



State of West Virginia  
 Department of Administration  
 Purchasing Division  
 2019 Washington Street East  
 Post Office Box 50130  
 Charleston, WV 25305-0130

# Request for Quotation

RFQ NUMBER  
**TAX08010**

PAGE  
**1**

ADDRESS CORRESPONDENCE TO ATTENTION OF  
**SHELLY MURRAY  
 304-558-8801**

RFQ COPY  
 TYPE NAME/ADDRESS HERE

VENDOR

SHIP TO

DEPARTMENT OF TAX & REVENUE  
 VARIOUS LOCALES AS  
 INDICATED BY ORDER

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B	FREIGHT TERMS
10/31/2007				

BID OPENING DATE: **11/20/2007** BID OPENING TIME **01:30PM**

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
REQUEST FOR QUOTATION						
THE PURCHASING DIVISION IS SOLICITING BIDS FOR THE WV STATE TAX DEPARTMENT TO PROVIDE 2007 COMBINED CORPORATION NET INCOME/BUSINESS FRANCHISE TAX INSTRUCTIONS & FORMS.						
ATTACHMENTS: SPECIFICATIONS SAMPLES PURCHASING AFFIDAVIT						
INQUIRIES: WRITTEN QUESTIONS SHALL BE ACCEPTED THROUGH CLOSE OF BUSINESS ON WEDNESDAY, NOVEMBER 14, 2007. QUESTIONS MAY BE SENT VIA USPS, FAX, COURIER, OR EMAIL. IN ORDER TO ASSURE NO VENDOR RECEIVES AN UNFAIR ADVANTAGE, NO SUBSTANTIVE QUESTIONS WILL BE ANSWERED ORALLY. IF POSSIBLE, EMAIL QUESTIONS ARE PREFERRED. ADDRESS INQUIRES TO:						
SHELLY MURRAY DEPARTMENT OF ADMINISTRATION PURCHASING DIVISION 2019 WASHINGTON STREET, EAST CHARLESTON, WV 25311 FAX: 304-558-4115 EMAIL: SMURRAY@WVADMIN.GOV						
0001	1	LS		966-50		
	PRINTING					

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE	TELEPHONE	DATE
TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE

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**GENERAL TERMS & CONDITIONS  
REQUEST FOR QUOTATION (RFQ) AND REQUEST FOR PROPOSAL (RFP)**

1. Awards will be made in the best interest of the State of West Virginia.
2. The State may accept or reject in part, or in whole, any bid.
3. All quotations are governed by the *West Virginia Code* and the *Legislative Rules* of the Purchasing Division.
4. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required \$125.00 registration fee.
5. All services performed or goods delivered under State Purchase Orders/Contracts are to be continued for the term of the Purchase Order/Contract, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods, this Purchase Order/Contract becomes void and of no effect after June 30.
6. Payment may only be made after the delivery and acceptance of goods or services.
7. Interest may be paid for late payment in accordance with the *West Virginia Code*.
8. Vendor preference will be granted upon written request in accordance with the *West Virginia Code*.
9. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
10. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.
11. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern all rights and duties under the Contract, including without limitation the validity of this Purchase Order/Contract.
12. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.
13. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, this Contract may be deemed null and void, and terminated without further order.
14. **HIPAA Business Associate Addendum -** The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, and available online at the Purchasing Division's web site (<http://www.state.wv.us/admin/purchase/vrc/hipaa.htm>) is hereby made part of the agreement. Provided that, the Agency meets the definition of a Covered Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor.

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**INSTRUCTIONS TO BIDDERS**

1. Use the quotation forms provided by the Purchasing Division.
2. **SPECIFICATIONS:** Items offered must be in compliance with the specifications. Any deviation from the specifications must be clearly indicated by the bidder. Alternates offered by the bidder as **EQUAL** to the specifications must be clearly defined. A bidder offering an alternate should attach complete specifications and literature to the bid. The Purchasing Division may waive minor deviations to specifications.
3. Complete all sections of the quotation form.
4. Unit prices shall prevail in cases of discrepancy.
5. All quotations are considered F.O.B. destination unless alternate shipping terms are clearly identified in the quotation.
6. **BID SUBMISSION:** All quotations must be delivered by the bidder to the office listed below prior to the date and time of the bid opening. Failure of the bidder to deliver the quotations on time will result in bid disqualifications.

**SIGNED BID TO:**

Department of Administration  
Purchasing Division  
2019 Washington Street East  
Post Office Box 50130  
Charleston, WV 25305-0130



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<p><b>CANCELLATION:</b> THE DIRECTOR OF PURCHASING RESERVES THE RIGHT TO CANCEL THIS CONTRACT IMMEDIATELY UPON WRITTEN NOTICE TO THE VENDOR IF THE COMMODITIES AND/OR SERVICES SUPPLIED ARE OF AN INFERIOR QUALITY OR DO NOT CONFORM TO THE SPECIFICATIONS OF THE BID AND CONTRACT HEREIN.</p> <p><b>OPEN MARKET CLAUSE:</b> THE DIRECTOR OF PURCHASING MAY AUTHORIZE A SPENDING UNIT TO PURCHASE ON THE OPEN MARKET, WITHOUT THE FILING OF A REQUISITION OR COST ESTIMATE, ITEMS SPECIFIED ON THIS CONTRACT FOR IMMEDIATE DELIVERY IN EMERGENCIES DUE TO UNFORESEEN CAUSES (INCLUDING BUT NOT LIMITED TO DELAYS IN TRANSPORTATION OR AN UNANTICIPATED INCREASE IN THE VOLUME OF WORK.)</p> <p><b>QUANTITIES:</b> QUANTITIES LISTED IN THE REQUISITION ARE APPROXIMATIONS ONLY, BASED ON ESTIMATES SUPPLIED BY THE STATE SPENDING UNIT. IT IS UNDERSTOOD AND AGREED THAT THE CONTRACT SHALL COVER THE QUANTITIES ACTUALLY ORDERED FOR DELIVERY DURING THE TERM OF THE CONTRACT, WHETHER MORE OR LESS THAN THE QUANTITIES SHOWN.</p> <p><b>ORDERING PROCEDURE:</b> SPENDING UNIT(S) SHALL ISSUE A WRITTEN STATE CONTRACT ORDER (FORM NUMBER WV-39) TO THE VENDOR FOR COMMODITIES COVERED BY THIS CONTRACT. THE ORIGINAL COPY OF THE WV-39 SHALL BE MAILED TO THE VENDOR AS AUTHORIZATION FOR SHIPMENT, A SECOND COPY MAILED TO THE PURCHASING DIVISION, AND A THIRD COPY RETAINED BY THE SPENDING UNIT.</p> <p><b>BANKRUPTCY:</b> IN THE EVENT THE VENDOR/CONTRACTOR FILES FOR BANKRUPTCY PROTECTION, THIS CONTRACT IS AUTOMATICALLY NULL AND VOID, AND IS TERMINATED WITHOUT FURTHER ORDER.</p> <p><b>THE TERMS AND CONDITIONS CONTAINED IN THIS CONTRACT</b></p>						

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<p>SHALL SUPERSEDE ANY AND ALL SUBSEQUENT TERMS AND CONDITIONS WHICH MAY APPEAR ON ANY ATTACHED PRINTED DOCUMENTS SUCH AS PRICE LISTS, ORDER FORMS, SALES AGREEMENTS OR MAINTENANCE AGREEMENTS, INCLUDING ANY ELECTRONIC MEDIUM SUCH AS CD-ROM.</p> <p>REV. 04/11/2001</p> <p>PURCHASING CARD ACCEPTANCE: THE STATE OF WEST VIRGINIA CURRENTLY UTILIZES A VISA PURCHASING CARD PROGRAM WHICH IS ISSUED THROUGH A BANK. THE SUCCESSFUL VENDOR MUST ACCEPT THE STATE OF WEST VIRGINIA VISA PURCHASING CARD FOR PAYMENT OF ALL ORDERS PLACED BY ANY STATE AGENCY AS A CONDITION OF AWARD.</p> <p style="text-align: center;">VENDOR PREFERENCE CERTIFICATE</p> <p>CERTIFICATION AND APPLICATION* IS HEREBY MADE FOR PREFERENCE IN ACCORDANCE WITH WEST VIRGINIA CODE, 5A-3-37 (DOES NOT APPLY TO CONSTRUCTION CONTRACTS).</p> <p>A. APPLICATION IS MADE FOR 2.5% PREFERENCE FOR THE REASON CHECKED:</p> <p>( ) BIDDER IS AN INDIVIDUAL RESIDENT VENDOR AND HAS RESIDED CONTINUOUSLY IN WEST VIRGINIA FOR FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION; OR</p> <p>( ) BIDDER IS A PARTNERSHIP, ASSOCIATION OR CORPORATION RESIDENT VENDOR AND HAS MAINTAINED ITS HEAD-QUARTERS OR PRINCIPAL PLACE OF BUSINESS CONTINUOUSLY IN WEST VIRGINIA FOR FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION; OR 80% OF THE OWNERSHIP INTEREST OF BIDDER IS HELD BY ANOTHER INDIVIDUAL,</p>						

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<p>PARTNERSHIP, ASSOCIATION OR CORPORATION RESIDENT VENDOR WHO HAS MAINTAINED ITS HEADQUARTERS OR PRINCIPAL PLACE OF BUSINESS CONTINUOUSLY IN WEST VIRGINIA FOR FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION; OR</p> <p>( ) BIDDER IS A CORPORATION NONRESIDENT VENDOR WHICH HAS AN AFFILIATE OR SUBSIDIARY WHICH EMPLOYS A MINIMUM OF ONE HUNDRED STATE RESIDENTS AND WHICH HAS MAINTAINED ITS HEADQUARTERS OR PRINCIPAL PLACE OF BUSINESS WITHIN WEST VIRGINIA CONTINUOUSLY FOR THE FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION.</p> <p>B. APPLICATION IS MADE FOR 2.5% PREFERENCE FOR THE REASON CHECKED:</p> <p>( ) BIDDER IS A RESIDENT VENDOR WHO CERTIFIES THAT, DURING THE LIFE OF THE CONTRACT, ON AVERAGE AT LEAST 75% OF THE EMPLOYEES WORKING ON THE PROJECT BEING BID ARE RESIDENTS OF WEST VIRGINIA WHO HAVE RESIDED IN THE STATE CONTINUOUSLY FOR THE TWO YEARS IMMEDIATELY PRECEDING SUBMISSION OF THIS BID;</p> <p>OR</p> <p>( ) BIDDER IS A NONRESIDENT VENDOR EMPLOYING A MINIMUM OF ONE HUNDRED STATE RESIDENTS OR IS A NONRESIDENT VENDOR WITH AN AFFILIATE OR SUBSIDIARY WHICH MAINTAINS ITS HEADQUARTERS OR PRINCIPAL PLACE OF BUSINESS WITHIN WEST VIRGINIA EMPLOYING A MINIMUM OF ONE HUNDRED STATE RESIDENTS WHO CERTIFIES THAT, DURING THE LIFE OF THE CONTRACT, ON AVERAGE AT LEAST 75% OF THE EMPLOYEES OR BIDDERS' AFFILIATE'S OR SUBSIDIARY'S EMPLOYEES ARE RESIDENTS OF WEST VIRGINIA WHO HAVE RESIDED IN THE STATE CONTINUOUSLY FOR THE TWO YEARS IMMEDIATELY PRECEDING SUBMISSION OF THIS BID.</p>						

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<p>BIDDER UNDERSTANDS IF THE SECRETARY OF TAX &amp; REVENUE DETERMINES THAT A BIDDER RECEIVING PREFERENCE HAS FAILED TO CONTINUE TO MEET THE REQUIREMENTS FOR SUCH PREFERENCE, THE SECRETARY MAY ORDER THE DIRECTOR OF PURCHASING TO: (A) RESCIND THE CONTRACT OR PURCHASE ORDER ISSUED; OR (B) ASSESS A PENALTY AGAINST SUCH BIDDER IN AN AMOUNT NOT TO EXCEED 5% OF THE BID AMOUNT AND THAT SUCH PENALTY WILL BE PAID TO THE CONTRACTING AGENCY OR DEDUCTED FROM ANY UNPAID BALANCE ON THE CONTRACT OR PURCHASE ORDER.</p> <p>BY SUBMISSION OF THIS CERTIFICATE, BIDDER AGREES TO DISCLOSE ANY REASONABLY REQUESTED INFORMATION TO THE PURCHASING DIVISION AND AUTHORIZES THE DEPARTMENT OF TAX AND REVENUE TO DISCLOSE TO THE DIRECTOR OF PURCHASING APPROPRIATE INFORMATION VERIFYING THAT BIDDER HAS PAID THE REQUIRED BUSINESS TAXES, PROVIDED THAT SUCH INFORMATION DOES NOT CONTAIN THE AMOUNTS OF TAXES PAID NOR ANY OTHER INFORMATION DEEMED BY THE TAX COMMISSIONER TO BE CONFIDENTIAL.</p> <p>UNDER PENALTY OF LAW FOR FALSE SWEARING (WEST VIRGINIA CODE 61-5-3), BIDDER HEREBY CERTIFIES THAT THIS CERTIFICATE IS TRUE AND ACCURATE IN ALL RESPECTS; AND THAT IF A CONTRACT IS ISSUED TO BIDDER AND IF ANYTHING CONTAINED WITHIN THIS CERTIFICATE CHANGES DURING THE TERM OF THE CONTRACT, BIDDER WILL NOTIFY THE PURCHASING DIVISION IN WRITING IMMEDIATELY.</p> <p>BIDDER: -----</p> <p>DATE: -----</p>						

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<p><b>SIGNED: -----</b></p> <p><b>TITLE: -----</b></p> <p><b>* CHECK ANY COMBINATION OF PREFERENCE CONSIDERATION(S) IN EITHER "A" OR "B", OR BOTH "A" AND "B" WHICH YOU ARE ENTITLED TO RECEIVE. YOU MAY REQUEST UP TO THE MAXIMUM 5% PREFERENCE FOR BOTH "A" AND "B". (REV. 12/00)</b></p> <p><b>NOTICE</b></p> <p><b>A SIGNED BID MUST BE SUBMITTED TO:</b></p> <p><b>DEPARTMENT OF ADMINISTRATION</b>  <b>PURCHASING DIVISION</b>  <b>BUILDING 15</b>  <b>2019 WASHINGTON STREET, EAST</b>  <b>CHARLESTON, WV 25305-0130</b></p> <p><b>THE BID SHOULD CONTAIN THIS INFORMATION ON THE FACE OF THE ENVELOPE OR THE BID MAY NOT BE CONSIDERED:</b></p> <p><b>SEALED BID</b></p> <p><b>BUYER: SM / FILE 31</b></p> <p><b>RFQ. NO.: TAX08010</b></p> <p><b>BID OPENING DATE: 11/20/2007</b></p>						

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**7**

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				<b>1:30 PM</b>		
<p><b>PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR BID:</b></p> <p>-----</p> <p><b>CONTACT PERSON (PLEASE PRINT CLEARLY):</b></p> <p>-----</p>						
<p><b>***** THIS IS THE END OF RFQ TAX08010 ***** TOTAL:</b></p>						_____

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## PRINTING SPECIFICATIONS

### OPEN END CONTRACT

WEST VIRGINIA COMBINED CORPORATION NET INCOME / BUSINESS FRANCHISE TAX INSTRUCTIONS AND FORMS BOOKLET WITH RETURN ADDRESS LABELS.

QUANTITY: 68,000

### OVERVIEW:

The purpose of this open end contract is to secure the printing and mailing of the Corporation Net Income Tax/Business Franchise Tax Instructions and Forms booklet. This purchase order is divided into two sections: Section 1 - Printing; and Section 2 - Mailing. Printing prices and mailing prices are to be quoted separately. Separate unit price (per thousand) is requested on the printing. Separate unit price (per piece) is requested on the mailing. Successful vendor must obtain bulk rate permit number at post office if other than Charleston, WV. Price for permit and any annual charges must be itemized and are to be included in this bid. All postage will be paid by the State Tax Department. The remainder is to be delivered to the State Tax Department FOB destination with all shipping charges being included in the print price.

Files are encrypted using PGP and then are FTP'd to a secured server provided by vendor or CD ROM/ ZIP DISCS 100MB will be furnished to the vendor, containing the addressing information necessary to prepare labels. Any other use of the information electronically transmitted, contained on the CD ROM/ ZIP DISCS 100MB, conversions or copies thereof, is strictly prohibited. All CD ROM/ZIP DISCS 100 MB must be returned to the State Tax Department within thirty (30) days from the mailing of the packets. Vendor is required to convert the information provided by the State Tax Department into their required formats.

### AWARD:

This purchase order will be awarded to the lowest responsible bidder meeting the requirements of the specifications.

### SECTION 1: PRINTING SPECIFICATIONS

All forms and each page in the return must contain a barcode (barcode 39e HR; point size 26). Additional barcode requirements and exact placement requirements will be provided to the successful vendor.

All versions of the forms must contain a revision date.

Booklet is to be flat size 17" X 11", 50 # No. 1 Grade, white offset, folded to 8 1/2" X 11". Binding is to be saddle stitched with staples at the fold. The finished booklet is to weigh no more than 4 ounces.

