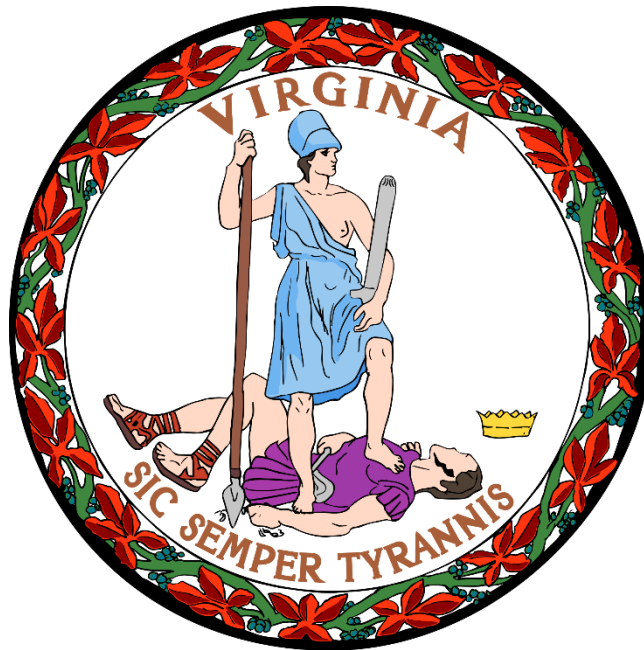


# Virginia Department of Taxation



## Pass-Through Entity Business Rules

Tax Year 2020



## Virginia Pass-Through Entity Business Rules – Change History

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Revision Date	Section	Description
10/16/20	Tax Year 2020 Rules	Original Posting
10/16/20	502-175	New Business Rule for an Amended Form 502 with Reason Code 02 to include Form 502FED-1.
10/16/20	502-179	New Business Rule for an Amended Form 502 with Reason Code 30 to include an explanation.
10/16/20	502ADJ-050	Removed Schedule 502ADJ Line 37 ( <i>Total Coalfield Employment Enhancement Tax Credit allowable this year</i> ).
10/16/20	502ADJ-060	Removed Schedule 502ADJ Line 3 ( <i>Enterprise Zone Act – General Tax Credit</i> ) and Line 11 ( <i>Clean-Fuel Vehicle Job Creation Tax Credit</i> ).
12/16/20	502-175	Removed rule ( Form 502FED-1 must be present for an Amended Return with Reason Code 02.) to allow an Amended 502 with Reason Code 02 without the 502FED-1 XML. If your Software does not support the 502FED-1 in XML format, you can attach a PDF of the 502FED-1 for these scenarios.

## Appendix A – PTE – Schema Validation Business Rules

Rule Number	Business Rules
<b>VAFForms – 001</b>	The total count PDF files does not equal to the total count provided in schema header.
<b>VAFForms – 002</b>	The PDF Files cannot be found in the submission.
<b>VAFForms – 003</b>	The document ID could not be found in the submission.
<b>VAFForms – 004</b>	Document does not pass the schema validation.

