1	S.41
2	Introduced by Senator Ashe
3	Referred to Committee on
4	Date:
5	Subject: Corporate income taxation; eliminating deductions for settlements or
6	judgments with a governmental entity
7	Statement of purpose of bill as introduced: This bill proposes to disallow
8	corporate income tax deductions for the payment of compensatory and punitive
9	damages to a government.
10 11	An act relating to disallowing corporate income tax deductions for the payment of compensatory and punitive damages to a government
12	It is hereby enacted by the General Assembly of the State of Vermont:
13	Sec. 1. 32 V.S.A. § 5811 is amended to read:
14	§ 5811. DEFINITIONS
15	The following definitions shall apply throughout this chapter unless the
16	context requires otherwise:
17	* * *
18	(18) "Vermont net income" means, for any taxable year and for any
19	corporate taxpayer:

20

1	(A) the taxable income of the taxpayer for that taxable year under the
2	laws of the United States, without regard to 26 U.S.C. § 168(k) of the Internal
3	Revenue Code, and excluding income which under the laws of the United
4	States is exempt from taxation by the states:
5	(i) increased by:
6	(I) the amount of any deduction for State and local taxes on or
7	measured by income, franchise taxes measured by net income, franchise taxes
8	for the privilege of doing business and capital stock taxes; and
9	(II) to the extent such income is exempted from taxation under
10	the laws of the United States by the amount received by the taxpayer on and
11	after January 1, 1986 as interest income from State and local obligations, other
12	than obligations of Vermont and its political subdivisions, and any dividends
13	or other distributions from any fund to the extent such dividend or distribution
14	is attributable to such Vermont State or local obligations;
15	(III) the amount of any deduction for a federal net operating
16	loss; and
17	(IV) the amount of any deduction for any amount paid or
18	incurred for compensatory or punitive damages in connection with any
19	judgment in, or settlement of, any action against a government; and

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- 1 Sec. 2. EFFECTIVE DATE
- 2 Notwithstanding 1 V.S.A. § 214, this act shall apply retroactively to
- 3 January 1, 2017, and shall apply to taxable years beginning after that date.