Composition – A sample booklet prepared in Adobe PageMaker 7.0 and printed on a 300 DPI HP IIID laser printer will be furnished by the Internal Auditing Division. Although the PageMaker 7.0 files are available for use by the vendor, vendor is required to furnish all composition. Materials furnished may not necessarily be the exact size desired. Vendor is expected to assist in the composition and layout of the booklet.

The booklet is to be typeset with the same type fonts throughout and printed in black ink and dropout red 30% tint ink. The font used in the sample booklet is ARIAL. Page 1 is to have a light gray (10% screen) outline of the State of West Virginia.

All pages are to be full length perforated at the fold or some other alternative perforation subject to approval by the State Tax Department. Page 35 is to be perforated further as indicated in the sample. All perforations are to be done in such a manner as to allow easy separation of pages without damage. Each finished page, when detached, is to measure 8 1/2" X 11". Page 35 must be further perforated so that the card size returns, when detached, measure 7 1/2" X 3 1/2".

Return address labels are to be pre-printed pressure sensitive labels with permanent adhesive. These address labels are to be white and printed as shown in the sample to include instructions and 6 pre-printed labels (desired layout shown on the final page). Labels are to be glued or stapled into the center fold of the booklet in such a manner as to allow easy removal without damage.

Successful bidder must contact Alfred Defranco, Internal Auditing Division, 1001 Lee Street East, Charleston, West Virginia, 25301, telephone number 304-558-8634 immediately after award of bid and prior to any proofs being prepared to receive and discuss "final copy".

Two copies of proofs are required within 10 working days, or some other time frame acceptable to the State Tax Department, from the date of the release order stating the exact quantity to be ordered. One copy of the proofs will be returned to the printer within 10 working days of the date received indicating approval or required corrections. Corrected proofs, if necessary, must be furnished to the State Tax Department. Prior to printing the booklets, printer must furnish a blue-line proof (actual mockup) for final approval.

The State Tax Department reserves the right to make any changes or corrections to proofs required by the Secretary's, Tax Commissioner's, or Legislature's directive before final approval without cost to the Department.

The Vendor is solely responsible for all work performed under the contract and shall assume prime contractor responsibility for all services offered and products to be delivered under the terms of this contract. The State will consider the Vendor to be the sole point of contact with regard to all contractual matters. The Vendor may, with the prior written consent of the State, enter into written subcontracts for performance of work under this contract; however, the vendor is totally responsible for payment of all subcontractors.

All printing matter is to be boxed and palletized (when applicable), each box not to exceed 40 LBS. in weight and 100 inches in girth. Each box is to be labeled as to form name, total forms per box and the year from the front of the packet.

Delivery of this order (except for packets needed for the January mailing by the vendor selected to mail the packets) must be made to the State Tax Department's warehouse at 1315 Hansford Street, Charleston, West Virginia, 25301, on or before January 2, 2008. Successful bidder must contact Alfred DeFranco at 304-558-8634 to find out the quantities to be delivered to the Department's Warehouse and the quantities to be held for January mailing.

According to West Virginia State Code §5A-3-4(8), the successful bidder agrees that liquidated damages shall be imposed at the rate of \$1,000.00 per day for failure to provide deliverables, meet goals identified to keep the project on target or failure to meet specified deadlines. This clause shall in no way be considered exclusive and shall not limit the State of West Virginia or the State Tax Department's right to pursue any other additional remedy to which the State of West Virginia or the State Tax Department may have legal cause for action including further damages and penalties against the successful bidder.

Forms are to be shipped FOB destination.

## **SECTION 2: MAILING SPECIFICATIONS**

Mailing services includes the preparation of address labels (Avery Item 5960, 1" X 2-5/8", or equivalent), that will be supplied by the vendor, based upon data supplied by the Department from the Department's database. The Department will supply the information to be printed on the labels via encrypted files using PGP and then FTP'd to a secured server provided by the vendor or on CD ROM/ZIP DISCS 100MB, with file layout. The Mailer must be U.S. Postal Service CASS certified and have current database for inclusion of ZIP +4, carrier route # and postnet bar codes in the address labels. The mailer must take the Department's data and convert it to zip +4 carrier route presort with the appropriate information printed on the label.

Quantities listed in this section for mailing are estimated based upon the number of accounts on record with the Internal Auditing Division at the time these specifications were prepared. The actual quantities are governed by the Division's record of taxpayers to be mailed returns at the time the mailing tapes are cut.

Estimated quantity: 60,000 booklets – 120,000 labels

Mailer must produce 2 sets of labels from the supplied State Tax Department database. This part of the mailing will involve approximately 60,000 booklets. One set of the address labels are to be affixed to the outside cover of the tax booklet. The second set of the labels are to be affixed to the inside of the tax booklet in a location to be determined by the

State Tax Department (address area of page 9). Note: **outside label must not show the identification number above the name.** Only the inside label will show an identification number.

Vendor will then take the labeled booklets and separate, tie, sack and prepare them for mailing in accordance with postal regulations as required at a date to be determined by the State Tax Department between January 2, 2007 and January 31, 2008. All addresses that qualify are to be mailed at the carrier route postage rate with the residual mailed at the lowest rate possible.

Postage will be paid by the Department. The Department's bulk rate postage permit number is printed on the booklets.

If the mailer desires to use a post office other than Charleston, West Virginia, they should disclose the location in their bid. Successful vendor must then obtain Bulk Rate Permit number at that location and advise the department of the number for inclusion on the postal indicia. Price for permit at the alternate location and any annual charges must be itemized and are to be included in this bid.

The mailer must bear any cost resulting from postal damage or mistakes in the mailing process.

All CD ROM/ZIP DISCS 100 MB must be returned to the State Tax Department within 30 days.

All files, negatives, plates and camera-ready material shall become the property of the State of West Virginia and shall be mailed or delivered to the State Tax Department when printing is completed.

Any correspondence and invoices must include the State Tax Department purchase order number.

Successful vendor must contact Alfred Defranco, Internal Auditing Division, 1001 Lee Street East, Charleston, West Virginia, 25301, telephone 304-558-8634 as soon as the bid is awarded so that labeling and mailing schedules can be developed.

**NOTE: OVERRUNS WILL BE ACCEPTED BUT NOT PAID FOR. UNDERRUNS ARE UNACCEPTABLE.**

## TAX08010 BID FORM

**2007 COMBINED CORPORATION NET INCOME/BUSINESS FRANCHISE TAX  
INSTRUCTIONS & FORMS**

ITEM DESCRIPTION	ESTIMATED QUANTITY	PRICE PER 1,000	EXTENDED PRICE
2007 Combined Corporation Net Income/Business Franchise Booklet	68,000	\$	\$
Mailing Costs EXCLUDING POSTAGE	60,000	\$	\$
Cost of bulk rate permit-if mailer using post office other than Charleston, WV office		\$	\$
TOTAL		\$	\$
<b>COST OF FREIGHT/SHIPPING CHARGES TO BE INCLUDED IN PRINTING PRICE</b>			

\*Note: The above quantities are only estimates for use in bid evaluation only. As indicated in the specifications, this is an open-ended contract and actual quantities may be subject to change.

\_\_\_\_\_  
(Company Name)

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

STATE OF WEST VIRGINIA  
Purchasing Division

## PURCHASING AFFIDAVIT

**West Virginia Code §5A-3-10a states:** No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owed is an amount greater than one thousand dollars in the aggregate

**DEFINITIONS:**

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Debtor" means any individual, corporation, partnership, association, limited liability company or any other form or business association owing a debt to the state or any of its political subdivisions. "Political subdivision" means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities. "Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceed five percent of the total contract amount.

**EXCEPTION:** The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

**LICENSING:** Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, West Virginia Insurance Commission, or any other state agencies or political subdivision. Furthermore, the vendor must provide all necessary releases to obtain information to enable the Director or spending unit to verify that the vendor is licensed and in good standing with the above entities.

**CONFIDENTIALITY:** The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures and rules. Vendors should visit [www.state.wv.us/admin/purchase/privacy](http://www.state.wv.us/admin/purchase/privacy) for the Notice of Agency Confidentiality Policies.

Under penalty of law for false swearing (West Virginia Code, §61-5-3), it is hereby certified that the vendor acknowledges the information in this said affidavit and are in compliance with the requirements as stated.

Vendor's Name: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_



STATE TAX DEPARTMENT  
CHARLESTON, WV 25301

# 2007

## COMBINED CORPORATION NET INCOME/ BUSINESS FRANCHISE TAX INSTRUCTIONS & FORMS

**THIS BOOKLET INCLUDES:**

FORM WV/CNF-120, WEST VIRGINIA COMBINED CORPORATE INCOME/BUSINESS FRANCHISE TAX RETURN

FORM WV/CNF-120T, TENTATIVE COMBINED CORPORATE INCOME/BUSINESS FRANCHISE TAX RETURN

FORM WV/CNF-120TC, SUMMARY OF CORPORATE INCOME/BUSINESS FRANCHISE TAX CREDITS

FORM WV/CNF-120U, UNDERPAYMENT OF ESTIMATED TAX

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If you have any questions concerning the Corporation Net Income Tax or Business Franchise Tax contact:

West Virginia State Tax Department  
Taxpayer Services Division  
P. O. Box 3784  
Charleston, WV 25337-3784

Telephone: (304) 558-3333 or  
Toll free within West Virginia and area code (614): 1-800-982-8297  
TDD service for the hearing impaired: 1-800-282-9833

To order forms or publications call: (304) 344-2068 or  
Toll free within West Virginia and area code (614): 1-800-422-2075

Internet World Wide Web Address : [www.state.wv.us/taxdiv](http://www.state.wv.us/taxdiv)



# Corporation Net Income/Business Franchise Tax

## Tax Law Changes

1. For tax years beginning on or after January 1, 2007, a return is not considered complete if the information required to be entered on the applicable return is only contained in amendments or supplements thereto, including supporting schedules, attachments or lists. A return is not considered complete is deemed not to be filed. (House Bill 2988)
2. West Virginia Code §11-24-3 is updated to bring the meaning of federal taxable income and certain other terms used in the West Virginia Corporation Net Income Tax Act into conformity with their meaning for federal income tax purposes. (House Bill 2314)
3. Schedule UB, Combined Unitary Business Group - West Virginia will require a combined report for unitary groups for tax years beginning on or after January 1, 2009. (Senate Bill 749)

## Tax Rates

1. For tax years beginning on or after January 1, 2007, the Business Franchise Tax rate is the greater of \$50 or 0.55%. (Senate Bill 2004)
2. For tax years beginning on or after January 1, 2007, the Corporation Net Income Tax rate is 8.75%. (Senate Bill 2004)

## Administrative Changes

1. Effective for tax years beginning on or after January 1, 2007, pass-through entities will file the *new* Income/Business Franchise Tax Return for S Corporation and Partnership (WV/SPF-100).
2. Corporations and partnerships filing the Combined Corporation Net Income Tax/Business Franchise Tax Return (WV/CNF-120) or the new Income/Business Franchise Tax Return for S Corporation and Partnership (WV/SPF-100) can elect to have eligible refunds direct deposited.
3. Effective for tax years beginning on or after January 1, 2008, the State Tax Department will impose the underpayment of estimated tax penalty for failure to timely pay estimated corporation net income tax and/or business franchise tax (WV Code §11-10-18a). You are strongly encouraged to review your plans for making estimated payments for these taxes for tax year 2008 and beyond to avoid any penalties.
4. Electronic filing is available on-line for filing the combined corporation net income/business franchise tax estimated payment (Form WV/CNF120ES) and tentative payments (Form WV/CNF-120T).

See web site [www.state.wv.us/taxrev/efbusiness.htm](http://www.state.wv.us/taxrev/efbusiness.htm)



<b>FILE THE RIGHT FORMS</b>	<b>FORMS YOU MAY FILE</b>	Corporation	Nonprofit
	WV/CNF-120	<b>X</b>	<b>X</b>
	WV/CNF-120T	<b>X</b>	<b>X</b>
	WV/CNF-120U	<b>X</b>	<b>X</b>

## TAXPAYER RESPONSIBILITIES

The employees of the West Virginia State Tax Department are here to assist you in complying with your responsibilities as a West Virginia taxpayer. The following are some important points that will help you in meeting these obligations.

**FILING YOUR BUSINESS TAX RETURNS.** The Tax Department makes every effort to provide businesses with the proper tax forms prior to the due date of the tax return. It is your responsibility to ensure that your return is filed by the due date. The lack of the proper form is not considered reasonable cause for not filing a timely tax return. If you do not receive the proper form from the Department, you may obtain forms by calling the automated form ordering system. The telephone number is 1-800-422-2075. You may also obtain forms from any of our regional field offices listed on page 5 of this booklet, or from our home page on the internet at [www.state.wv.us/taxdiv](http://www.state.wv.us/taxdiv).

Failure to file returns will result in your account being referred to our Compliance Division for corrective action. Please file all required tax returns even if you owe no tax for the reporting period. All pages of the return must be filed.

**PAYMENT OF THE TAX.** The full amount of tax owed is due and payable on the due date of the tax return. Failure to pay the full amount of tax by the due date will result in interest and penalties being added to any unpaid amount of tax. If, for any reason, you are unable to pay the full amount of tax by the due date, you should file your tax return along with a written explanation of why you are unable to pay and when you will pay the tax due. The employees of the Tax Department are here to assist you. Any time you find you cannot file a tax return or pay the tax due, contact us. We are here to help!

**PENALTIES AND INTEREST.** Interest and additions to tax (a penalty) attach by law to any amount of tax not paid on or before the due date of the tax return. The law requires the Tax Commissioner to establish interest rates for tax underpayments based on the adjusted prime rate. This rate will never be less than 8% per year and is determined every six months.

Additions to tax are imposed for failure to file a required tax return by the due date and/or late payment of the tax due. The penalty for failure to file a return is 5% per month up to 25%. The penalty for failure to pay the tax due is 1/2 of 1% per month up to 25%. These penalties may both be imposed when you fail to timely file your return and pay the tax due. You may reduce the amount of penalties assessed by filing your tax return on the due date, even if you require additional time to pay the tax.

A special penalty of \$50.00 is imposed for failure to renew your state business license. There are harsher penalties for operating a business without a license, filing a false return, or the willful and knowing failure to pay a tax, which may include criminal penalties.

**THE BILLING AND COLLECTION PROCESS.** If you fail to file a required business tax return, file a tax return without payment of the tax, or fail to file on or before the due date, you will receive a notice from the Tax Department. To protect your rights, it is very important that you respond, in writing, to these notices immediately.

If you fail to respond to the notice, an assessment of tax due will be issued by the Tax Department. This assessment is the means by which the Tax Department establishes a legal tax liability. If you disagree with the assessment for any reason, you may submit in writing a request for an administrative hearing to present your reasons. If you fail to respond to the assessment within 60 days, the assessment becomes final,

conclusive and payable and is not subject to further administrative or judicial review.

Once the assessment becomes final (through inaction or by the affirmative decision of the administrative hearing officer) a tax lien will be filed against all of the property of the taxpayer and will be recorded in the county courthouse. A distress warrant will be issued which authorizes the levy or seizure of any property or wages of the taxpayer. You may avoid these collection actions by contacting the Tax Department whenever you have difficulty in meeting your tax responsibilities. Remember, we are here to assist you in meeting your tax obligations.

**REFUNDS.** If you have overpaid your tax liability, you are entitled to a refund of the amount that you overpaid. You may also apply all or part of any overpayment as a credit against your liability for such tax for other periods. If you feel that you are entitled to a refund or credit, you must file a claim for refund (usually a tax return showing an overpayment) within three years of the due date of the return or two years from the date the tax was paid, whichever expires later. The overpayment will be used by the Tax Department against other tax liabilities owed.

The Tax Department makes every effort to timely determine your request for a refund. If the Tax Department does not respond to your request within 6 months in the case of overpayments of Corporation Net Income Tax and 3 months on overpayment of Business Franchise Tax, you may submit in writing a request for an administrative hearing to present your reasons why you feel you are entitled to the refund. Interest is allowed and paid on any refund upon which the Department has failed to timely act and which is final and conclusive.

If the Tax Department denies or reduces your request for a refund, and you disagree with our adjustments, you may submit in writing a request for an administrative hearing to present your reasons. If you fail to respond to our denial or reduction within 60 days, the denial/reduction becomes final and conclusive and is not subject to further administrative or judicial review.

**AUDITS.** There is a possibility your business will be selected for an audit by the Tax Department. An audit does not necessarily mean your account is under suspicion for any additional tax liability. Auditing is the Tax Department's way of checking taxpayer's records to ensure complete compliance with the laws and to help you adjust your records. Audits may result in a refund because you paid more tax than you owed. You will normally be notified prior to an audit and a convenient time will be arranged to insure a minimum disruption of your business. At the conclusion of the audit you will have an opportunity to discuss the audit. You are encouraged to ask questions so that you completely understand what we are doing.