## Appendix B – PTE – Business Rules

### Form 502

Rule Number	Business Rules
<b>502-010</b>	The Federal PTE Form (federal Form 1120S or federal Form 1065 or federal Form 1065B) must exist.
<b>502-020</b>	If the Change in Fiscal Year check box is populated, Fiscal or Short Year Filer Beginning Date and Ending Date are required.
<b>502-025</b>	Tax Period Beginning Date cannot be greater than Tax Period Ending Date.
<b>502-030</b>	Schedule 502A must exist when Line 7 (Virginia apportionment percentage) is populated with a value less than 100 %.
<b>502-031</b>	Schedule 500AP XML must be present when Certified Company Apportionment - checkbox is populated.
<b>502-050</b>	Form 502, Line 1 (Total of taxable income amounts) must equal Schedule 502A, Section C, Line 1 (Total of Taxable Income Amounts).
<b>502-060</b>	Form 502, Line 4 (Income allocated to Virginia) must equal Schedule 502A, Section C, Line 2 (Commercial domicile is in Virginia).
<b>502-070</b>	Form 502, Line 5 (Income allocated outside of Virginia) must equal Schedule 502A Section C Line 3e (Allocable income).
<b>502-080</b>	Form 502 Line 6 (Apportionable income) must equal Schedule 502A Section C Line 4 (Apportionable income).
<b>502-090</b>	Form 502, Line 12 (Total additions) must be equal to the sum of Schedule 502ADJ, Section A (Total Additions).
<b>502-100</b>	Form 502, Line 13 (Total additions) must equal the sum of Line 8 (Fixed-date conformity-depreciation), Line 9 (Fixed-date conformity-other), Line 10 (Net Income or other tax used as a deduction in determining taxable income), Line 11 (Interest on municipal or state obligations other than from Virginia) and Line 12 (Total additions).
<b>502-110</b>	Form 502, Line 17 (Total subtractions) must be equal to the sum of Schedule 502ADJ, Section B (Total Subtractions).
<b>502-120</b>	Form 502, Line 18 (Total subtractions) must equal the sum of Line 14 (Fixed-date conformity-depreciation), Line 15 (Fixed date conformity-other, Line 16 (Income from obligations of the United States, Line 17 (Total subtractions).
<b>502-130</b>	Form 502, Line 19 (Total nonrefundable credits) must equal Schedule 502ADJ, Section C, Line 33 (Total Nonrefundable Credits).
<b>502-140</b>	Form 502, Line 20 (Total refundable credits) must equal Schedule 502ADJ, Section C Line 41 (Total Refundable Credits).
<b>502-150</b>	Form 502, Section 4, Line 12 (Amount of withholding overpayment to be refunded), must equal the difference of Form 502, Section 4, Line 10 (Net Overpayment) and Form 502, Section 4, Line 11 (Amount of withholding overpayment to be credited to next year).
<b>502-160</b>	Vendor ID must be valid/approved.
<b>502-170</b>	FEIN cannot duplicate the FEIN of a previously accepted original return for the tax year being filed.
<b>502-179</b>	Explanation must be provided for an Amended Return with Reason Code 30.

**Schedule 502A**

Rule Number	Business Rules
<b>502A-040</b>	If Schedule 502A Section A, Motor Carrier Line 1 Exception 1 checkbox or Exception 2 checkbox is populated, an amount must be in Section B, Line 1 Columns 1, 2 and 3.

**Schedule 502ADJ**

Rule Number	Business Rules
<b>502ADJ-010</b>	Schedule 502ADJ, Section A, Line 5 (Total Additions) must equal the sum of all Additions Amounts.
<b>502ADJ-020</b>	Explanation must be provided for Addition Code 99.
<b>502ADJ-030</b>	Schedule 502ADJ, Section B, Line 5 (Total Subtractions) must equal the sum of all Subtractions Amounts.
<b>502ADJ-040</b>	Explanation must be provided for Subtraction Code 99.
<b>502ADJ-050</b>	Schedule 502ADJ, Section C, Line 41 (Total Refundable Credits) must equal the total of Lines 34, 39, and 40.
<b>502ADJ-060</b>	Total Nonrefundable Credits on Schedule 502ADJ Line 33 must equal the sum of all Nonrefundable Credits on Schedule 502ADJ Section C Lines 1, 2, 4-10, 12-14 and 17-32.
<b>502ADJ-070</b>	A Certification Number is only valid for Subtraction Codes 53 and 54. A Certification Number should not be populated for any other Subtraction Codes.

**Financials**

Rule Number	Business Rules
<b>FIN-011</b>	State Payment identified as International ACH Transaction (IAT) is not eligible for e-File.
<b>FIN-034</b>	For timely filed returns, the Requested Payment Date must be on or before the original Return Due Date.
<b>FIN-035</b>	You cannot request a future payment date for returns submitted after the original due date. The Payment Date must be blank or the same as the return submitted date. Your payment will be processed within a day or two of processing your return.
<b>FIN-100</b>	The Requested Payment Amount cannot exceed the amount owed.
<b>FIN-105</b>	The Requested Payment Date cannot be before the Return Submit Date.