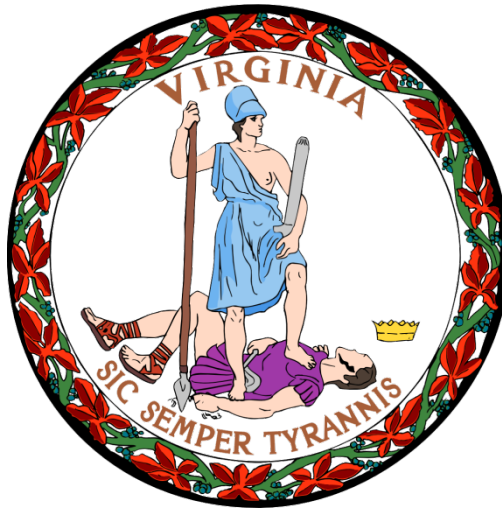


Instructions for Filing

500EZ eForm

Virginia Corporation Income Tax



Commonwealth of Virginia
Department of Taxation
Richmond, Virginia

Form 500EZ Instructions

The Form 500EZ is a shortened version of the existing Form 500 designed to simplify the electronic filing process and help businesses more easily meet electronic filing requirements for corporation income tax returns with the Virginia Department of Taxation (Department).

Taxpayers are not required to submit a copy of their federal Corporation Income tax return to the Department when they file Form 500EZ. However, they must be able to provide a copy of their federal return to the Department upon request.

The fields detailed in these instructions are available after you have certified your eligibility to use the 500EZ. Special instructions for users who answered 'Yes' for Certified HOA / No Tax Liability Use Only are noted as well.

Taxpayer Information Fields

Filing Basis and Taxable Year Ending – You must use the same taxable period on your Virginia return as on your federal return.

- If the business' taxable year is from January 1 to December 31, select **Calendar** and the year.
- If the business' taxable year is not from January 1 to December 31, select **Fiscal** or **Short Return** and select the month for the beginning and end of your taxable year.

Account Number – Enter your 9-digit Federal Employer Identification Number.

Legal Business Name – Enter the full legal business name of the entity for which you are filing.

Mark the applicable checkboxes:

- Initial Filer – This is your first time filing in Virginia. Mark this checkbox and provide the information listed per the Additional Instructions for Initial Filers section.
- Name Change – Your name has changed since your last filing.
- Amended Return – This return is amending a previously filed return.
- Physical Address Change – Your physical address has changed since your last filing.
- Mailing Address Change – Your mailing address has changed since your last filing.
- Nonprofit – The entity for which you are filing is classified as a Nonprofit Organization or Nonprofit Corporation.
- Final Return – If this is the final return, mark the applicable boxes and provide the requested information.

Additional Instructions for Initial Filers

If you select the Initial Filer box, enter the following additional information into the fields provided. These fields only appear if Initial Filer is marked.

Entity Type – Pick the entity type corresponding to your business from the drop-down list.

- | | | | | | |
|------|----|---------------------------|------|---|-------------------------------|
| • CC | – | C-Corp | • CO | – | Cooperative |
| • SC | – | S -Corporation | • PS | – | Public Service |
| • LL | – | Limited Liability Company | • OB | – | Other Business |
| • NZ | – | Non-Profit Organization | • UB | – | Unknown Business |
| • NP | -- | Non-Profit Corporation | • LP | – | Limited Liability Partnership |
| • BA | – | Bank | • PG | – | General Partnership |
| • SL | – | Savings and Loan | • PL | – | Limited Partnership |

Incorporation State or Country – Enter the State or Country in which the business is legally incorporated.

Incorporation Date – Select the date in which the business was legally incorporated.

NAICS Code – Enter the 6-digit North American Industry Classification System (NAICS) code.

Taxpayer Information Fields

Physical Address – Enter the address information for the physical location of the business.

Physical City, State and ZIP – Enter the city, state and ZIP information for the physical location of the business

Mailing Address – Enter address information for the mailing location of the business, if it differs.

NOTE: If it is the same as Physical Address, you have the checkbox option to select “Same as Physical Address.”

Mailing City, State and ZIP – Enter the city, state and ZIP information for the mailing location of the business

500EZ – Field Instructions

Enter the required information into the fields provided.

Federal Taxable Income – Enter taxable income after special deductions for dividends as it appears on the federal income tax return filed with the Internal Revenue Service. If your computations of Federal Taxable Income include a net operating loss deduction, you **may not** file on Form 500EZ.

Total Additions – Enter the total additions to federal taxable income. Review the [Additions](#) section for full details before entering an amount.

- **If not filing as Certified HOA/No Tax Liability**, the amount cannot be greater than \$1,000.00
- **If filing as a Certified HOA/No Tax Liability**, the amount may exceed \$1,000.00

Total Subtractions – Enter the total subtractions to federal taxable income. Review the [Subtractions](#) section for full details before entering an amount.

- **If not filing as Certified HOA/No Tax Liability**, the amount cannot be greater than \$1,000.00
- **If filing as a Certified HOA/No Tax Liability**, the amount may exceed \$1,000.00

Virginia Taxable Income – This field will be computed for you.