**IF YOU SELL OR DISCONTINUE YOUR BUSINESS.** One of the most common problems occurs when a person ceases to do business and does not inform the Tax Department. This often results in unnecessary billing and collection activities which can be very difficult and time consuming for both the Tax Department and the taxpayer to resolve. You may avoid unnecessary corrective measures by notifying the Tax Department as soon as possible when you sell or discontinue your business. You should also file final tax returns for each tax you are required to file. All tax returns have appropriate sections for this information.

**SOFTWARE PROGRAM.** If you use a software program, the form must be approved by the West Virginia State Tax Department. ([dchildress@tax.state.wv.us](mailto:dchildress@tax.state.wv.us))

# OBTAINING FORMS AND INFORMATION

The West Virginia State Tax Department has a telephone service to provide recorded tax information. This service will allow you to hear messages on selected tax subjects, order forms, and get general refund information, as well as guidance on filing personal income tax returns. There is also a bulletin board which provides information on current events in the Department of Revenue. When the system is accessed, you will hear a brief message describing the system along with instruction for use. If you are calling from a touch tone telephone, you will be asked to follow prompts to select the message you wish to hear. If you are calling from a rotary dial telephone, you will have to speak to a Tax Department operator. The operator will then transfer your call to a taxpayer service representative. Have a pencil and paper handy to take notes. These messages should serve to answer many state tax questions which previously would have required the assistance of a representative. The services available from push button (tone signaling) phones 24 hours a day, seven days a week, and from rotary (dial)/push button (pulse dial) phones from 8:30 a.m. to 5:00 p.m., Monday through Friday. Topics available:

## Personal Income Tax

Who is required to file  
Due dates and extensions of time  
Filing requirements and instructions for military personnel  
Federal for 1099G  
Completing Schedule "M" modifications to federal adjusted gross income .

Which form to use  
Instructions for part year residents  
Estimated tax payments  
Personal income tax refunds  
Federal tax questions

## West Virginia Business Taxes

Registering a business  
West Virginia use tax  
West Virginia business and occupation tax  
West Virginia severance tax  
West Virginia telecommunications tax  
West Virginia business tax reform

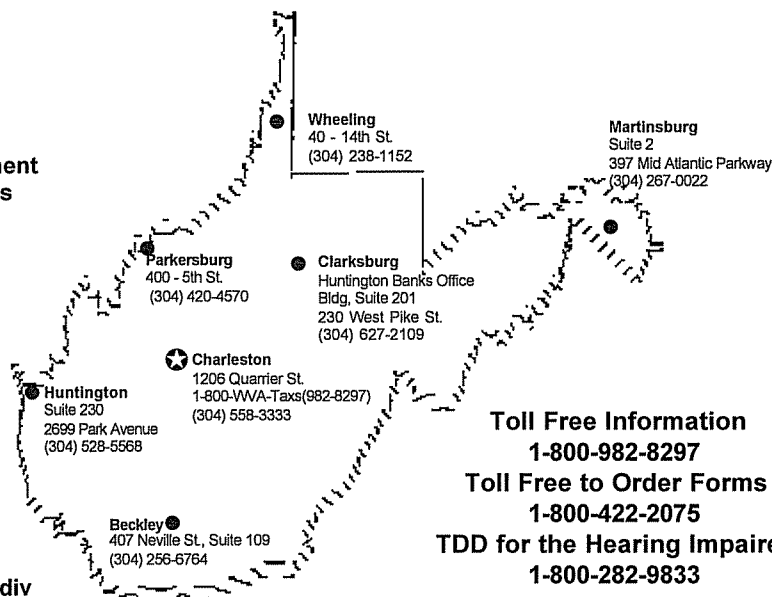
West Virginia consumers sales and use tax  
Exemptions to consumers sales and use tax  
West Virginia business franchise tax  
West Virginia income tax on certain carriers  
West Virginia corporation net income tax  
Tax credits for industrial and commercial development.

## General

Form orders  
Delinquency notices  
Message listing  
Business tax forms-listing  
Corporation net income tax forms-listing

How to contact our regional field offices  
Bulletin board  
Personal income tax forms-listing  
Excise and license tax forms-listing  
Interest and additions to tax

### West Virginia State Tax Department Taxpayer Assistance Locations



## PUBLICATIONS AVAILABLE

Publication	Title
TSD-2	Tax Division Telephone Listing
TSD-3	Current Mailing Addresses
TSD-100	West Virginia Business Taxes
TSD-102	Instructions For Obtaining Forms And General Tax Information
TSD-110	West Virginia Tax Credits
TSD-200	West Virginia Business Franchise Tax
TSD-210	Coal Processing And Severance Tax
TSD-211	Timber And Severance Tax
TSD-300	Sales And Use Tax Exemptions
TSD-301	Sales And Use Tax Responsibilities Of Local Governments
TSD-310	Capital Improvement Rule: Sales And Use Tax Changes Affecting The Construction Trades
TSD-312	ABCs Of Sales And Use Tax For Public Schools
TSD-312A	ABCs Of Sales And Use Tax For Private Elementary And Secondary Schools
TSD-315	The Incidental Installation Rule: Sales And Use Tax Changes Affecting Mobile Home Dealers
TSD-316	Rental Of Private Condominiums And Other Types Of Lodging
TSD-317	Transient Vendors
TSD-320	Special Sales And Use Tax Rules For Nonprofit Organizations
TSD-321	Consumers Sales And Service Tax-Hotel And Motel Bills Charged On The West Virginia American Express Corporate Cards
TSD-325	The Incidental Installation Rule: Sales And Use Tax Changes Affecting Sellers Of Wall To Wall Carpet, Household Appliances, And Other Household Improvements
TSD-330	Non-Resident Contractors Sales And Use Tax Requirements
TSD-345	Vendor Responsibilities: Questions And Answers About West Virginia Sales Tax Collection And Record keeping Rules
TSD-355	The Integrated Manufacturer/Contractor Rule
TSD-356	Motion Picture Theaters: Sales And Use Tax Rules
TSD-358	Direct Use Concept
TSD-360	Registration Procedures For Business
TSD-364	Auctioneers And Sales Tax
TSD-365	How Interest And Additions To Tax Are Assessed
TSD-366	Sales Tax Responsibilities: Operators Of Night Clubs, Bars, Restaurants & Similar Businesses
TSD-367	How The Accounts Receivable System Operates
TSD-369	Use Tax And Your Business
TSD-370	Manufacturer/Retailer-Sales And Use Tax On Samples
TSD-371	Sales Tax Responsibilities Of Agricultural Producers
TSD-372	Radio And Television Broadcasters And Sales And Use Tax
TSD-372A	Broadcasters Notification Of Agency Relationship With Out-Of-State Advertisers
TSD-373	Sales And Use Tax And Attorneys
TSD-374	Sales And Use Tax And Dentists
TSD-375	Summer Camps And Sales Tax
TSD-376	Sales And Use Tax And Travel Agents
TSD-377	Sales And Use Tax And Doctors
TSD-379	Special Exemption For Nonprofit Organizations Providing Low-Income Housing And Shelters
TSD-380	Requirements For Rehabilitated Building Investment Credit
TSD-380A	Residential Historic Rehabilitated Buildings Investment Credit
TSD-381	Withholding Tax Information For Employers
TSD-382	Commonly Asked Questions About The New Special Tax On Coal
TSD-383	Pharmacies And Sales Tax
TSD-384	Estate Tax
TSD-385	Partial Release Of Property From State Tax Lien
TSD-387	Summary Of Tax Responsibilities Of West Virginia Residents
TSD-390	Section § 11-21-71a Income Tax Withholding By Partnerships, S Corporations, Estates And Trusts
TSD-391	General Information Regarding Income Tax Withholding Under § 11-21-71a For Nonresident Partners, S Corporation Shareholders, Or Beneficiaries Of Estates Or Trusts
TSD-392	West Virginia Corporation Net Income Tax Nonbusiness Income
TSD-394	ELF Questions & Answers
TSD-397	Taxation of Financial Organizations Under West Virginia's Business Franchise Tax And Corporation Net Income Tax
TSD-398	Reduced Severance Tax Rate For Thin Seam Coal Produced From New Mines
TSD-399	Corporate License Tax Changes
TSD-400	Consumers Sales Tax Responsibilities: Entertainers And Artists
TSD-401	Dyed Diesel Fuel And IFTA Status of Mobile Equipment
TSD-402	West Virginia Broad Based Health Care Related Taxes
TSD-403	Individual Medical Savings Account
TSD-404	Timber Severance Tax Requirements for Nonresidents
TSD-405	Consumers Sales Tax Responsibilities Regarding Coin Operated Machines or Devices
TSD-406	Taxability of Internet Sales Made by West Virginia Retailers
TSD-407	WV Sales Tax Collection Requirements
TSD-412	Voluntary Disclosure Agreements
TSD-422	Income Tax Responsibilities for West Virginia Resident Shareholders of an Ohio S Corporation
TSD-423	Nonresident Lawyers - Tax Reporting & Filing Requirements
TSD-424	Integrated Tax System

WRITE TO: West Virginia State Tax Department  
 Taxpayer Services Division  
 P. O. Box 3784  
 Charleston, WV 25337-3784

### TO ORDER PUBLICATIONS

OR CALL:

1-800-422-2075 toll free within West Virginia. TDD  
 service for the hearing impaired 1-800-282-9833.

## GENERAL INFORMATION

Use the forms in this booklet for calendar year 2007 and for fiscal years beginning in 2007 and ending in 2008. The information in this book is intended to help you complete your return and is not a substitute for tax law and regulations.

**ASSISTANCE.** Address questions to the West Virginia State Tax Department, Taxpayer Services Division, PO Box 3784, Charleston, WV 25337-3784 or by telephone at (304) 558-3333, toll free within West Virginia and area code (614) at 1-800-982-8297, or TDD for the hearing impaired 1-800-282-9833. To order forms or publications, call (304) 344-2068 or toll free within West Virginia and area code (614) at 1-800-422-2075 or visit our internet site on the world wide web at [www.state.wv.us/taxdiv](http://www.state.wv.us/taxdiv).

**BUSINESS FRANCHISE TAX.** The Business Franchise Tax is a tax on the privilege of doing business in West Virginia. Any domestic corporation, any corporation that has its commercial domicile in West Virginia, and every corporation and partnership that owns or leases real or tangible personal property, or is doing business in West Virginia is subject to the Business Franchise Tax.

The term "doing business" means any activity of a corporation which enjoys the benefits and protection of the government and laws of this state. Doing business does not include those engaged in the activity of agriculture or farming.

The term "corporation" includes any corporation, S corporation, joint stock company, and any association or other organization which is taxable as a corporation under federal income tax laws or the income tax laws of this state.

For corporations, the measure of the tax is the capital of the corporation and is defined as the average of the beginning and ending balances of: 1) the value of common and preferred stock, 2) plus paid in or capital surplus, 3) plus retained earnings, 4) less treasury stock. These items of capital are taken from the balance sheet of the taxpayer's federal income tax return as filed with the Internal Revenue Service. Multi-state businesses will apportion their capital to West Virginia using a four factor formula consisting of payroll, property and double weighted sales factors.

The tax rate is 55¢ per \$100 of taxable capital with a minimum tax of \$50.

**CORPORATION NET INCOME TAX.** The Corporation Net Income Tax is a tax on the West Virginia taxable income of every domestic or foreign corporation which enjoys the benefits and protection of the government and laws in the State of West Virginia or derives income from property, activity or other sources in West Virginia. The term "corporation" includes a joint-stock company and any association or other organization which is taxable as a corporation under federal income tax laws.

This is a federal conformity tax in that the starting point in computing West Virginia taxable income is the federal taxable income of the corporation. Certain increasing and decreasing adjustments, as required by state law, must be made to federal taxable income to arrive at West Virginia taxable income. Multi-state corporations must take one further step to determine West Virginia taxable income. They are required to allocate certain types of nonbusiness income to West Virginia and apportion their remaining income based on a four factor formula consisting of payroll, property and double weighted sales factors. The Corporation Net Income Tax rate is 8.75%.

**EXEMPT ORGANIZATIONS.** Any corporation exempt from federal income tax is also exempt from West Virginia Corporation Net Income Tax and Business Franchise Tax. In addition, certain insurance companies, certain production credit associations, trusts established under 29 U.S.C. 186, and other organizations specifically exempt under the laws of West Virginia are also exempt.

**UNRELATED BUSINESS INCOME.** If you are a tax exempt organization with unrelated business income that is subject to federal tax, you must pay the West Virginia Corporation Net Income Tax on that unrelated income attributable to West Virginia. Also, that portion of your capital that is used, directly or indirectly, in the generation of the unrelated business income is subject to the West Virginia Business Franchise Tax.

**PAYMENT OF TAX. DUE DATE.** A corporation's annual Combined West Virginia Income /Business Franchise Tax Return is due on or before the 15th day of the third month after the close of the taxable year. The filing of returns is required whether or not any tax is due. A tax exempt organization's annual West Virginia Combined Income/Business Franchise Tax Return is due on or before the 15th day of the fifth month after the close of the taxable year. Make your remittance payable to the West Virginia State Tax Department.

**WHERE TO FILE.** Combined WV Corporation Net Income /Business Franchise Tax Returns should be mailed to the West Virginia State Tax Department, Internal Auditing Division, P. O. Box 1202, Charleston, WV 25324-1202.

**EXTENSION OF TIME TO FILE.** An extension of time to file a federal return is automatically accepted by West Virginia as an extension of time to file the West Virginia return. A copy of the federal extension form must be attached to the West Virginia return when filed and the extended due date must be entered on the top of the return. Returns filed after the due date, without the supporting documents and extended date entered on the top of the return, will be processed as late filed and interest and penalties will be imposed.

A state extension of time to file may be obtained, even if a federal extension has not been requested, provided a written request is made to the West Virginia State Tax Department prior to the due date of the West Virginia return.

An extension of time to file does not extend the time for payment of any tax due. If you have an extension of time to file, payment of any tax due may be made by filing a tentative return. (See instructions for Form WV/CNF-120T.) To avoid interest and penalties, payment must be received on or before the due date of the return.

**ESTIMATED TAXES. BUSINESS FRANCHISE TAX.** If your Business Franchise Tax liability is in excess of \$12,000 per year after tax credits, estimated tax payments are required and due in four equal installments on the 15th day of the fourth, sixth, ninth and twelfth months of the tax year. Pre-printed estimated payment forms (Form WV/CNF-120ES) are automatically mailed once a year to all taxpayers making estimated payments in their previous tax year.

**CORPORATION NET INCOME TAX.** Estimated tax payments are required for any corporation which can reasonably expect its West Virginia taxable income to be in excess of \$10,000 (which equals a tax liability after tax credits in excess of \$875) and are due in four equal installments on the 15th day of the fourth, sixth, ninth and twelfth months of the tax year. Preprinted estimated payment forms (Form WV/CNF-120ES) are automatically mailed once a year to all taxpayers making estimated payments in their previous tax year.

**FILING METHOD - SEPARATE V. CONSOLIDATED.** Any corporation that files a consolidated federal income tax return as part of an affiliated group must file a separate WV Income Tax Return unless all members of the affiliated group elect to file a Consolidated WV Income Tax Return. The filing of a consolidated return is considered to be consent by the group. If a consolidated return is filed for a taxable year, the members of the affiliated group must continue to file a consolidated return unless the tax commissioner con-

sents to revocation of the election. The filing method used for filing your Corporation Net Income Tax also controls the method for filing your WV Business Franchise Tax. (WV Code§11-24-13a(h)). In order to clearly reflect the taxable income, the Tax Commissioner may require a corporation to file a consolidated or combined return.

**TAXABLE YEAR/METHOD OF ACCOUNTING.** You must use the same taxable year and method of accounting as you use for federal tax purposes.

**SUPPORTING FEDERAL INFORMATION.** You must attach to your WV return a copy of pages 1 through 5 of your signed federal income tax return as filed with the Internal Revenue Service. If you attach a pro forma federal income tax return, then the following consolidated return data is also required: a copy of pages 1 through 5 of the consolidated federal return plus supporting schedules showing the consolidation of the income statement, balance sheet, eliminations and adjustments; a copy of federal Form 851; and a signed statement explaining the differences, if any, between the income statement and balance sheet reported for federal consolidated filing and that reported for WV purposes. Include Schedule M-3 when applicable.

1. Corporations subject to both the WV Corporation Net Income Tax and the Business Franchise Tax attach the federal documents to the West Virginia Combined Corporation Net Income /Business Franchise Tax Return.

2. Corporations exempt from the Corporation Net Income Tax but subject to the Business Franchise Tax attach the required federal documents to the Combined WV Corporate Income/Business Franchise Tax Return.

**INTEREST.** You must pay the entire tax due on or before the due date of the tax return (determined without regard for an extension of time to file). If you do not pay the entire tax due on or before the due date, you must pay interest on the amount of the underpayment from the due date to the date paid. Interest is always due, without exception, on any underpayment of tax.

