



This Week in State Tax (TWIST)

February 27, 2023



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Multistate: Conformity Legislation Update

Recently, certain fixed date states have advanced their conformity to the Internal Revenue Code or have legislation pending signature that would do so. In Arizona, Senate Bill 1171, which has passed both chambers, updates the state's conformity to the Internal Revenue Code in effect on January 1, 2023, including those provisions that became effective during 2022 with the specific adoption of all retroactive effective dates. Idaho House Bill 21 (signed Feb. 15, 2023) redefines the term "Internal Revenue Code" to mean the Code as amended and in effect on January 1, 2023. This change is effective retroactively to January 1, 2023. South Dakota Senate Bill 29 adopts the Internal Revenue Code as in effect on January 1, 2023 for the purposes of the bank franchise tax. In Virginia, two identical emergency bills that have each passed both chambers (House Bill 1595 and Senate Bill 882) would, once signed, advance Virginia's date of conformity to the Internal Revenue Code from December 31, 2021, to December 31, 2022.

In West Virginia, House Bill 2777 (signed Feb. 14, 2023) provides that "all amendments made to the laws of the United States after December 31, 2021, but prior to January 1, 2023, shall be given effect in determining the taxes imposed by this article to the same extent those changes are allowed for federal income tax purposes, whether the changes are retroactive or prospective, but no amendment to the laws of the United States made on or after January 1, 2023, shall be given any effect." Stay tuned to TWIST for additional conformity updates.



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