

CPA Assembly Week 2021: General Assembly Session Preview

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Martin Luther King, Jr. Day of Service

- "Everybody can be great... because anybody can serve."
- "Life's most persistent and urgent question is, 'What are you doing for others?'"



Schedule of Events

- Jan. 18, 12 – 12:45 p.m.: Kick-off Webinar
- Jan. 19, 11:30 a.m. – 12:15 p.m.: Budget Overview with Sec. Aubrey Layne
- Jan. 20: Legislator Town Hall
- Jan. 21-22: Outreach to Legislators


Things to Know About the 2021 General Assembly

- ❖ 30-day regular session beginning Jan. 13 to be immediately followed by 16-day special session
 - House will be virtual
 - Senate will hold floor session at Science Museum of Virginia and committee meetings in legislative buildings at Capitol Square
 - ❖ No public access to legislative buildings
 - ❖ Bill introduction limits
 - 7 for House
 - 12 for Senate
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**VSCPA
2021
Legislative
Priorities**

- Conformity to CARES Act and Consolidated Appropriations Act (CAA)
 - COVID-related liability protections for businesses
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Tax Conformity

HB 1935 (Watts) / SB 1146 (Howell)

- Advances date for conformity to Dec. 31, 2020
- Conforms Virginia to individual provisions of CARES Act
- Deconforms with the following business provisions of CARES & CAA
 - Loss-limitation for non-corporate taxpayers
 - Limit on net interest deductions
 - Modification of NOL deduction
 - Deductibility of PPP and EIDL loan expenses
 - Permanent reduction in medical expense floor
- Early passage critical — emergency legislation (retroactively effective immediately upon Governor's approval)
- VSCPA position: **SUPPORT**



**PPP Loan
Forgiveness
Exclusion**

HB 1787 (McNamara) / SB 1394 (Petersen)

- Creates an income tax exclusion for PPP loan forgiveness beginning in tax year 2020
- Senate bill also includes allowing loan expenses to continue to be deductible
- VSCPA position: **SUPPORT**

What is Tax Conformity?

- The adoption of federal **definitions** of income.
 - Individuals: federal adjusted gross income (FAGI)
 - Businesses: federal taxable income (FTI)
- Virginia adopts annually
- Virginia currently conforms to the Internal Revenue Code as it existed on December 31, 2019, with certain exceptions



VSCPA Position on Conformity

The Society supports efforts to establish rolling conformity of Virginia's tax laws to the Internal Revenue Code. Until rolling conformity can be accomplished, the Society supports timely conformity of Virginia's tax laws with federal tax laws.



Without Conformity

Returns would require significant adjustments, essentially requiring taxpayers to complete two federal returns – one that uses the current federal definitions of income and one that uses the definitions as they existed on 12/31/19



Without Timely Passage

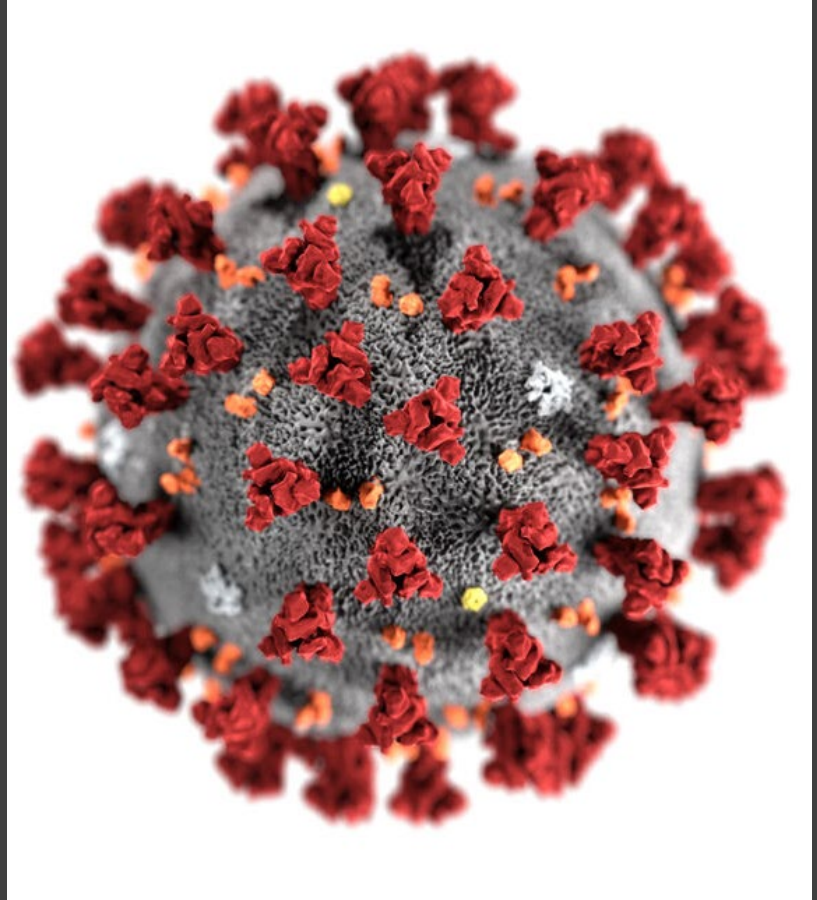
- Significant delays in ability to file returns
- Virginia Department of Taxation and software companies would have to make significant program changes
- Timing of fiscal revenue

Other Tax Bills VSCPA Supports

- **HB 1787 (McNamara)** — Conforms Virginia to IRC changes automatically unless the revenue impact is greater than 0.25% on general fund revenue
- **HB 1956 (Avoli)** — Changes timing of late payment penalties to not be assessed until payment is not made
- **HB 1999 (Murphy)** — Gives Tax Commissioner authority to waive accrual of interest when Governor declares state of emergency
- **HB 2060 (Coyner)** — Creates online portal allow access to taxpayer information for tax practitioners with valid POA

HB 2143 (Miyares)

- Provides limited immunity from civil claims related to COVID-19 transmission, exposure and use of PPE as long as applicable policies, procedures and guidance are followed
- VSCPA position: **SUPPORT**



HB 2259 (Scott)

- Allows the Governor to issue a professional or occupation license to anyone whose application has been denied by the regulatory board overseeing that license
- VSCPA position: **OPPOSE**



Other VSCPA Priorities



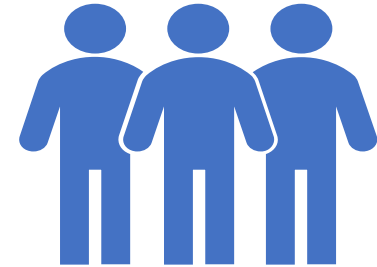
Regulatory reform

Protect practice mobility and substantial equivalency for CPAs



Procurement

Maintain qualifications-based selection



Human resources issues



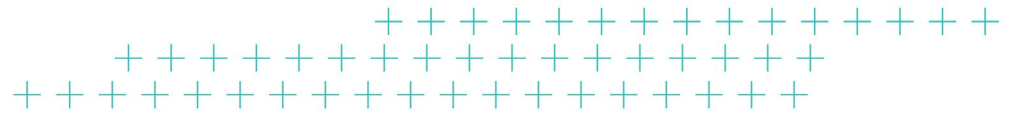
Additional Bills of Interest

SB 1406 (Ebbin/Lucas): Legalization of Marijuana

- Legalizes possession
- Creates licensing, regulatory and tax scheme administered by ABC
- Establishes a work group to look at issues for financial institutions



What
questions do
you have?



Thank you!