

To Whom It May Concern:

During the 2022 Session, the Virginia General Assembly enacted House Bill 453 (2022 Acts of Assembly, Chapter 256) and Senate Bill 346 (2022 Acts of Assembly, Chapter 257), which allow property information and analytics firms that have a signed memorandum of understanding with the Virginia Economic Development Partnership Authority, and meet certain job creation and investment criteria to use a hybrid sales factor when filing Virginia corporate income tax returns. For sales of other than sales of tangible personal property, the hybrid sales factor uses a market-based sourcing rule for sales of services and the standard cost of performance rule for all other non-service sales. Under this legislation, market-based sourcing is based upon where the benefit of the service is received.

These Acts require the Department of Taxation (“the Department”) to conduct a public hearing to seek counsel from interested groups prior to promulgating guidelines, preliminary or final, regarding the use of market-based sourcing by such property information and analytics firms. The Department is required to publish preliminary guidelines by December 31, 2022, and final guidelines by December 31, 2023.

In order to fulfill the public hearing requirement, the Department is hosting a meeting in Richmond regarding the use of market-based sourcing by qualifying property information and analytics firms on September 7, 2022 at 2PM. Those interested in attending may attend either in person or virtually. If you have not previously been contacted by the Department regarding attending this meeting, please let me know whether you plan on participating, and if you have any questions or concerns regarding this meeting. If you have previously been contacted by the Department regarding attending this meeting and you let us know that you are attending, no action is required on your part at this time. Additional details regarding the meeting will be provided in the near future.

Sincerely,

Ryan Cunningham