Interest is imposed at an adjusted rate established by the Tax Commissioner. The annual rate will never be less than eight percent (8%). The interest rate will be determined and in effect for periods of six months. Interest rates in effect for various periods are:

7/1/90 to 12/31/91 - 10%	1/1/98 to 12/31/98 - 9%
1/1/92 to 6/30/92 - 9%	1/1/99 to 6/30/00 - 8%
7/1/92 to 12/31/95 - 8%	7/1/00 to 12/31/01 - 9%
1/1/96 to 12/31/96 - 9%	1/1/02 to 6/30/02 - 8%
1/1/97 to 12/31/97 - 8%	7/1/02 to 12/31/07 - 9.5%

Contact the West Virginia State Tax Department, Taxpayer Services Division, for the interest rate in effect for other periods. The telephone number is (304) 558-3333 or toll free within West Virginia 1-800-422-2075. Request message number 510.

**ADDITIONS TO TAX. LATE FILING.** Additions to tax are imposed for failure to file a return on or before the due date (determined with regard to an extension of time to file). On any amount of tax shown to be due on the return, the additions to tax for late filing is five percent (.05) per month or any part of a month not to exceed twenty-five percent (.25).

**LATE PAYMENT.** Additions to tax are imposed for failure to pay all tax shown to be due on a return on or before the due date (determined without regard to an extension of time to file). The additions to tax for late payment is imposed at the rate of one half of one percent (.005) per month or part of a month not to exceed twenty-five percent (.25).

When both the five percent (.05) additions to tax for late filing and the one half of one percent (.005) additions to tax for late payment are imposed, the maximum monthly percent is five percent (.05) not to exceed forty-seven and one-half of one percent (.475) of the tax due.

**FAILURE TO PAY ESTIMATED TAX.** Corporations that are required to make estimated payments of their tax liability are subject to additions to tax for failing to pay at least ninety percent (90%) of their annual tax liability. The additions are imposed at the same rate as interest is imposed. See Form WV/CNF-120U for more information on the additions to tax for underpayment of estimated tax.

**COMPLETION AND SIGNATURE.** All appropriate sections of the return must be completed. All required supporting documents must be attached. An incomplete return will not be accepted as timely filed. The return must be signed by an authorized officer. If the return is prepared by someone other than the taxpayer, the preparer must also sign the return and enter his or her complete address.

**CHANGES ON FEDERAL RETURN.** Any corporation whose reported income or deductions are changed or corrected by the Internal Revenue Service or through renegotiation of a contract with the United States is required to report the change or correction to the West Virginia State Tax Department. This report must be made within 90 days of the final determination by filing an amended return and attaching a copy of the revenue agent's report detailing such adjustments.

A corporation that filed an amended return with the Internal Revenue Service must file an amended return with the West Virginia State Tax Department within 90 days of filing of the amended federal return.

**AMENDED RETURNS.** Corporations may amend their Corporation Net Income Tax Return by filing Form WV/CNF-120 (check "Amended") and attaching a schedule detailing the differences in the amended and original returns. Corporations may amend their Business Franchise Tax Return by filing a Form WV/CNF-120 (check "Amended") and attaching an explanation detailing the differences in the amended and original returns. Amended returns filed for the purpose of obtaining a refund of an overpayment of tax must be filed within three years of the due date of the return (with regard to an extension of time to file) or two years from the date the tax was paid, whichever expires later.

**CONSISTENCY IN REPORTING.** In completing your Combined WV Corporation Net Income/Business Franchise Tax Return, if you depart from or modify past procedures for classifying business income and nonbusiness income, for valuing property or including or excluding property in the property factor, for treating compensation paid in the payroll factor, for including or excluding gross receipts in the sales factor, you must disclose by separate attached schedule the nature and extent of the variance or modification.

If you make sales of tangible personal property which are shipped into a state in which you are not taxable, you must identify the state to which the property is shipped and report the total amount of sales assigned to such state.

**CONFIDENTIAL INFORMATION.** Tax information which is disclosed to the West Virginia State Tax Department, whether through returns or through department investigation, is held in strict confidence by law. The State Tax Department, the United States Internal Revenue Service and other states have agreements under which tax information is exchanged. This is to verify the accuracy and consistency of information reported on federal, other state, and West Virginia tax returns.

**WV/CNF-120 WEST VIRGINIA COMBINED CORPORATION NET INCOME/BUSINESS FRANCHISE TAX RETURN 2007**

TAX YEAR BEGINNING     ENDING     FEIN

Business name and address \_\_\_\_\_ Principal place of business in WV \_\_\_\_\_  
 Type of Activity in WV \_\_\_\_\_  
 CHECK APPLICABLE BOXES  
 CORPORATION  NONPROFIT   
 TYPE OF RETURN INITIAL  FINAL  AMENDED   
 ENTER EXTENDED DUE DATE        
 Date began doing business in West Virginia

FILING METHOD:  Separate entity basis  Combined (Must complete Schedule UB)  
 Consolidated basis  Other Explain \_\_\_\_\_  
 State of commercial domicile

If consolidated, Does your West Virginia return include the same group that filed the consolidated federal return? YES  NO   
 If NO, explain differences in filing groups: \_\_\_\_\_  
 Check here if you use a software program & do not want a return sent to you.

If separate, were you part of a federal consolidated return? YES  NO   
 If YES, enter parent's FEIN  and name: \_\_\_\_\_  
 Must attach Federal Form: (check one)  
 1120  990  
 Proforma 1120  990T  
 Person and phone number to contact concerning this return:  
 Name \_\_\_\_\_ Number \_\_\_\_\_

Business Franchise Tax	1	West Virginia taxable capital- Schedule A, Line 12.....	1		00
	2	Tax Rate -0.55%.....	2	0.0055	
	3	West Virginia franchise tax - Line 1 multiplied by Line 2 or \$50.00 whichever is greater.....	3		00
	4	Tax Credits from Form WV/CNF-120TC, Column 1, Line 23.....	4		00
	5	Adjusted franchise tax - Subtract Line 4 from Line 3.....	5		00
Corporate Income Tax	6	West Virginia net taxable income - Schedule B, Line 16.....	6		00
	7	Tax Rate -8.75%.....	7	0.0875	
	8	West Virginia net income tax - Line 6 multiplied by Line 7.....	8		00
	9	Tax Credits from Form WV/CNF-120TC, Column 2, Line 23.....	9		00
Combined Income and Franchise Tax	10	Adjusted net income tax - Subtract Line 9 from Line 8. Do not put less than zero .....	10		00
	11	COMBINED INCOME/FRANCHISE TAX - Add Line 5 and Line 10. Cannot subtract from Line 5...	11		00
	12	Prior year carryforward credit.....	12		00
	13	Estimated tax payments.....	13		00
	14	Tentative payment made with Form WV/CNF-120T.....	14		00
	15	Refundable credit (attach schedule WV/SRDTC-1).....	15		00
	16	Total payments and refundable credit-Add Lines 12 through 15-must match total on Schedule C.....	16		00
	17	Tax due - If Line 16 is smaller than Line 11, enter amount owed. If Line 16 is larger than Line 11, enter -0- and skip to Line 22.....	17		00
	18	Interest for late payment.....	18		00
	19	Additions to tax for late filing and/or late payment.....	19		00
20	Penalty for underpayment of estimated tax Attach Form WV/CNF-120U - Check if requesting waiver/annualized worksheet used <input type="checkbox"/>	20		00	
21	Total due with this return - Add Lines 17 through 20 - Make check payable to WV State Tax Department ...	21		00	
22	Overpayment. If Line 16 is larger than Line 11, enter amount overpaid	22		00	
23	Amount of Line 22 to be credited to next year's tax.....	23		00	
24	Amount to be refunded - Subtract Line 23 from Line 22.....	24		00	

Under penalties of perjury, I declare that I have examined this return (including accompanying schedules and statements) and to the best of my knowledge and belief it is true and complete. All appropriate sections of the return must be completed. An incomplete return will not be accepted as timely filed. Checking this box indicates waiver of my/our rights of confidentiality for the purpose of contacting the preparer regarding this return.

DIRECT DEPOSIT OF REFUND  
 TYPE  CHECKING  SAVINGS  
 ROUTING NUMBER   
 ACCOUNT NUMBER

Signature of officer \_\_\_\_\_ Name of officer - type or print \_\_\_\_\_ Title \_\_\_\_\_ Phone number \_\_\_\_\_ Date \_\_\_\_\_  
 Paid preparer's signature \_\_\_\_\_ Firm's name and address \_\_\_\_\_ Phone number \_\_\_\_\_ Date \_\_\_\_\_

MAIL TO:  
 WEST VIRGINIA STATE TAX DEPARTMENT  
 INTERNAL AUDITING DIVISION  
 P. O. BOX 1202  
 CHARLESTON, WV 25324-1202



SCHEDULE A BUSINESS FRANCHISE TAX — CALCULATION OF WEST VIRGINIA TAXABLE CAPITAL (11-23-3 (b) (2))					
	Column 1 Beginning Balance	Column 2 Ending Balance	Column 3 — Average (Col. 1 + Col. 2) ÷ 2		
1 Dollar amount of common stock & preferred stock...	00	00	1		00
2 Paid-in or capital surplus .....	00	00	2		00
3 Retained earnings appropriated & unappropriated...	00	00	3		00
4 Adjustments to shareholders equity.....	00	00	4		00
5 Add Lines 1 through 4 of Column 3 .....			5		00
6 Less: Cost of Treasury stock.....	00	00	6		00
7 Capital - Subtract Line 6, Column 3 from Line 5, Column 3.....			7		00
8 Multiplier for allowance for certain obligations/investments - Schedule B-1, Line 7.....		8			
9 Allowance - Line 7 multiplied by Line 8.....			9		00
10 Adjusted capital - Subtract Line 9 from Line 7. If taxable only in West Virginia, check here <input type="checkbox"/> and enter this amount on Line 12.....			10		00
11 Apportionment factor - Form WV/CNF-120APT, Schedule B, Line 8 or Part 3, Column 3....		11			
12 TAXABLE CAPITAL - Line 10 multiplied by Line 11 - Enter on Line 1 of the front of the return.....			12		00

SCHEDULE A-1 BUSINESS FRANCHISE TAX — SUBSIDIARY CREDIT (11-23-17 (c))					
Column 1 Account number and name of Subsidiary or Partnership	Column 2 Recomputed Business Franchise Tax Liability	Column 3 Percentage of Ownership	Column 4 Allowable Credit (Column 2 X Column 3)		
FEIN <input type="text"/> - <input type="text"/>					
Name	00				00
FEIN <input type="text"/> - <input type="text"/>					
Name	00				00
FEIN <input type="text"/> - <input type="text"/>					
Name	00				00
TOTAL — (Enter here and on Form WV/CNF-120TC, Line 1, Column 1) Attach additional sheets if needed.....					00

SCHEDULE A-2 BUSINESS FRANCHISE TAX — TAX CREDIT FOR PUBLIC UTILITIES AND ELECTRIC POWER GENERATORS (11-23-17 (b))		
1 Gross income in West Virginia subject to the STATE Business and Occupation Tax.....	1	00
2 Total gross income of taxpayer from all activity in West Virginia.....	2	00
3 Line 1 divided by Line 2.....	3	00
4 Business Franchise liability - From Line 3 of the front of the return, reduced by any Subsidiary Credit.....	4	00
5 Allowable credit - Line 4 multiplied by Line 3. Enter here and on Form WV/CNF-120TC, Line 2, Column 1.....	5	00

SCHEDULE A-3 BUSINESS FRANCHISE TAX — COMMERCIALY DOMICILED FINANCIAL ORGANIZATION TAX CREDIT (11-23-27)		
1 Franchise taxes actually paid to another state(s) - attach list of states and amounts.....	1	00
2 Capital subject to tax in other states.....	2	00
3 West Virginia Business Franchise Tax rate - 0.55%.....	3	0.0055
4 Adjusted franchise taxes paid to another state(s) - Line 2 multiplied by Line 3.....	4	00
5 Allowable credit - lesser of Lines 1 or 4 - Enter on Form WV/CNF-120TC, Line 3, Column 1.....	5	00





Name

FEIN

FEIN input box with dashes

SCHEDULE B CORPORATE INCOME TAX - CALCULATION OF WEST VIRGINIA TAXABLE INCOME (11-24-6 and 7)

Main table with 16 rows for calculating West Virginia taxable income, including adjustments and subtotals.

SCHEDULE B-1 ALLOWANCE FOR GOVERNMENTAL OBLIGATIONS/OBLIGATIONS SECURED BY RESIDENTIAL PROPERTY (11-24-6(f))

Table for calculating allowance for governmental obligations, including average monthly balance and adjusted income.



SCHEDULE B-2 CORPORATE INCOME TAX - ADJUSTMENT FOR SALE OF PROPERTY ACQUIRED PRIOR TO JULY 1, 1967 (11-24-6(c)(1))																
Column 1				Column 2				Column 3		Column 4		Column 5		Column 6		Column 7
Kind of property	Date acquired			Date sold			Gain per Federal return	Fair market value on 7-1-67	Adjusted federal basis on 7-1-67	Original cost or other federal basis	Adjustment Col 4 minus Col 5					
	MM	DD	YEAR	MM	DD	YEAR										
1							00	00	00	00	00	00				
2							00	00	00	00	00	00				
3							00	00	00	00	00	00				
4 TOTAL - Add Lines 1 through 3 - Enter on Schedule B, Line 4a (Attach a true copy of your Federal Schedule D and Form 4797).....												00				

SCHEDULE B-3 CORPORATE INCOME TAX — COMMERCIALY DOMICILED FINANCIAL ORGANIZATION TAX CREDIT (11-24-24)			
1	Income taxes actually paid to another state(s) - attach list of states and amounts.....	1.	00
2	Income subject to tax in another state(s).....	2.	00
3	West Virginia Corporate Income Tax Rate - 8.75%.....	3.	0.0875
4	Adjusted income taxes paid to another state(s) - Line 2 multiplied by Line 3.....	4.	00
5	Allowable credit - Lesser of Lines 1 or 4 - Enter on Form WV/CNF-120TC, Line 3, Column 2.....	5.	00

SCHEDULE C SCHEDULE OF TAX PAYMENTS (Will be applied to Business Franchise Tax first)												
Name of business	West Virginia Account Identification Number						Date of Payment			Indicate if EFT	Type: estimated, extension, prior year credit, or refundable credit	Amount of payment and/or refundable credit
	MM	DD	YEAR	MM	DD	YEAR						
	-										00	
	-										00	
	-										00	
	-										00	
	-										00	
	-										00	
	-										00	
TOTAL - This amount must agree with the amount on Line 16 of the front of the return.....											00	

SCHEDULE NOL CORPORATE INCOME TAX — WEST VIRGINIA NET OPERATING LOSS CARRYFORWARD CALCULATION (11-24-6 (d))																	
Column 1			Column 2			Column 3			Column 4			Column 5			Column 6		
Month and year of loss			Amount of W. VA. net operating loss			Amount carried back to years prior to loss year			Amount carried forward to years prior to this year			Amount being used this year			Remaining unused net operating loss		
MM	YEAR																
			00			00			00			00			00		
			00			00			00			00			00		
			00			00			00			00			00		
			00			00			00			00			00		
			00			00			00			00			00		
			00			00			00			00			00		
			00			00			00			00			00		
			00			00			00			00			00		
			00			00			00			00			00		
			00			00			00			00			00		
West Virginia net operating loss carryforward for current tax year Sum of Column 5 - Enter on Schedule B, Line 15												00					





ATTACH SEPARATE SCHEDULES FOR EACH PARTNERSHIP IN WHICH YOU ARE A PARTNER

Corporate partner's name:

		-							
--	--	---	--	--	--	--	--	--	--

Name of partnership:

		-							
--	--	---	--	--	--	--	--	--	--

**PART -1 COMPUTATION OF INCOME/LOSS REPORTABLE TO WEST VIRGINIA (SEE INSTRUCTIONS)**

Corporate partner's distributive share of:

1	Income.....	1		00
2	Gain.....	2		00
3	Loss.....	3		00
4	Deductions.....	4		00
5	Subtotal - Sum of Lines 1 through 4.....	5		00
6	Increasing modifications (attach Schedule B, Form WV/CNF-120).....	6		00
7	Decreasing modifications (attach Schedule B, Form WV/CNF-120).....	(7		00)
8	TOTAL - Sum of Lines 5 through 7 - Enter this amount on Schedule A, Line 8, Column 5 of Form WV/CNF-120APT.....	8		00
9	Partnership income/loss subject to allocation - Part 2, Line 7, Column 5.....	9		00
10	Partnership income/loss subject to apportionment - Line 8 less Line 9.....	10		00
11	Apportionment factor - Part 3, Column 3, Line 6.....	11	•	
12	Partnership income/loss apportioned to West Virginia - Line 10 multiplied by Line 11.....	12		00
13	Partnership income/loss allocated to West Virginia - Part 2, Column 6, Line 7.....	13		00
14	Partnership income/loss taxable in West Virginia - Add Lines 12 and 13. Enter this amount on Schedule A, Line 8, Column 6 of Form WV/CNF-120APT.....	14		00

**PART-2 ALLOCATION OF NONBUSINESS INCOME FROM PARTNERSHIP**

NOTE: See the instructions and information for Schedule A, Form WV/CNF-120APT

Types of allocable income	GROSS INCOME		RELATED EXPENSES		NET INCOME	
	Column 1 Everywhere	Column 2 West Virginia	Column 3 Everywhere	Column 4 West Virginia	Column 5 Everywhere	Column 6 West Virginia
1 Rents/royalties	00	00	00	00	00	00
2 Capital gains/losses	00	00	00	00	00	00
3 Gains - sales of natural resources IRC Sec. 631 (a)(b)	00	00	00	00	00	00
4 Interest and dividends	00	00	00	00	00	00
5 Patent/copyright royalties	00	00	00	00	00	00
6 Partnership income/loss					00	00
7 TOTAL: Enter the total of Column 5 on Line 9, Part 1. Enter the total of Column 6 on Line 13, Part 1					00	00

**PART-3 APPORTIONMENT FACTORS FOR PARTNERSHIP INCOME SUBJECT TO APPORTIONMENT**

NOTE: See the instructions and information for Schedule B, Form WV/CNF-120APT

Apportionment Factors	Column 1 West Virginia	Column 2 Everywhere	Column 3 Decimal Fraction-Column 1 divided by Column 2
1 Partnership Property		00	•
2 Partnership Payroll		00	•
3 Partnership Sales		00	•
4 Partnership Sales		00	•
5 TOTAL: Add Col 3, lines 1 through 4		00	•
6 Apportionment Factor - Line 5 divided by the number 4, reduced by the number of factors, if any, showing zero in Column 2 -Enter the six (6) digit decimal from Column 3, Line 6, on Line 11 of Part 1			•



## INSTRUCTIONS - FORM WV/CNF-120

Enter beginning and ending tax year dates covered by this return. Attach label provided or clearly print or type your name and address. Make corrections on the label if necessary. If filing under extension, enter extended due date. Check applicable box for the return being filed.