Income Tax – This field will be computed for you based on multiplying Virginia Taxable Income by 6%.

[YYYY] Estimated Virginia Income Tax Payments – Enter the total amount paid as estimated income tax for the taxable year selected from the Taxable Year Ending dropdown.

Overpayment Credit from [YYYY] – Enter the amount of overpayment for the previous taxable year, elected as a credit against the current year’s estimated tax.

Extension Payment – Enter the amount of any extension payments.

Total Payments and Credits – This field will be computed for you.

Tax Owed – This field will be computed for you.

Penalty –

- A. **If filed within the extended period and the balance of tax due exceeds 10% of the actual tax liability**, enter 2% per month or fraction thereof of the balance; or
- B. **If filed after the extended due date**, enter 30% of Tax Owed or \$100, whichever is greater.

Interest – Enter the amount due at the underpayment rate established by IRC § 6621, plus 2%, from the due date of the return until payment. This underpayment rate is subject to quarterly adjustment. When penalty is entered above, interest is added from the due date to the date of payment.

Additional Charge from Form 500C – Enter the amount from Line 17, Form 500C.

Amount to be Credited to [YYYY] Estimated Tax – Enter the amount of overpayment that you want credited to the next taxable year's estimated tax, if any.

Total Due or Refund – This field will be computed for you and will denote the tax amount due or amount to be refunded.

500EZ Filing & Payment Instructions

Once you provide all required information for your 500EZ, the eForms system will prompt you to submit the return to the Department. Additional details including your confirmation number will be provided.

You may then choose to pay the amount due with the 500EZ submission per requested direct debit details. You may also opt to pay the amount due separately using the 500V eForm or the ACH Credit method.

Additions to Federal Taxable Income

When reporting your Additions to Federal Taxable Income on Form 500EZ, compute your total Additions and enter it on the line provided. If you are required to report Fixed-Date Conformity Additions (such as Bonus Depreciation or other modifications), you **may not** file Form 500EZ.

500EZ Total Additions to Federal Taxable Income **may include** amounts related to the following:

1. The amount of net income taxes and other taxes, including franchise and excise taxes, which are based on, measured by, or computed with reference to net income, imposed by this state or any other taxing jurisdiction to the extent deducted in determining Federal taxable income. (Va. Code § 58.1-402 B.4.)
2. Interest, less related expenses to the extent not deducted in determining federal taxable income, on obligations of any state other than Virginia or of a political subdivision of any state other than Virginia unless it was created by a compact or agreement to which this state is a party. (Va. Code § 58.1-402 B.1.)
3. Interest or dividends, less related expenses to the extent not deducted in determining federal taxable income, on obligations or securities of any authority, commission or instrumentality of the United States, which the laws of the United States exempt from federal income tax, but not from state income taxes. (Va. Code § 58.1-402 B.2.)
4. Telework Expenses – Corporations that claim the Virginia Telework Expenses Tax Credit are not allowed to exclude those expenses from Virginia taxable income. To the extent excluded from federal taxable income, any expenses incurred by a taxpayer that are used to claim the Telework Expenses Tax Credit must be added to the Virginia return.

Total Additions to income may also include Other Additions (See Va. Code § 58.1-402B).

Subtractions from Federal Taxable Income

When reporting your Subtractions from Federal Taxable Income on Form 500EZ, compute the total of all Subtractions and enter it in the field provided. Please note: if you need to report Fixed-Date Conformity Subtractions (such as Bonus Depreciation or other modifications), you **may not** use Form 500EZ.

Your Subtractions from Federal Taxable Income **may include** the following subtractions:

1. Enter the amount of income (interest, dividends and gain) derived from obligations or the sale or exchange of obligations of the United States and on obligations or securities of any authority, commission or instrumentality of the United States to the extent included in federal taxable income, but exempt from state income taxes under the laws of the United States. This includes, but is not limited to, stocks, bonds, treasury bills and treasury notes. It does not include interest on refunds of federal taxes, equipment purchase contracts or normal business transactions. (Va. Code § 58.1-402 C.1.)
2. Any amounts included under the provisions of IRC § 78. (Va. Code § 58.1-402 C.5.)
3. The amount of any refund or credit for overpayment of income taxes imposed by this state or any other taxing jurisdiction. (Va. Code § 58.1-402 C.4.)
4. Any amount included therein by the operation of IRC § 951 (subpart F income). (Va. Code § 58.1-402 C.7.)
5. Any amount included in federal taxable income which is foreign source income and defined as follows:
 - A. Interest other than interest derived from sources within the United States;
 - B. Dividends other than dividends derived from sources within the United States;
 - C. 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, goodwill, trademarks, trade brands, franchises, and other like properties; and
 - D. Gains, profits, or other income from the sale of intangible or real property located without the United States. (Va. Code § 58.1-402 C.8.)
6. The amount of any dividends received from corporations in which the taxpaying corporation owns fifty percent or more of the voting stock, to the extent they are included in federal taxable income and to the extent not otherwise subtracted from federal taxable income. (Va. Code § 58.1-402 C.10.)
7. Total Subtractions from income may also include Other Subtractions (See Va. Code § 58.1-402C).