

# Senate Bill No. 327

(By Senators Kessler (Mr. President) and M. Hall,  
By Request of the Executive)

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[Introduced January 10, 2014; referred to the Committee  
on Finance.]

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A BILL to amend and reenact §11-24-3 of the Code of West Virginia, 1931, as amended, relating to updating the meaning of “federal adjusted gross income” and certain other terms used in the West Virginia Corporation Net Income Tax Act; and specifying effective dates.

*Be it enacted by the Legislature of West Virginia:*

That §11-24-3 of the Code of West Virginia, 1931, as amended, be amended and reenacted to read as follows:

## **ARTICLE 24. CORPORATION NET INCOME TAX.**

### **§11-24-3. Meaning of terms; general rule.**

- 1           (a) Any term used in this article has the same meaning as
- 2           when used in a comparable context in the laws of the United

3 States relating to federal income taxes, unless a different  
4 meaning is clearly required by the context or by definition in  
5 this article. Any reference in this article to the laws of the  
6 United States means the provisions of the Internal Revenue  
7 Code of 1986, as amended, and any other provisions of the  
8 laws of the United States that relate to the determination of  
9 income for federal income tax purposes. All amendments  
10 made to the laws of the United States after ~~January 1, 2012~~  
11 December 31, 2012, but prior to ~~January 3, 2013~~, January 1,  
12 2014, shall be given effect in determining the taxes imposed  
13 by this article to the same extent those changes are allowed  
14 for federal income tax purposes, whether the changes are  
15 retroactive or prospective, but no amendment to the laws of  
16 the United States made on or after ~~January 3, 2013~~, January  
17 1, 2014, shall be given any effect.

18 (b) The term "Internal Revenue Code of 1986" means  
19 the Internal Revenue Code of the United States enacted by  
20 the federal Tax Reform Act of 1986 and includes the

21 provisions of law formerly known as the Internal Revenue  
22 Code of 1954, as amended, and in effect when the federal  
23 Tax Reform Act of 1986 was enacted that were not  
24 amended or repealed by the federal Tax Reform Act of  
25 1986. Except when inappropriate, any reference in any law,  
26 executive order or other document:

27 (1) To the Internal Revenue Code of 1954 includes a  
28 reference to the Internal Revenue Code of 1986; and

29 (2) To the Internal Revenue Code of 1986 includes a  
30 reference to the provisions of law formerly known as the  
31 Internal Revenue Code of 1954.

32 (c) Effective date. – The amendments to this section  
33 enacted in the year ~~2013~~ 2014 are retroactive to the extent  
34 allowable under federal income tax law. With respect to  
35 taxable years that began prior to January 1, ~~2014~~ 2015, the  
36 law in effect for each of those years shall be fully preserved  
37 as to that year, except as provided in this section.

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(NOTE: The purpose of this bill is to update the meaning of “federal taxable income” and certain other terms in the West Virginia Corporation Net Income Tax Act by bringing them into conformity with their meaning for Internal Revenue Code’s definitions.

Strike-throughs indicate language that would be stricken from the present law, and underscoring indicates new language that would be added.)