**BUSINESS DATA SECTION:** You must complete the questions asked in this section before going to Line 1.

**ATTACHMENTS AND STATEMENTS REQUIRED:** Attach the additional information and statements required as part of your form WV/CNF-120 if they apply to your filing method.

Attach a copy of pages 1 through 4 of your signed federal return (Form 1120), and Schedule M-3 if applicable. If filing separate West Virginia and consolidated federal, attach your pro forma federal, consolidated federal, Form 851 (Affiliation Schedule), plus spreadsheets of the income and expense, and balance sheet entries for EVERY corporation included in the consolidated federal return.

Attach a schedule of other states in which you have property or paid salaries during the taxable year. Indicate those states in which you are filing corporate tax returns based on, or measured by, net income for this taxable year.

Attach a schedule of other states in which you have sales of tangible personal property during the taxable year and in which you are not taxed (e.g. P.L. 86-272). Indicate, by state, the amount of sales not subject to tax.

### INSTRUCTIONS

Line 1. Enter West Virginia taxable capital from completed Schedule A, Form WV/CNF-120, Line 12.

Line 3. Multiply Line 1 by tax rate on Line 2 and enter result or \$50.00, whichever is greater.

When your federal taxable year is a short taxable year, the tax is prorated based on the number of months that are in the short taxable year divided by the number 12.

When your first taxable year for Business Franchise Tax purposes includes a period of time during which you were not subject to the West Virginia Business Franchise Tax, the tax is prorated based on the number of months during the taxable year that you did business in West Virginia divided by the number 12.

Neither the minimum tax of \$50.00 nor the capital base can be prorated.

Line 4. Enter result from Column 1, Line 23 from completed form WV/CNF-120TC. Total amount of credit cannot exceed the tax on Line 3.

Line 5. Subtract Line 4 from Line 3 and enter result on Line 5.

Line 6. Enter West Virginia net income from completed Schedule B, Line 16.

Line 8. Multiply Line 6 by Line 7 and enter result. If a negative result enter 0 (zero)

Line 9. Enter result from Column 2, Line 22 of completed form WV/CNF-120TC. The total amount of credits cannot exceed the net income tax on Line 8.

Line 10. Subtract Line 9 from Line 8 and enter the adjusted net income tax on Line 10

Line 11. Add Lines 5 and 10. This is your combined Corporate and Business Franchise Tax liability

Line 12. Enter combined total of prior year carry forward credits from Corporate Income and Business Franchise Tax returns.

Line 13. Enter Total estimated tax payments.

Line 14. Enter tentative payment(s) made with Form WV/CNF-120T.

Line 15. Enter amount from Line 26 of the Strategic Research and Development Credit WV/SRDTC-1 and attach schedule to this return.

Line 16. Add Lines 12 through 15. Must match total on Schedule C.

Line 17. If Line 16 is smaller than Line 11, enter amount of tax owed. If Line 16 is larger than Line 11, enter 0 (zero) and skip to Line 22.

Line 18. Determine interest due. For information regarding interest, see the general information on page 8 of this booklet.

Line 19. Determine additions to tax due. For information regarding additions to tax, see the general information on page 8 of this booklet.

Line 20. Enter amount of penalty of estimated tax from form WV/CNF-120U.

Line 21. Add Lines 17 through 20. This is the balance due. Make check payable to West Virginia State Tax Department.

Line 22. If Line 16 is larger than Line 11, enter amount overpaid. An overpayment may be credited to next year's tax or refunded, either whole or in part.

Line 23. Enter the amount of overpayment to be credited to next year's tax.

Line 24. Enter amount to be refunded.

## SCHEDULE A - COMPUTATION OF CAPITAL

Corporations must complete this section to determine their capital base subject to the West Virginia Business Franchise Tax. The capital base is the average of the dollar amount of the beginning and ending balance of certain entries from the balance sheet of your Federal Tax Return as filed or as would have been filed with the Internal Revenue Service for the taxable year.

Corporations not required by Federal law to complete and file a balance sheet are required to complete a pro forma balance sheet in order to calculate their Business Franchise Tax liability. A pro forma balance sheet is the balance sheet that the corporation would have filed with the Internal Revenue Service had they been required to file one. Corporations complete Lines 1 through 7. Add the amounts in Column 1 and Column 2 and divide the result by the number 2 to determine the average capital in Column 3.

**EXEMPT ORGANIZATIONS.** Corporations and organizations that are exempt from federal tax must pay the Business Franchise Tax on that portion of their capital, which is used, directly or indirectly, in the generation of unrelated business income, as defined by section 512 of the Internal Revenue Code. To determine the amount of your capital that is subject to tax, multiply your capital by the percentage that your total gross unrelated business income is to your total gross income from all activity.

### COMPUTATION OF BUSINESS FRANCHISE TAX

Line 8. Taxpayers that own certain tax exempt government obligations and obligations secured by certain residential property located in West Virginia can take an allowance that reduces their capital. See the instructions for Schedule B-1, form WV/CNF-120 to determine if you qualify to take the special allowance. Corporations that qualify for this allowance will have already completed Schedule B-1, for WV/CNF-120. If you do not qualify for the special allowance skip Lines 8 and 9 of Schedule A, Form WV/CNF-120. Instead enter the amount from Line 7 on Line 10.

Line 11. Generally, the apportionment factor used to apportion your income for Corporate Income Tax purposes is used to apportion your capital base for Business Franchise Tax purposes. There are two (2) exceptions. 1) The special apportionment rules for certain motor carriers cannot be used

for the Business Franchise Tax. Motor Carriers will need to complete Schedule B, Form WV/CNF-120 APT to determine their apportionment factor for Business Franchise Tax purposes; 2) Taxpayers, exempt from, or not subject to, the West Virginia Corporate Net Income Tax must complete Schedule B, Form WV/CNF-120APT to determine their apportionment factor for Business Franchise Tax.

**APPORTIONMENT FACTOR:** Complete form WV/CNF-120APT Schedule B apportionment factors for multi-state corporations. Enter Part 1, Line 8 or Part 3, Column 3.

Line 12. Line 10 multiplied by Line 11. Enter result here and on Line 1 of the front of the return.

**SCHEDULE A - SUBSIDIARY CREDIT**

A parent taxpayer that filed a separate Business Franchise Tax Return is allowed a credit against its Business Franchise Tax liability for the Business Franchise Tax paid by a subsidiary corporation or by a partnership in which it owns an interest. A corporation that owns 50% or more of the stock of all classes of another corporation is defined to be the parent and the corporation so owned is defined to be a subsidiary corporation. The tax liability of the subsidiary corporation or partnership is first recomputed by determining the tax base of the subsidiary or partnership without the allowance for certain government obligations and obligations secured by certain residential property. The amount of credit is determined by multiplying the recomputed tax liability by the percentage of ownership by the parent. Enter the total from column 4 Schedule A-1 on summary Schedule WV/CNF-120TC Line 1 Column 1.

**SCHEDULE A-2 - TAX CREDIT FOR PUBLIC UTILITIES AND ELECTRIC POWER GENERATORS**

**IMPORTANT. PLEASE READ.** Only public service or utility businesses and taxpayers who generate electric power are eligible for this credit. This credit cannot be taken for taxes paid to municipalities in West Virginia. You must have actually paid Business and Occupation Tax to the West Virginia State Tax Department and be one of the taxpayers mentioned above to be eligible to claim this credit. Line 4. Enter the Business Franchise Tax liability from Page 1, Line 3 Form WV/CNF-120, minus the subsidiary credit claimed on Schedule A-1. Line 5. Enter the total on summary Schedule WV/CNF-120TC, Line 2, Column 1.

**SCHEDULE A-3 - COMMERCIALLY DOMICILED FINANCIAL ORGANIZATION TAX CREDIT**

Financial organizations whose business activities take place, or are deemed to take place, entirely in West Virginia are allowed a credit against the West Virginia Business Franchise tax for taxes paid to another state or political subdivision thereof. The credit is the lesser of:

- 1) The taxes actually paid on or before the filing date of the annual Business Franchise Tax Return to any other state or political subdivision thereof, and which were based upon or measured by the financial organization's capital and paid for the same taxable year; or
- 2) The tax that would have been paid if the West Virginia Business Franchise Tax rate is applied to the tax base determined under the law of the other state or political subdivision. Any additional payments to other states or political subdivisions and any refunds of such tax made or received with respect to the taxable year, but after the due date of the West Virginia Tax Return for the taxable year (including any extension), shall be accounted for in the taxable year in which such additional payment or refund is made or received.

If Lines 1 and 2 consist of capital and taxes paid to more than one state, you must attach a schedule detailing, by state, the capital that was subject to tax and the amount of taxes actually paid.

A separate computation of the adjusted Franchise Taxes paid to another state(s) must be made for each state and the combined total transferred to Line 4. Attach a supporting schedule of your computations.

Line 5. The lesser of Lines 1 or 4, enter here and on form WV/CNF-120TC, Line 3, Column 1.

**SCHEDULE B - ADJUSTMENTS TO FEDERAL TAXABLE INCOME**

**LINE 1.** Enter total taxable income from your federal income tax return form 1120 Line 30 or pro forma return. A "pro forma return" is the return that you would have filed if you had filed your federal return on a separate return basis.

**LINE 2a.** Enter exempt interest or dividends from any state or local bonds or securities from your federal return Form 1120 Schedule K or Schedule M-1.

**LINE 2b.** Attach supporting documentation.

**LINE 2c.** Attach an itemized schedule of taxes and licenses from Line 17 of your federal income tax return form 1120 or pro forma.

**LINE 2d.** Taxpayers can elect to expense the cost of certain air and water pollution control facilities located in West Virginia in the year in which the cost of acquisition, construction or development was paid or incurred. Eligible air and water pollution control facilities are those located in West Virginia that are "certified pollution control facilities" as defined by Section 169 (d) of the Internal Revenue Code. If this election is made, the total amount of any federal deduction for depreciation or amortization of such facilities is disallowed. The election is made on the return for the year in which the cost is paid or incurred. Once made, the election or non-election is irrevocable.

A taxpayer who reports all income to this state will make the adjustment for the cost of the facilities on Schedule B Line 4h. The depreciation or amortization on the facilities, including that attributable to cost expensed this year as well as prior years, deducted on the federal return, is entered on Schedule B Line 2d. A taxpayer who is subject to allocation and apportionment makes the adjustment for the cost of the facilities on Schedule A form WV/CNF-120APT Line 10, Column 6. The depreciation or amortization on the facilities, deducted on the federal return for this year as well as previous years, is entered on Schedule A form WV/CNF-120APT Lines 11 and 12, Column 6.

**LINE 2e.** Corporations, which are exempt from federal income tax, are exempt from West Virginia Corporation Net Income Tax. If such corporation has unrelated business taxable income (as defined by Section 512 of the Internal Revenue Code), they must pay West Virginia Corporation Net Income Tax on the unrelated business taxable income. Enter the unrelated business taxable income as reported on Federal Form 990T.

**LINE 2f.** Enter amount from Federal Form 1120, Line 29a.

**LINE 2g.** If you claim the West Virginia Neighborhood Investment Program Tax Credit, any deduction, decreasing adjustment, or decreasing modification taken on your federal return for any charitable contribution made to such Neighborhood Investment Program and for which the West Virginia credit is claimed, must be added back on Line 2g.

**LINE 2h.** Taxpayers with foreign source income must adjust their federal taxable income by the amount of their taxable income or loss from sources outside the United States. In determining foreign source income, the provisions of Sections 861, 862, and 863 of the Internal Revenue Code apply. Complete the following work sheet.

Foreign Source Income Work sheet

1. Taxable Income from sources outside the United States.....	_____
2. LESS: Foreign dividend gross-up.....	_____
3. LESS: Subpart F income.....	_____
4. West Virginia adjustment.....	_____

If the amount on Line 4 of the work sheet is a positive figure, enter it on Schedule B, Line 4g. If it is a negative figure, enter the amount of the loss on Schedule B, Line 2h without the negative sign.

Attach copies of Federal Form 1118 to support your calculation. If you did not file Federal Form 1118, you must prepare and file a pro forma Federal Form 1118 to support your adjustment. If you filed a consolidated Federal Form 1118 and file separate or unitary West Virginia returns, attach both the true consolidated and a pro forma Federal Form 1118 to support your adjustment.

**LINE 2i.** Enter amount of foreign taxes as deducted on your Federal Form 1120.

**LINE 2j.** Enter Qualified Production Activity Deduction taken under IRC§199.

**LINE 4a.** Determine the adjustment by completing Schedule B-2. Enter the total amount from line 4.

**LINE 4b.** Attach supporting documentation.

**LINE 4c.** Attach supporting documentation.

**LINE 4d.** Enter total and include copy of Federal Form 3800 or 5884 and/or other as applicable.

**LINE 4e.** Enter total Schedule C line 15 Federal Form 1120.

**LINE 4f.** Enter total Schedule C line 14 Federal Form 1120.

**LINE 4g.** See instructions for Schedule B line 2h.

**LINE 4h.** See the instructions for line 2d.

**LINE 4i.** A decreasing adjustment to federal taxable income is allowed for employer contributions to a medical savings account established pursuant to WVA Code § 33-16-15, to the extent included in federal taxable income, less any portion of the employer's contributions withdrawn for purposes other than payment of medical expenses. The amount taken as a decreasing adjustment may not exceed the maximum amount that would have been deductible from the corporation's federal taxable income if the aggregate amount of the corporation's contributions to individual medical savings accounts established under WVA §Code 33-16-15 had been contributions to a qualified plan as defined under the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

**LINE 6.** Taxpayers that own certain tax-exempt government obligations and obligations secured by certain residential property located in West Virginia can take a special allowance that further reduces federal taxable income. Complete Schedule B-1 to determine the amount of the allowance.

**LINE 7.** Total of Lines 5 and 6.

**LINE 8.** Line 1 plus Line 3 minus Line 7.

**LINE 9.** Form WV/CNF-120APT; Schedule A, Line 9, Column 5.

**LINE 10.** Subtract Line 9 from Line 8

**LINE 11.** Complete Schedule B on Form WV/CNF-120APT and enter result of Part 1 Line 8, Part 2, or Part 3 Column 3.

**LINE 13.** Complete Schedule A of Form WV/CNF-120APT. Enter result on Line 13 here.

**SCHEDULE B-1 - ALLOWANCE FOR GOVERNMENTAL OBLIGATIONS/OBLIGATIONS SECURED BY RESIDENTIAL PROPERTY (11-24-6(F))**

Taxpayers that own certain tax exempt government obligations and obligations secured by certain residential property located in West Virginia can take a special allowance that further reduces federal taxable income. Complete WV/CNF-120 Schedule B-1 to determine the amount of the allowance. The value of these obligations and loans is determined using the average of the monthly beginning and ending account balances. These account balances are determined at cost in the same manner that such obligations, investments and loans are reported on the balance sheet of your federal income tax return.

**SCHEDULE B-1**

**LINES 1 through 4.** Attach copy of work sheets supporting the calculation of average monthly balance.

**LINE 6.** Average of beginning and ending balance of line 15 Schedule L federal form 1120.

**LINE 8.** Adjusted income Schedule B, Line 1 plus Line 3 minus Line 5 plus Schedule A Form WV/CNF-120APT Lines 10, 11, and 12.

**SCHEDULE B-2 - MODIFICATION FOR GAINS FROM SALE OR EXCHANGE OF PROPERTY ACQUIRED PRIOR TO JULY 1, 1967**

Gain from the sale or other disposition of property acquired prior to July 1, 1967 is allowed as a decreasing adjustment to federal taxable income. The adjustment cannot exceed the lesser of either:

- (1) The gain reported on the federal return; or
- (2) The difference between the fair market value of the property and the adjusted basis of the property for federal income tax purpose on July 1, 1967.

