. Forms denoted with  can be e-signed.

Form	Description	IND	CRP	SCRIP	PTR	FID
	Schedule VK-1 Consolidated			✓	✓	
<b>500</b>	Virginia Corporation Income Tax Return		✓			
<b>500C</b>	Underpayment of Virginia Estimated Tax by Corporations		✓			
<b>500CP</b>	Virginia Corporate Income Tax Automatic Extension Payment Voucher		✓			
<b>500ES</b>	Virginia Estimated Tax Declaration for Corporations		✓			
<b>500NOLD</b>	Corporation Application for Refund Carryback of Net Operating Loss		✓			
<b>500T</b>	Telecommunications Companies Minimum Tax		✓			
<b>500V</b>	Virginia Corporation Income Tax Payment Voucher		✓			
<b>502</b>	Pass-Through Entity Return of Income and Return of Nonresident Withholding Tax			✓	✓	
<b>502PTET</b>	Pass-Through Entity Elective Income Tax Form			✓	✓	
<b>760C</b>	Underpayment of Virginia Estimated Tax by Individual, Estates and Trusts	✓				
<b>760ES</b>	Virginia Estimated Income Tax Payment Voucher for Individuals	✓				
<b>760F</b>	Underpayment of Virginia Estimated Tax by Farmers, Fishermen and Merchant Seamen	✓				
<b>760IP</b>	Automatic Extension Payment	✓				
<b>760-PMT</b>	Payment Coupon	✓				
<b>760PY</b>	Virginia Part-Year Resident Income Tax Return	✓				
<b>762</b>	Return of Tangible Personal Property, Machinery and Tools, and Merchants' Capital – For Local Taxation Only	✓				
<b>763</b>	Virginia Nonresident Income Tax Return	✓				
<b>763-S</b>	Virginia Special Nonresident Claim for Individual Income Tax Withheld	✓				
<b>765</b>	Unified Nonresident Individual Income Tax Return (Composite Return)			✓	✓	
<b>770</b>	Virginia Fiduciary Income Tax Return					✓
<b>770ES</b>	Virginia Estimated Income Tax Payment Voucher for Estates, Trusts and Pass-Through Entities Filing Unified Nonresident Returns			✓	✓	✓
<b>770IP</b>	Automatic Extension Payment			✓	✓	✓
<b>770-PMT</b>	Payment Coupon					✓
<b>8454P</b>	Paid Tax Preparer Hardship Waiver Request	✓				
<b>PAR 101</b>	Virginia Power of Attorney and Declaration of Representative	✓	✓	✓	✓	✓
<b>PTE</b>	Virginia Pass-Through Credit Allocation			✓	✓	
<b>R-7</b>	Application for Enrollment as a Virginia Authorized Agent	✓	✓	✓	✓	✓
<b>Schedule 500A</b>	Corporation Allocation and Apportionment of Income		✓			
<b>Schedule 500AB</b>	Schedule of Related Entity Add Backs and Exceptions		✓	✓	✓	
<b>Schedule 500AC</b>	Affiliated Corporations Consolidated and Combined Filers		✓			
<b>Schedule 500ADJ</b>	Corporation Schedule of Adjustments		✓			
<b>Schedule 500ADJS</b>	Corporation Income Tax Supplemental Schedule of Adjustments		✓			

Form	Description	IND	CRP	SCRIP	PTR	FID
Schedule 500AP	Modified Apportionment Schedule for VEDP-Certified Companies		✓	✓	✓	
Schedule 500CR	Credit Computation Schedule for Corporations		✓			
Schedule 500EL	Electric Suppliers Corporation Minimum Tax and Credit Schedule		✓			
Schedule 500FED	Corporation Schedule of Federal Line Items		✓			
Schedule 500HS	Home Service Contract Provider Minimum Tax Computation		✓			
Schedule 502A	Pass-Through Entity Allocation and Apportionment of Income			✓	✓	
Schedule 502ADJ	Pass-Through Entity Schedule of Adjustments			✓	✓	
Schedule 502ADJS	Pass-Through Entity Supplemental Schedule of Adjustments			✓	✓	
Schedule PTET ADJ	Virginia Pass-Through Entity Elective Income Tax Schedule of Adjustments			✓	✓	
Schedule 760PY ADJ	Schedule of Adjustments	✓				
Schedule 763 ADJ	Schedule of Adjustments	✓				
Schedule 770-VK-1	Virginia Beneficiary Schedule					✓
Schedule A/CG	Itemized Deductions	✓				
Schedule ADJ/CG	Adjustments Schedule	✓				
Schedule ADJS/CG	Supplemental Schedule for Additions, Subtractions & Deductions	✓		✓	✓	
Schedule CR/CG	Credit Computation Schedule	✓				
Schedule FED/CG	Schedule C and/or Schedule F Information	✓				
Schedule HCI	Health Care Information Schedule	✓				
Schedule INC/CG	W-2s, 1099s, & VK-1s with VA Withholding	✓				
Schedule L (765)	Unified Nonresident Individual Income Tax Return List of Participants			✓	✓	
Schedule OSC/CG	Credit for Taxes Paid to Other State	✓				
Schedule PY ADJS	Supplemental Schedule of Adjustments	✓				
Schedule SVK-1 (502)	Virginia Pass-Through Entity Supplemental Schedule of Owner's Share of Virginia Modifications			✓	✓	
Schedule VAC/CG	Virginia Contributions Schedule	✓				
Schedule VK-1 (502)	Virginia Pass-Through Entity Owner's Share of Income and Virginia Modifications and Credits	✓		✓	✓	✓
VA760CG	Individual Income Tax Return	✓				
VA-8453 	Virginia Individual Income Tax Declaration for Electronic Filing	✓				
VA-8453C 	Virginia Corporation Income Tax Declaration for Electronic Filing		✓			
VA-8453F	Virginia Fiduciary Income Tax Declaration for Electronic Filing					✓
VA-8879 	Virginia Individual Income Tax e-File Signature Authorization	✓				
VA-8879C 	Virginia Corporation Income Tax e-File Signature Authorization		✓			
VA-8879F 	Virginia Fiduciary Income Tax e-File Signature Authorization					✓
VA-8879P 	Virginia Pass-Through Entity Return of Income and Return of Nonresident Withholding Tax e-File Signature Authorization e-File Signature Authorization			✓	✓	