



TAX BULLETIN 19-9
Virginia Department of Taxation
December 4, 2019

**IMPORTANT INFORMATION REGARDING
VIRGINIA'S OVERALL LIMIT ON ITEMIZED DEDUCTIONS**

INDEXED AMOUNTS OF THE LIMITATION FOR TAXABLE YEAR 2019

Under legislation enacted by the 2019 General Assembly (House Bill 2529, Chapter 17 of 2019 Acts of Assembly and Senate Bill 1372, Chapter 18 of 2019 Acts of Assembly), Virginia deconforms from the provision of the federal Tax Cuts and Jobs Act ("TCJA") that suspends the overall limit on itemized deductions (the "Pease Limitation"), thereby reinstating the limitation for Virginia income tax purposes. This bulletin provides information to taxpayers regarding Virginia's Pease limitation.

During the 2019 General Assembly Session, legislation was enacted that deconforms Virginia from the provision of the TCJA that suspends the Pease limitation. Virginia's deconformity from such provision is effective beginning with Taxable Year 2019. The legislation has the effect of reinstating the Pease limitation for Virginia income tax purposes only beginning with Taxable Year 2019. For Taxable Year 2018, Virginia conformed to the federal suspension of the limitation and did not impose a Virginia-specific Pease limitation.

The base amounts for the federal Pease limitation are specified in IRC § 68. These amounts are subject to an annual cost of living adjustment under IRC § 1(f)(3). The Internal Revenue Service ("IRS") has historically published the adjusted amounts of the Pease limitation in guidance each fall. However, with the federal suspension of the Pease limitation, the IRS stopped publishing the adjusted amounts after 2017. Therefore, in order to determine the amounts of the Virginia-specific Pease limitation for Taxable Year 2019, the Department was required to determine the cost of living adjustment to the Pease limitation as specified in IRC §§ 1(f)(3) and

68. For Taxable Year 2019, the amounts of the Virginia-specific Pease limitation amounts are:

- \$326,050 if married filing jointly or a qualifying widow(er);
- \$298,850 if a head of household;
- \$271,700 if single; and
- \$163,025 if married filing separately.

For additional guidance regarding Virginia's Pease limitation, please refer to Virginia's 2019 individual income tax forms and instructions. If you have additional questions, please visit <https://www.tax.virginia.gov>, or contact the Department at (804) 367-8031.