No adjustment is allowed for property acquired after June 30, 1967 or where a loss occurs. This adjustment must be calculated separately for each asset sold.

Determine the adjustment by completing Schedule B-2. Enter the total amount from Line 4 on Schedule B, Line 4a.

NOTE: For tax years beginning on and after January 1, 2009, eliminate corporate net income tax adjustment for pre-1967 gain on the sale of property (Senate Bill 2002).

**SCHEDULE B-3- CORPORATE INCOME TAX COMMERCIALY DOMICILED FINANCIAL ORGANIZATIONS TAX CREDIT (11-24-24)**

Financial organizations whose business activities take place, or are deemed to take place, entirely in West Virginia, are allowed a credit against the West Virginia Corporation Net Income Tax for taxes paid to another state or political subdivision thereof. The credit is the lesser of

- (1) The taxes actually paid on or before the filing date of the annual Corporation Net Income Tax Return to any other state or political subdivision thereof, and which were based upon or measured by the financial organization's net income and paid for the same taxable year; or
- (2) The tax that would have been paid if the West Virginia Corporation Net Income Tax rate is applied to the tax base determined under the law of the other state or political subdivision.

Any additional payments to other states or political subdivisions and any refunds of such taxes made or received with respect to the taxable year, but after the due date of the West Virginia Corporation Net Income Tax Return for the taxable year (including an extension), shall be accounted for in the taxable year in which such additional payment or refund is received.

If Lines 1 and 2 consist of income and taxes paid to more than one state, you must attach a schedule detailing, by state the income that was subject to tax and the amount of taxes actually paid.

A separate computation of the adjusted income taxes paid to another state(s) must be made for each state and the combined total transferred to Line 4. Attach a supporting schedule of your computations.

**SCHEDULE C – SCHEDULE OF TAX PAYMENTS (WILL BE APPLIED TO BUSINESS FRANCHISE TAX FIRST)**

Use this schedule to list any corporation net income/business franchise tax payments made which the taxpayer is applying to this return. List the following for each payment: name of corporation making payment; West Virginia Account Identification Number; date of payment; type of payment (estimated payment, including application of overpayment from prior year, and extension payments made with a tentative return); amount of payment. Attach an additional sheet listing payments if the taxpayer paid more than nine payments. Also, use this schedule to list the refundable credit. The total amount of payments, and/or refundable credit must equal the amount reported on Line 16 of the front of your return.

NOTE: The total application of prior year credit must equal the amount on Line 12; total estimate payments must equal the amount on Line 13; and the total extension payments made on a tentative return must equal the amount on Line 14 of the front of your return, respectively.

**SCHEDULE NOL - CORPORATE INCOME TAX -  
WEST VIRGINIA NETOPERATING LOSS CARRY FORWARD  
CALCULATION (11-24-6 (d))**

**Who should complete Schedule NOL.** All corporations claiming a net operating loss carry forward deduction on Schedule B, Line 15 of their West Virginia Corporate Income Tax Return (Form WV/CNF-120), must complete this schedule to support their net operating loss deduction. Schedule NOL is not a claim for refund. It is a calculation schedule to support the net operating loss carry forward deduction.

**For taxable years ending prior to June 30, 1988** a net operating loss deduction could be claimed by a corporation entitled to claim a net operating loss deduction on its federal income tax return. The amount of the federal net operating loss deduction had to be adjusted to determine the amount of the allowable West Virginia net operating loss deduction.

**For taxable years ending after June 30, 1988** West Virginia Corporation Net Income tax law was revised to provide for a West Virginia net operating loss deduction to be used to reduce West Virginia taxable income of a corporation. The revision is effective for all taxable years ending after June 30, 1988 and applied to all loss carry over from the taxable year ending on or before June 30, 1988.

Any amount claimed as a federal net operating loss deduction must be added back to federal taxable income on West Virginia Schedule B, Line 2f of Form WV/CNF-120. The West Virginia net operating loss carry forward deduction is entered on Schedule B, Line 15.

**Taxpayers now have a West Virginia election as to the carry back or carry forward of the West Virginia net operating loss deduction.** For losses incurred in taxable years beginning after August 5, 1997, the carryback period is 2 years and the carry forward period is 20 years. If the election is made to not carry back any part of the loss, the carry forward period is 20 years. For losses incurred in taxable years beginning on or before August 5, 1997, the carry back period is 3 years and the carry forward period is 15 years.

A net operating loss deduction of a multi-state corporation is subject to West Virginia allocation and apportionment rules.

The West Virginia net operating loss deduction is limited to net operating losses incurred by a corporation which did business in West Virginia and filed Corporation Net Income Tax Returns in prior taxable years.

The amount of net operating loss deduction available to an affiliated group, which elects for the first time to file a consolidated West Virginia Corporation Net Income Tax Return, for a taxable year ending after July 1, 1988, is limited to the net operating losses incurred by members of the affiliated group which did business in West Virginia and filed separate West Virginia returns in prior years.

A West Virginia net operating loss deduction will not be allowed for net operating losses of those members of the affiliated group which did no business in West Virginia in prior taxable years and were not required to file West Virginia Corporate Income Tax Returns

**SRLY RULES.** The separate return limitation years (SRLY) rules set forth in Treasury Regulation §1.1502 apply in determining the allowable West Virginia net operating loss deduction.

When the SRLY rules apply, a member of an affiliated group's net operating loss carried forward from its separate return year can only offset that portion of the taxable income attributable to that member of the group.

**Schedule NOL** is designed to support the claiming of a West Virginia net operating loss carry forward deduction by providing information on the year of the loss and how the loss was/is being used. Enter on Schedule NOL only those loss years that give rise to the current taxable years net operating loss carry forward deduction.

**Column 1 Year of loss.** Enter in Column 1 the applicable tax year ending date(s) for the year(s) that you had net operating loss(es).

**Column 2 Amount of West Virginia net operating loss.** Enter the amount of West Virginia net operating loss that corresponds to the year of the loss shown in Column 1.

**Column 3 Amount carried back to years prior to loss year.** Enter the total amount of loss for the taxable year entered in Column 1 that was carried back to a year or years prior to the year of the actual loss.

**Column 4 Amount carried forward to years prior to this year.** Enter the total amount of loss for the taxable year entered in Column 1 that was carried forward to a year, or years, prior to the current taxable year.

**Column 5 Amount being used this year.** Enter the amount of loss for the taxable year entered in Column 1 that is being used to offset West Virginia taxable income for the current taxable year.

**Column 6 remaining unused net operating loss.** Enter the amount of loss for the tax year entered in Column 1 that remains to be carried to a taxable year subsequent to the current taxable year.

**Total Net Operating Loss Carry Forward Deduction for Current Taxable Year.** The amount of the West Virginia net operating loss carry forward deduction claimed on Schedule B, Line 15 form WV/CNF-120 of the current year's tax return must equal the sum of column 5 Schedule NOL. In no instance may the West Virginia net operating loss carry forward deduction reduce West Virginia taxable income below zero.

**Net operating loss carry backs.** Generally, a taxpayer having a net operating loss must first carry back that loss to the two preceding tax years before carrying the loss forward. A refund initiated by a net operating loss carryback must be claimed within three years from the original due date of the return for the loss year (with regard to an extension) by the filing of Form WV/CNF-139.

**Special legislative changes made during 1993 have limited the amount of net operating loss that can be carried back when the loss is incurred in a taxable year beginning after December 31, 1992. No more than \$300,000 of net operating loss from any taxable year beginning after December 31, 1992 may be carried back to any previous taxable year. No change was made in the loss carry forward rules or the amount of loss that can be carried back from a taxable year beginning before December 31, 1992.**

**FORM WV/CNF-120APT – ALLOCATION AND APPORTIONMENT  
FOR MULTI STATE CORPORATIONS**

Enter beginning and ending tax year dates covered by this return. Print or type your name and West Virginia ID number.

**SCHEDULE A - ALLOCATION OF NON BUSINESS INCOME**

If your business activities take place both within and without West Virginia and you are also taxable in another state, certain items of nonbusiness income that are included in federal taxable income are directly allocated. All other income must be apportioned.

Business income arises from transactions and activities in the regular course of the corporation's trade or business, and includes income from tangible and intangible property if the acquisition, management or disposition of the property constitutes integral parts of the corporation's trade or business.

Nonbusiness income includes all income that is not properly classified as business income less all expenses attributable to the production of this income. Nonbusiness income is allocated to West Virginia if (1) the corporation's commercial domicile, the principal place from which the trade or business is managed, is located in West Virginia; or (2) property creating the nonbusiness income is utilized in West Virginia. Nonbusiness income from real property is allocated to West Virginia if the property is located in West Virginia. Nonbusiness income from tangible personal property is allocated to West Virginia if the property is utilized in this state or the property was located in West Virginia at the time of its sale. Nonbusiness income from intangible personal property is allocated to West Virginia if the corporation's commercial domicile is located in West Virginia, or, in the case of patents and copyrights, if they are used in West Virginia



For a detailed discussion of allocation of nonbusiness income, you may request a copy of Publication TSD-392, "Corporation Net Income Tax Non-business Income", by contacting our Taxpayer Services Division.

Determine nonbusiness income allocated to West Virginia and outside West Virginia by completing form WV/CNF-120APT Schedule A. Only those types of nonbusiness income listed on Schedule A-APT can be allocated. Any other types of income that the corporation classifies as nonbusiness must be apportioned.

**LINE 8.** To determine the amount of partnership income/loss allocable to West Virginia, complete Schedule P. Separate schedules must be completed for each partnership in which you have an interest. Combine the amounts from each schedule, and enter the appropriate amounts here.

**LINE 9.** Enter the amount from Column 5, Line 9, Schedule A on Schedule B, Line 9 of Form WV/CNF-120.

**LINE 13.** Enter the amount from Column 6, Line 13, Schedule A on Schedule B, Line 13 of Form WV/CNF-120.

#### SCHEDULE B - APPORTIONMENT FORMULA

If your business activities take place both within and without West Virginia and you are also taxable in another state, all net income, after deducting those items of nonbusiness income allocated on Schedule A Form WV/CNF-120APT must be apportioned to West Virginia by using the appropriate apportionment formula. Completion of Schedule B is required even if apportionment is zero.

**Special apportionment formulas apply to motor carriers and to financial organizations.** If you are filing for a financial organization, follow the apportionment instructions for Schedule B-APT, Part 3. If you are filing for a motor carrier, follow the apportionment instructions for Schedule B-APT, Part 2.

Multi-state corporations will use the standard apportionment formula of payroll, property and sales, with the sales factor double weighted, and will complete Schedule B-APT Parts 1 through 3 as applicable.

**Petitioning for an alternate method of apportionment.** To use an alternate method of allocation and apportionment, you must petition the Tax Commissioner to use some other basis to determine your taxable net income. Your petition for an alternate method must be filed no later than the normal due date of your return.

You must receive written permission to use an alternate apportionment method before filing your return. Permission will only be granted if you can show that the statutory formula does not properly reflect your taxable income, and if the alternate method properly and fairly shows your West Virginia taxable income.

Your petition should include your name and address; state of incorporation and principal place of business; a description of the kind(s) of business in which you are engaged; a detailed statement of how sales are made in West Virginia; a computation of your West Virginia taxable income using the statutory apportionment formula and using your proposed alternate formula; and a summary of the facts that support your position.

Send your petition to West Virginia State Tax Department, Internal Auditing Division, Corporate & Franchise Tax Unit, PO Box 1202, Charleston, WV 25324-1202.

#### MULTI-STATE CORPORATIONS -- FOUR FACTOR FORMULA

To determine your West Virginia apportionment percentage, first determine the following factors.

**Property Factor.** Property includes all real and tangible personal property owned or rented and used during the taxable year to produce business income. Property used in connection with the items of nonbusiness income allocated in Schedule A shall be excluded from the factor.

Property must be included in the property factor if it is actually used or is available for or capable of being used during the taxable year. Property held as reserves, standby facilities or reserve sources of materials must be included. Property or equipment under construction (except goods in

process that can be inventoried) must be excluded until it is actually used to generate business income. Movable property, such as tools, construction equipment and trucks, used both within and without West Virginia, shall be included in the numerator of the fraction on the basis of total time within the state during the taxable year.

Property owned is valued at original cost. Property rented is valued at eight times the net annual rental rate. Leasehold improvements are considered property owned and are included at their original cost. Generally, original cost is the basis of the property for federal income tax purposes at the time of acquisition and adjusted by subsequent capital additions or improvements and partial dispositions by reason of sale, exchange, abandonment, etc. As a general rule, property is included in the factor by averaging its value at the beginning and ending of the taxable period. The Tax Commissioner may require or allow averaging by monthly values if such method is required to properly reflect the average value of the taxpayer's property for the taxable year.

**LINE 1.** Divide Column 1 by Column 2 enter result in Column 3. State the result as a decimal and round to six (6) places after decimal.

**LINE 2.** Payroll Factor. The payroll factor shall include the total amount of compensation paid to employees during the taxable year. The total amount paid is determined upon the basis of the taxpayer's accounting method for federal income tax purposes. If you have adopted the accrual method of accounting for federal purposes, all compensation shall be deemed to have been paid. Compensation may be included in the payroll factor by use of the cash basis only if you have permission from the Tax Commissioner for an alternate method of apportionment. Compensation means wages, salaries, commissions and other forms of remuneration paid to employees for personal services. Payments made to an independent contractor or any other person not properly classified as an employee are excluded. Only amounts paid directly to employees are included in the payroll factor. Do not include compensation paid to employees engaged exclusively in an activity that generates nonbusiness income that you allocated in Schedule A of Form WV/CNF-120APT.

**The denominator** of the payroll factor is the total compensation paid by the taxpayer during the taxable year, as shown on the federal income tax return filed with the Internal Revenue Service and as reflected in the schedule of wages and salaries and that portion of the cost of goods sold which reflect compensation.

The numerator of the payroll factor is the total amount paid in this state during the taxable year by the taxpayer for compensation. Compensation is paid in this state if any of the following tests, applied consecutively, are met: (A) the employee's service is performed entirely within this state; (B) the employee's service is performed both within and without this state, but the service performed without this state is "incidental" to the employee's service within this state (the word incidental means any service which is temporary or transitory in nature, or which is rendered in connection with an isolated transaction); (C) if the employee's services are performed both within and without this state, the employee's compensation will be attributed to this state: (1) if the employee's base of operations is in this state; or (2) If there is no base of operations in any state in which part of the service is performed, but the place from which the service is directed or controlled is in this state; or (3) if the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the employee's residence is in this state. Base of operation is the place from which the employee starts their work and to which they customarily return in order to receive instructions or communications from customers or others, or to replenish stock or other materials, repair equipment, or perform any other functions necessary to the exercise of their trade or profession at some other point or points.

Determine the payroll factor by entering the appropriate amounts on Line 2. Enter West Virginia payroll in Column 1 and payroll everywhere in Column 2.

**LINE 2.** Divide Column 1 by Column 2 enter the result in Column 3. Round to six (6) places after the decimal.

Sales Factor. The term "sales" means all gross receipts of the taxpayer that are business income. The sales factor includes all gross receipts derived from transactions and activity in the regular course of your trade or business, less returns and allowances. Do not include interest or dividends from obligations of the United States government, which are exempt from taxation in West Virginia, or gross receipts from an activity that produced nonbusiness income that you allocated in Schedule A of Form WV/CNF-120APT.

**The denominator** (Column 2) of the sales factor includes all gross receipts derived from transactions and activity in the regular course of your trade or business that was reflected in your gross income reported and as appearing on your federal income tax return unless otherwise excluded. Sales of tangible personal property delivered or shipped to a purchaser within a state in which you are not taxed (e.g. under Public Law 86-272) are to be excluded from the denominator.

**The numerator (column 1)** of the sales factor includes all gross receipts attributable to West Virginia and derived from transactions and activity in the regular course of your trade or business. All interest income, service charges or time-price differential charges incidental to such gross receipts must be included regardless of the place where the accounting records are maintained or the location of the contract or other evidence of indebtedness.

**SALES OF TANGIBLE PERSONAL PROPERTY.** Gross receipts from sales of tangible personal property are in West Virginia: (1) if the property is received in West Virginia by the purchaser (except sales to the United States government) regardless of the F.O.B. point or other conditions of sales; or (2) if the property is shipped from an office, store, warehouse, factory or other place of storage in West Virginia and the purchaser is the United States government.

Sales within West Virginia are generally determined on a destination basis. If the purchaser picks up or otherwise receives the property in West Virginia, the sale is treated as taking place in this state. If the property is delivered by common carrier or other means of transportation, the place at which the property is received after all transportation is completed is the place where the sale took place. Direct delivery in West Virginia, other than for purposes of transportation, to a person or firm designated by a purchaser, constitutes delivery to the purchaser in West Virginia regardless of where title passes or other conditions of sale. Direct delivery outside West Virginia, to a person or firm designated by a purchaser, does not constitute delivery to a person in this state.

