



# Virginia

Overall Rank	Corporate Tax Rank	Individual Income Tax Rank	Sales Tax Rank	Property Tax Rank	Unemployment Insurance Tax Rank
28	24	36	10	22	38

Virginia's tax code includes all major tax types. The state's individual income tax has remained stable over the past three decades. However, this stability is not necessarily a positive factor, as many states have implemented significant income tax reforms in recent years, leaving Virginia behind. With four tax brackets that are not adjusted for inflation, the state's progressive income tax has a top marginal rate higher than several of its neighbors, including West Virginia, North Carolina, and Tennessee.

While Virginia's flat corporate income tax rate of 6 percent is above the national average, it is lower than most of Virginia's neighbors (except North Carolina). The state conforms to the federal treatment of net operating losses, does not have a throwback rule, and does not impose statewide gross receipts or capital stock taxes. However, Virginia allows municipalities to establish local gross receipts taxes and does not permit businesses to claim bonus depreciation, which negatively impacts the state's tax competitiveness. Implementing permanent full expensing is thus one of the possible reforms that could improve Virginia's business tax climate.

Virginia's sales tax is relatively competitive, though the state could improve by broadening its base to include more consumer services (but not business inputs) and making local sales taxes more uniform. Additionally, Virginia is one of the few states that still imposes a car tax at the local level. However, the state does not impose estate or inheritance taxes, making it more appealing to wealthy households and retirees.