**OTHER SALES.** Gross receipts from transactions other than sales of tangible personal property are attributable to West Virginia: (1) if the income producing activity which gives rise to the receipts is performed entirely in West Virginia; or (2) if the income producing activity is performed both in and outside West Virginia and a greater portion of the income producing activity is performed in this state than in any other state, based on cost of performance; or (3) if the sale constitutes business income to the taxpayer, or the taxpayer is a financial organization subject to the special apportionment rules. Refer to West Virginia Code §11-24-7 for a discussion of income producing activity and cost of performance.

Gross receipts from the sale, lease, rental or licensing of real property are in West Virginia if the real property is located in this state. Gross receipts from the rental, lease or licensing of tangible personal property are in West Virginia if the property is located in this state. If such property is both within and without West Virginia during the rental, lease or licensing period, gross receipts attributable to West Virginia shall be determined based upon the total time within the state during the taxable year. Gross receipts for the performance of personal services are in West Virginia if such services are performed in this state.

Determine the sales factor by entering the appropriate amount on Line 3. Enter West Virginia sales in Column 1 and sales everywhere in Column 2.

**Line 3 Column 2. TOTAL SALES.** This amount, when added to the total gross nonbusiness income, as shown on Schedule A, Column 1, must equal the sum of your items of gross income as reported on your federal income tax return. Any differences must be noted and explained in an attachment to your return.

\$ \_\_\_\_\_ Sum of gross income items on federal return.  
\$ \_\_\_\_\_ Minus total allocated income (Schedule A, Column 1 ).  
\$ \_\_\_\_\_ Equals Line 3, Column 2, Schedule B.

**Line 4.** Enter the total gross receipts from sales of tangible personal property delivered or shipped to a purchaser within a state in which you are not taxed (e.g. Public Law 86-272). This is the throw out rule per WV Code §11-24-7(e)(11)(B) and §11-23-5(l)(2).

**Line 5.** In Column 1, enter the amount from Line 3. In Column 2, subtract Line 4 from Line 3 and enter the difference. Divide Column 1, Line 5 by Column 2, Line 5 and enter the result in Column 3, Line 5. State the result as a decimal and round to six (6) places after the decimal.

**Line 6.** Enter Column 3, Line 5 again.

**Line 7.** Add Column 3, Lines 1, 2, 5, and 6 and enter the sum in Column 3.

**Line 8.** Divide the six (6) digits decimal from Column 3, Line 7 by the number 4, reduced by the number of factors, if any, showing zero in Column 2, Lines 1, 2, 5, or 6. Enter the six-digit decimal fraction from Column 3, Line 8 on WV/CNF-120 Schedule A, Line 11 and Schedule B, Line 11.

#### MOTOR CARRIERS — SPECIAL SINGLE FACTOR FORMULA

**Part 2. Vehicle Miles.** Motor carriers of property or passengers are subject to special apportionment rules. Motor carriers must apportion their business income by using a single factor formula of vehicle miles.

The special apportionment formula for motor carriers is to be used for the Corporation Net Income Tax only. The special rules do not apply to the West Virginia Business Franchise Tax.

A motor carrier is any person engaged in the transportation of passengers and/or property for compensation by a motor propelled vehicle over roads in West Virginia, whether on a scheduled route or otherwise. The term "vehicle miles" means the operation of a motor carrier over a distance of one mile.

The special apportionment formula for motor carriers does not apply if: (A) the motor carrier neither owns nor rents any real or tangible personal property located in this state, has made no pick ups or deliveries within this state, and has traveled less than 50,000 miles in this state during the taxable year; or (B) the motor carrier neither owns nor rents any real or tangible personal property located in West Virginia, except vehicles, and made no more than 12 trips into or through this state during the taxable year. Under either (A) or (B), the mileage traveled in West Virginia may not be more than five percent (5%) of the total vehicle miles traveled in all states during the taxable year.

Determine the apportionment factor by entering the appropriate vehicle miles for West Virginia in Column 1, and vehicle miles everywhere in Column 2.

Divide Column 1 by Column 2, and enter the result in Column 3. State the result as a decimal fraction and round to six (6) places after the decimal. Enter the six (6)-digit decimal fraction from Column 3 on Schedule B, Line 11 of Form WV/CNF-120.

#### FINANCIAL ORGANIZATIONS – SPECIAL SINGLE FACTOR FORMULA SCHEDULE B FORM WV/CNF-120APT

**PART 3.** Gross Receipts. Financial organizations subject to apportionment must apportion their business income by using a single factor gross receipts formula. This special apportionment rule applies to both the West Virginia Corporation Net Income Tax and Business Franchise Tax.

A financial organization is any holding company or regulated financial corporation or subsidiary thereof, or any corporation deriving more than 50% of its gross receipts from one or more of the following:

- (1) Making, acquiring, selling or servicing loans or extensions of credit.
- (2) Leasing or acting as an agent, broker or advisor in connection with leasing real and personal property that is the economic equivalent of an extension of credit.

- (3) Operating a credit card business.
- (4) Rendering estate or trust services.
- (5) Receiving, maintaining or otherwise handling deposits.
- (6) Engaging in any other activity with an economic effect comparable to any of the above.

**Commercially domiciled financial organizations.** Financial organizations with their commercial domicile in West Virginia may not apportion their capital or business income when they engage in multi-state activities. All of their capital or business income shall be allocated to West Virginia without apportionment. Financial organizations with their commercial domicile in West Virginia will instead be allowed a credit against their tax liability for corresponding taxes actually paid to other states. See Form WV/CNF-120APT, Schedule B, Part 3.

The commercial domicile of a financial organization is the place designated as its principal office with its regulating authority.

**Financial organizations not commercially domiciled in West Virginia.** A financial organization not commercially domiciled in West Virginia shall apportion their capital and business income by means of a single factor gross receipts apportionment formula if it regularly engages in business in West Virginia. A financial organization not having its commercial domicile in West Virginia is presumed to be regularly engaging in business in West Virginia if during any year it obtains or solicits business with 20 or more persons within West Virginia, or the sum of its gross receipts attributable to sources in West Virginia equals or exceeds \$100,000.00.

Gross receipts from the following ownership interest (and certain related activities) will not be considered in determining whether a financial organization is subject to taxation;

- (1) An interest in a real estate mortgage investment conduit, a real estate investment or a regulated investment company.
- (2) An interest in a loan backed security representing ownership or participation in a pool of promissory notes or certificates or interest that provide for payments in relation to payments or reasonable projections of payments on the notes or certificates.
- (3) An interest in a loan or other asset from which the interest is attributed to a consumer loan, a commercial loan or a secured commercial loan, and in which the payment obligation were solicited and entered into by a person that is independent and not acting on behalf of the owner; or an interest in the right to service or collect income from such a loan or asset; or
- (4) An amount held in an escrow or trust account with respect to property described above.

If a financial organization is subject to taxation when gross receipts from these interests are not considered, such receipts must then be included when determining the amount of taxes owed.

Neither the numerator nor the denominator of the gross receipts factor should include gross receipts from obligations and certain loans on which you claimed the special allowance in Schedule B-1 Form WV/CNF-120.

**Methods of filing.** Both the West Virginia business franchise tax and the corporation net income tax are separately imposed upon business entities. The law presumes that each taxpayer subject to tax will file a separate return. However, an affiliated group that includes one or more financial organizations may file a consolidated return as long as it complies with the following rules.

- 1. The affiliated group of which the financial organization is a member must file a federal consolidated income tax return for the taxable year.
- 2. All members of the affiliated group included in the federal consolidated return must consent to being included in the consolidated return. The filing of a consolidated return is proof of consent.
- 3. The West Virginia taxable capital or income of the group is the sum of:

A. The pro forma West Virginia taxable capital, or income as the case may be, of all financial organizations having their commercial domicile in West Virginia; plus,

B. The pro forma West Virginia taxable capital, or income as the case may be, of all financial organizations not having their commercial domicile in West Virginia; plus,

C. The pro forma West Virginia taxable capital, or income, as the case may be, of any member of the federal affiliated group that is subject to special industry apportionment, such as motor carriers; plus

D. The pro forma West Virginia taxable capital, or income, as the case may be, of all other members included in the federal consolidated income tax return, except any member that is specifically exempt from taxation under the business franchise tax law or the corporation net income tax law.

When filing a consolidated return that includes pro forma calculations for financial organizations and other statutory groups, the following supporting documentation shall be included to substantiate the filing:

1. A copy of pages 1 through 4 of the Federal Consolidated Income Tax Return, Form 851, and Form 7004, filed for the taxable year by the affiliated group,

2. A consolidated balance sheet in columnar form for both the beginning and end of the taxable year, showing the inclusions and eliminations, whether they are positive or negative, for each member of the affiliated group included in the federal consolidated return,

3. A consolidated income and expense statement, in columnar form, showing for each corporation included in the federal consolidated return its portion of the income and deductions and any eliminations or adjustments necessary to properly reflect the consolidated federal taxable income,

4. A schedule listing, by statutory groups, i.e. commercially domiciled financial organizations, non-commercially domiciled financial organizations, special industries, exempt member(s), and all others, the names and federal employers identification numbers of each member of that group.

5. A pro forma combined balance sheet, in columnar form for both the beginning and end of the taxable year, showing the inclusions and eliminations, for each member, for each statutory group,

6. A pro forma income and expense statement, in columnar form, showing for each member included in the statutory group, its portion of the income and deductions and any eliminations or adjustments necessary to properly state the statutory groups federal taxable income,

7. Supplemental schedules, in columnar form, showing, by statutory grouping, and each member included in the statutory group, the following information:

- A. Itemization of the adjustments increasing and decreasing federal taxable income,
- B. Itemization of the allocation of nonbusiness income,
- C. Itemization of the apportionment factor(s),
- D. Itemization of the amount of taxes paid to another state or political subdivision for which the commercially domiciled financial organization tax credit is claimed,
- E. Itemization of the amount of net operating loss deductions claimed, and
- F. Itemization of the numerator and denominator of the allowance for certain government obligations and obligations secured by residential property, and the amount of interest giving rise to the allowance; and,

8. A summary schedule showing the combination of the various statutory groups to establish the consolidated group's West Virginia taxable capital and taxable income.

**Tax credits claimed on the special consolidated return.** If any member of the consolidated return is allowed to claim a tax credit against its tax liability for payment of any other tax, the amount of the credit allowed may not exceed that member's proportionate share of the affiliated groups tax liability, as shown on a pro forma tax return for that member of the group.

Corporations who have a non-domiciled financial organization filing requirement in addition to the regular filing requirement are required to file two completely separate Form CNF-120 schedules, one for their total non-financial business activities and one for their non-domiciled financial activities. The results of these separate filings can then be added and summarized on the front page of the tax return. A return absent these completed schedules would not be accepted as valid filing.

## SCHEDULE A-PARTNERSHIP INCOME LOSS

Use this schedule to determine the amount of taxable income or loss received from one or more partnerships in which you are an investor.

A corporation's share of partnership income, gain, loss, and deduction is allocable to West Virginia to the extent it was derived from partnership activity in West Virginia. The corporation's share of the partnership income/loss must be modified by the increasing and decreasing adjustments shown on West Virginia Schedule B.

If the partnership is active only in West Virginia, the corporate partner's entire share of the partnership income, gain, loss, and deductions, after the required modifications shown on West Virginia Schedule B, is allocated to West Virginia.

If the partnership has activity in more than one state, the corporate partner's share of the partnership income, gain, loss, and deductions, after modification, is subject to the allocation and apportionment provisions of West Virginia Code §11-24-7. Apportionment is made by using the partnership's property, payroll, and sales factors.

If the partnership is eligible to claim West Virginia tax credits that flow through the partnership to the partners, attach a statement identifying the credit(s) and the amount of the corporation's share of the credit(s).

A separate schedule must be completed for each partnership in which you are a partner. Income, gain, loss, and deductions from more than one partnership may not be combined on a single schedule. However, the partnership income/loss from each separate Schedule P is combined into a single entry on West Virginia Schedule P, Line 8, Part 1.

Copies of your Federal Schedule K-1 from each partnership must be attached to substantiate the distribution.

### Part 1. Computation of Income/Loss Reportable to West Virginia.

**Lines 1 through 4.** Enter only the corporation's share of these items.

**Lines 6 and 7.** See the instructions for West Virginia Schedule B, WV/CNF-120.

**Line 8.** If the partnership is active only in West Virginia, enter this amount also on Line 14 and skip Lines 9 through 13.

**Complete Parts 2 and 3 only if the partnership is active in more than one state.**

**Part 2. Allocation.** See the information and instructions for completing West Virginia Schedule A, WV/CNF-120APT. The amount entered in Part 2 should only include the corporation's share of these items of nonbusiness income and related expenses.

**Part 3. Apportionment.** See the information and instructions for completing West Virginia Schedule B, WV/CNF-120APT. The figures to be entered in Columns 1 and 2 are for the partnership not the corporation's proportionate share. The property factor includes the property of the partnership owned, leased or rented and used in the production of business income. The payroll factor includes salaries, wages, commissions and any other form of remuneration paid to partnership employees and reflected on the partnership's Federal Form 1065. The sales factor includes all gross receipts of the partnership except those subject to allocation that were reflected in the partnership's federal gross income and reported on the partnership's Federal Form 1065.

**WV/CNF-120TC SUMMARY OF CORPORATION NET INCOME/BUSINESS FRANCHISE TAX CREDITS**

**2007**

REV 5-07

Name

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FEIN

This form is used by corporations to summarize the tax credits that they claim against their corporate income tax and/or business franchise tax liability. In addition to completing this summary form, each tax credit has a schedule or form that is used to determine the amount of credit that can be claimed. Both this summary form and the appropriate credit calculation schedule(s) or form(s) must be attached to your return in order to claim a tax credit.

<b>TAX CREDITS</b> THE TOTAL AMOUNT OF CREDIT FOR EITHER TAX CANNOT EXCEED THE TAX LIABILITY FOR THAT TAX	<b>COLUMN 1</b> APPLICABLE TO BUSINESS FRANCHISE TAX	<b>COLUMN 2</b> APPLICABLE TO CORPORATE INCOME TAX
1 Subsidiary Credit (11-23-17(c)) - Schedule A-1, Form WV/CNF-120	00	
2 Business & Occupation Tax Credit (11-23-17(b)) - Schedule A-2, Form WV/CNF-120	00	
3 Commercially Domiciled Financial Organization Tax Credit Franchise Tax (11-23-27) - Schedule A-3, Form WV/CNF-120 Income Tax (11-23-24) - Schedule B-3, Form WV/CNF-120	00	00
4 Research and Development Projects Credit (11-13D-3(f)) - Schedule R & D *	00	00
5 Strategic Research and Development Tax Credit (11-13R) - Schedule WV/SRDTC-1 Begins 1/1/2003	00	00
6 High-Growth Business Investment Tax Credit (11-13U-4) - Schedule WV/HGBITC-1	00	00
7 Business Investment & Job Expansion Credit (11-13C), Form WV/BCS-A, and WV/BCS-1 or WV/BCS-Small *, **	00	00
8 Economic Opportunity Tax Credit (11-13Q) - Schedule WV/EOTC-1 Begins 1/1/2003	00	00
9 Industrial Expansion/Revitalization Credit (11-13D) Schedule I *	00	
10 Manufacturing Investment Tax Credit (11-13S) - Schedule WV/MITC-1 Begins 1/1/2003	00	00
11 Residential Housing Development Projects Credit (11-13D) - Schedule O *	00	
12 Coal Loading Facilities Credit (11-13E) - Schedule C	00	
13 Capital Company Investment Credit (5E-1-8) - Schedule CCP	00	00
14 Historic Rehabilitated Buildings Investment Credit (11-24-23a) - Schedule RBIC		00
15 West Virginia Neighborhood Investment Program Credit (11-13J) - Form WV/NIPA-2	00	00
16 Alternative-Fuel Motor Vehicle Tax Credit (11-6D) - Form WV/AFMV-1		00
17 Environmental Agricultural Equipment Tax Credit (11-13K) - Form WV/AG-1		00
18 Electric and Gas Utilities Rate Reduction Credit (11-24-11) - Schedule L		00
19 Telephone Utilities Rate Reduction Credit (11-24-11a) - Schedule K		00
20 West Virginia Military Incentive Credit (11-24-12) - Schedule J		00
21 Aerospace Industrial Facility Investment Credit (11-13D-3f) - Form WV/AIF-1 *	00	00
22 Credit for utility taxpayers with net operating loss carryovers. (11-24-11b)		00
23 TOTAL CREDITS - Add Lines 1 through 22	00	00
	Enter on Form WV/CNF-120 Line 4 of the front of the return	Enter on Form WV/CNF-120 Line 9 of the front of the return
24 Strategic Research and Development Tax Credit (11-13R) Schedule WV/SRDTC-1 Begins 1/1/2003 (if this amount was not previously claimed on Line 5 of your taxable credits above, enter this amount on Line 15 of the front of the return.) THIS IS YOUR TOTAL REFUNDABLE CREDIT***		00

Attach this form and the appropriate computation schedules/forms and documentation to your return to support the credits claimed.

\* No credit is available to any taxpayer for Investment placed in service or use after December 31, 2002. Taxpayers who gained entitlement to the tax credit prior to January 1, 2003, retain that entitlement and may apply the credit in due course pursuant to the requirements and limitations of the original credit entitlement period.

\*\*Transition rules may apply.

\*\*\*See Schedule WV/SRDTC-1, Line 26 to determine eligibility to claim the refundable credit.





## TAX CREDITS

Descriptions of several West Virginia tax credits that can be used to offset Corporation Net Income Tax and/or Business Franchise Tax liabilities are given below. A credit schedule order form is on page 43 of this tax booklet. Computation schedules must be attached to your tax return, otherwise the credit(s) will not be allowed. For information about tax credits not described here, obtain a copy of Publication TSD-110, West Virginia Tax Credits, from our Taxpayer Services Division or on our home page on the internet at [www.state.wv.us/taxdiv](http://www.state.wv.us/taxdiv).

### **CREDIT FOR RESEARCH AND DEVELOPMENT PROJECTS (11-13D)**

A research and development projects credit is available to manufacturers, natural resource producers, and electric power generators making eligible investments in land and depreciable property for their qualified research projects, and for their qualified research expenses. "Qualified research" is research and development conducted in this State, for purposes relating to the technical, economic, financial, engineering, or marketing aspects of expanding markets for, and increasing sales of, West Virginia natural resources products or industrial products, or both. The credit may be claimed against up to 50% of adjusted corporation net income tax liability (i.e. tax computed following add back of 10% of qualified expenses to federal taxable income). This credit may also be claimed in combination with the industrial expansion and revitalization and residential housing development project credits against up to 50% of business franchise tax liability remaining after subtractions of subsidiary and business and occupation tax credits. **CREDIT EXPIRED 12/31/02 EXCEPT GRANDFATHER PROJECTS.**

### **STRATEGIC RESEARCH AND DEVELOPMENT TAX CREDIT (11-13R)**

This credit is available to a taxpayer engaging in qualified research and development activities (on or after January 1, 2003) within West Virginia.

The credit equals the higher of 3% of all qualified expenses and qualified investment, or 10% of the excess of qualified expenses and qualified investment for the taxable year over the average for a base period. The base period is generally the three year period prior to the taxable year.

Research and Development includes, but is not limited to, design, refinement and testing of prototypes of new or improved products, and of manufacturing processes before commercial sales relating thereto have begun. Research and development does not include market research; sales research; efficiency surveys; consumer surveys; product market testing; product testing by product consumers; quality control testing; management studies; advertising; promotions; the acquisition of another's patent, model, production or process or investigation or evaluation of the value or investment potential related thereto; research in connection with literary or historical topics or similar activities; research in social sciences, economics, humanities or psychology and other nontechnical activities; and the providing of sales services or other services.

All taxpayers wishing to qualify for the Strategic Research and Development Tax Credit must first file an application for credit certification (Form WV/SRDTC-A) with the Tax Commissioner. No tax credit may be claimed until the Tax Commissioner affirmatively certifies the project. The application must set forth a written research and development program plan generally describing the nature of the research and development to be undertaken and the projected time frame for the project. The application for credit certification is due by no later than the due date, including lawful extensions of time to file, of the taxpayer's Annual State Income Tax Return for the tax year in which the qualified research and development activity occurred. Any taxpayer failing to timely file the credit application form will automati-

cally lose 100% of the value of any Strategic Research and Development Tax Credit sought for the periods during which the failure to file the application continues. One application (Form WWSRDTC-A) must be filed for each separate project undertaken. The Tax Commissioner may require the filing of separate yearly applications for certifications.

Strategic Research and Development Tax Credit may be used to offset up to 100% of the Taxpayer's annual liability for Business Franchise Tax, Corporation Net Income Tax, and Personal Income Tax (tax on flow through business profits only) in the order stated. Excess credit may be carried forward for a period not to exceed 10 tax years. Effective 7/1/04 certain small qualified research and development companies may be eligible for the refundable credit as described in WV Code §11-13R-6. Taxpayers claiming the Strategic Research and Development Tax Credit must complete and file Schedule SRDTC-1 when claiming this credit against tax liabilities on an annual return.

### **HIGH-GROWTH BUSINESS INVESTMENT TAX CREDIT (11-13U-4)**

Beginning July 1, 2005, eligible taxpayers that have made a qualified investment in a qualified research and development company maintaining its corporate headquarters in West Virginia may take a tax credit based on that investment. An eligible taxpayer is a person subject to the West Virginia Business Franchise Tax or West Virginia income tax that has received certification from the Economic Development Authority allocating a portion of the annual available credit to the taxpayer as a result of the eligible taxpayer's qualified investment in the qualified research and development company. A qualified research and development company is an entity which has been certified by the Tax Commissioner as eligible for the West Virginia Strategic Research and Development Credit under West Virginia Code Chapter 11, Article 13R, and which has annual gross receipts of less than \$20 million and annual payroll of less than \$2.5 million on a controlled group basis.

The High-Growth Business Investment Tax Credit is equal to 50 percent of the total value of the qualified investment made in the taxable year. No credit is allowed for investment made after June 13, 2008. The High-Growth Business Investment Tax Credit is first applied in the taxable year the investment was made, to offset the taxpayer's Business Franchise Tax liability. Any unused credit is next applied against the taxpayer's Corporation Net Income Tax liability. If the eligible taxpayer is an LLC, electing small business corporation, or a partnership, the unused remaining credit is then applied against the Corporation Net Income Tax liability of the eligible taxpayer's owners. Following the application of the credit against Business Franchise Tax and Corporation Net Income Tax liability, any remaining credit is next applied against the eligible taxpayer's Personal Income Tax liability. If the eligible taxpayer is an LLC, electing small business corporation or a partnership, the unused credit is applied against the Personal Income Tax liability of the eligible taxpayer's owners. The total amount of credit that may be used in any taxable year by an eligible taxpayer in combination with its owners may not exceed \$50,000. Any unused remaining credit may be carried forward for four taxable years until the remaining amount is used. Any unused remaining credit at the end of the fourth taxable year is forfeited. Taxpayers must complete and file Schedule HGBITC-1 when claiming this credit on their tax returns.

The Economic Development Authority may allocate no more than \$1 million in tax credits in any fiscal year, and allocation is to be made in the order the applications are received. The EDA has responsibility for determining eligibility for the credit. The application for the credit must be made and filed with that agency, not the Tax Commissioner.

## TAX CREDITS

The credit shall offset 100% of the Business Franchise Tax, Corporate Net Income Tax and Personal Income Tax, and certain other taxes as attributable to a qualified investment in a high technology manufacturing business. The credit shall be applied for a period of twenty consecutive years.

**CREDITS FOR BUSINESS INVESTMENT AND JOBS EXPANSION (11-13C), HEADQUARTERS RELOCATION (11-13C-4a), OR SMALL BUSINESS (11-13C-7a) - SUPER CREDITS** — These super credits are available to any taxpayer making qualified investments in a new or expanded manufacturing, information processing, warehousing, goods distribution, or destination oriented recreation business in West Virginia resulting in the creation of at least 50, 15, or 10 new jobs, respectively.

Any taxpayer placing qualified investment into service or use must file an application for super credit (Form WV/BCS-A) for such investment and receive an affirmative written response from the Tax Department prior to claiming the credit. The application must be received by the due date of the taxpayer's annual State Income Tax Return (corporate or personal) for the tax year the investment was placed into service or use without regard to any extension of time to file. Failure to timely file the credit application form will result in the loss of 50% of the value of any super credit sought for the time period in question. Form BCS-A must be filed for each year qualified investment creates a new credit.

Super credits can be used to offset a portion of the amount of taxes attributable to the new investment for the following West Virginia taxes in the order stated: 80% of business and occupation taxes, 80% of severance taxes (generally for investment placed into service prior to January 1, 1990 only), 80% of telecommunication taxes, 80% of business franchise taxes, 80% of corporation net income taxes, and 80% of personal income taxes. Any remaining credit may be applied as a rebate of 80% of ad valorem property taxes, 80% of unemployment taxes, and 20% of worker's compensation premium. The rebate amounts may only be used to offset the remaining 20% of the other taxes. If any rebate remains, it may be carried forward from year to year until used in the twelfth year subsequent to the tax year the qualified investment was first placed in service in West Virginia. The amount of taxes attributable to the new investment are determined by multiplying the total tax liability by a fraction, the numerator of which is the compensation paid to the employees hired as a result of the new investment and the denominator of which is the compensation paid to all West Virginia employees of the taxpayer. The Tax Commissioner may require methods other than payroll apportionment to determine the taxes attributable to the qualified investment. Taxpayers must defer 20% of the value of their annual credit applications until tax years eleven (11) through thirteen (13). Taxpayers paying the minimum coal severance tax may "free-up" any super credit value lost as the result of the additional 25 cent minimum coal severance tax for use against other current year tax liabilities attributable to the qualified investment. **CREDIT EXPIRES 12/31/02 EXCEPT GRANDFATHER PROJECTS.**

Form WV/BCS-1 is used by all taxpayers claiming either the regular super credit or the corporate headquarters relocation super credit. Form WV/BCS-Small is used to claim the small business super credit. Along with Publication TSD-110, West Virginia Tax Credits, these forms provide the necessary information and instructions regarding credit constraints.

**ECONOMIC OPPORTUNITY TAX CREDIT (11-13Q)**-These credits are available to qualified businesses that make a qualified investment (on or after January 1, 2003) in a new or expanded business in West Virginia and, as a result of this investment, create at least twenty (20) new jobs.

Qualified businesses include only those engaged in the activities of manufacturing, information processing, warehousing, non-retail goods distribution, qualified research and development, the relocation of a corporate headquarters, or destination-oriented recreation and tourism. The credit can offset a portion of the tax attributable to qualified investment for the Business and Occupation Tax (electric power generation taxes only), Business Franchise Tax, Corporation Net Income Tax, and Personal Income Tax (tax on flow through business profits only) in the order stated.

The amount of tax attributable to qualified investment is generally determined by use of a payroll factor. The taxpayer multiplies total tax liability by a fraction, the numerator of which is the compensation paid to the employees hired as a result of the new qualified investment, and the denominator of which is the compensation paid to all West Virginia employees of the taxpayer. The result of this computation is tax attributable to the qualified investment. Excess credit remaining after application of the credit against current year taxes may be carried forward for up to twelve years following the year of initial credit claim attributable to the placement of qualified investment into service. The year of initial credit claim is either the tax year qualified investment was first placed into service or, at the election of the taxpayer, the next succeeding tax year.

All taxpayers wishing to qualify for the Economic Opportunity Tax Credit must file an application for such credit (Form WV/EOTC-A). This application is due no later than the due date of the taxpayer's Annual State Income Tax Return (corporate or personal) for the tax year the investment was placed into service or use, including lawful extensions of time to file. Any taxpayer failing to timely file the credit application form will automatically lose up to 50% of the value of any Economic Opportunity Tax Credit sought for the time period during which the failure to file the application continues. One application (Form WV/EOTC-A) must be filed for each year during which qualified investment is placed in service or use. Taxpayers must also complete and file Schedule EOTC-1 when claiming this credit on annual tax returns. A Taxpayer that moves its corporate headquarters to West Virginia from a location outside of West Virginia may be entitled to an Economic Opportunity Tax Credit, if the relocation creates at least fifteen (15) new West Virginia jobs. If the relocation creates at least 15, but less than 20 new jobs, then the amount of credit is equal to 10% of the taxpayer's adjusted qualified investment. The "adjusted qualified investment" means the qualified investment of the taxpayer in real and tangible personal property purchased for the corporate headquarters, plus the cost of the reasonable and necessary expenses incurred by the taxpayer to relocate the corporate headquarters from its out of state location to West Virginia. Generally, the credit may be used to offset tax liabilities in the same manner as described above for the general Economic Opportunity Tax Credit. The only significant difference concerns a slightly different application against the Corporation Net Income Tax. At a minimum, the Economic Opportunity Tax Credit for a corporate headquarters relocation may be used to offset the sum of 100 percent of tax on allocated corporate net income and 80 percent of the tax attributable to qualified investment on apportioned corporate net income.

Certain small businesses may also be entitled to an Economic Opportunity Tax Credit. The term "small business" means a business or a controlled group of foreign and domestic affiliated businesses with annual gross sales of not more than \$7,000,000. Beginning on January 1, 2004, the maximum gross sales qualification is increased each year by a percentage reflecting the cost of living increase for the prior year. The ceiling on gross sales is \$7,159,600 in 2004 and \$7,324,500 in 2005, \$7,552,050 in 2006, and \$7,846,850.00 in 2007. This constraint must be met by the small business only during the year the qualified investment is first placed into service or use. The small business must create at least 10 new West Virginia jobs within twelve months. If the qualified small business creates at least 10 qualified new jobs, the small business may receive a credit equal to 10% of its qualified investment.



## TAX CREDITS

**CREDIT FOR INDUSTRIAL EXPANSION AND/OR REVITALIZATION (11-13D)** - A credit is allowed against business and occupation tax, severance tax, and business franchise tax to certain industrial taxpayers who make capital investment in a new or expanded industrial facility in this state or who replace or modernize buildings, equipment, machinery and other tangible personal property used in the operation of an industrial facility located in this state, including the acquisition of any real property necessary to the expansion or revitalization. The amount of industrial expansion and revitalization credit claimed may not exceed 50% of the pre-credit tax remaining after the subtraction of both the Subsidiary Credit and the Business and Occupation Tax Credit. The 50% limitation also applies to the sum of all industrial expansion, industrial revitalization, research and development, and residential housing development credits claimed by the taxpayer. **CREDIT EXPIRED 12/31/02 EXCEPT GRANDFATHER PROJECTS.**

### **MANUFACTURING INVESTMENT TAX CREDIT (11-13S) -**

Manufacturers that make qualified investments for industrial expansion or industrial revitalization in West Virginia may be eligible for the Manufacturing Investment Tax Credit for qualified investment made on or after January 1, 2003. The term "manufacturing" means any business activity classified as having a sector identifier, consisting of the first two digits of the six-digit North America Industry Classification System code number, of thirty-one, thirty-two, or thirty-three. Eligible investments include real property and improvements thereto and tangible personal property constructed or purchased for use as part of a new or expanded business of a qualified industrial taxpayer. Eligible investments may also include replaced or refurbished buildings, equipment, machinery, and other tangible personal property used in the operation of a qualified facility located in West Virginia. Eligible investment may also include real tangible personal property acquired by written lease for a primary term of ten years or longer, if used as a component part of a new, expanded or revitalized industrial facility. The credit is equal to 5% of the taxpayer's qualified investment prorated over a ten-year period at a rate of 10% per year.

All taxpayers wishing to qualify for the Manufacturing Investment Tax Credit must file an application for such credit (Form WV/MITC-A) on or before the due date of the personal income tax return or corporation net income tax return filed for the tax year the investment was placed in service or use, including lawful extensions of time to file. Any taxpayer failing to timely file the credit application form will automatically lose up to 50% of the value of any Manufacturing Investment Tax Credit sought for the time period in question. One application (Form WV/MITC-A) must be filed for each year during which qualified investment is placed in service or use. The Manufacturing Investment Tax Credit may be used to offset up to 50% of the taxpayer's annual liability for Business Franchise Tax, Severance Tax and Corporation Net Income Tax for a period of 10 years. Any portion of a particular year's annual credit that remains after application against these taxes for the taxable year is forfeited. Taxpayers must complete and file Schedule MITC-1 when claiming this credit.

**CREDIT FOR RESIDENTIAL HOUSING DEVELOPMENT PROJECTS (11-13D)** - This credit is equal to ten percent (10%) of the cost of a qualified residential housing development project for property purchased after June 30, 1986. A qualified residential housing development project is one which is composed of at least five single-family units, whether such units are five or more single-family residential houses, apartments units, or town houses. The amount of the credit is applied over a ten year period at the rate of one percent per year. The amount of residential housing development projects credit claimed may not exceed 50% of pre-credit tax remaining after the subtraction of both the Subsidiary Credit and the Business and Occupation Tax Credit. The 50% limitation also applies to the sum of all industrial expansion, industrial revitalization, research and development, and residential housing development credits claimed by the taxpayer. **CREDIT EXPIRED 12/31/02 EXCEPT GRANDFATHER PROJECTS.**

**CREDIT FOR COAL LOADING FACILITIES (11-13E)** - This credit is available to taxpayers subject to severance tax and business franchise tax who purchase real or personal property, or a combination thereof, for the purpose of building or constructing a new or expanded coal loading facility or who revitalize an existing coal loading facility. The facility is to be used solely for the purpose of transferring coal from a coal processing or preparation facility, from a coal storage facility, or both, or from any means of transportation, to any means of rail or barge transportation used to move coal, including such land as is directly associated with and solely used for the coal loading facility. This definition applies only when the transfer is to any means of rail or barge transportation and specifically excludes the transfer to any other form of transportation. The amount of coal loading facilities credit claimed may not exceed 50% of the pre-credit tax remaining after the subtraction of both the Subsidiary Credit and the Business and Occupation Tax Credit.

**WV CAPITAL COMPANY CREDIT (5E-1-8)** - The West Virginia Capital Company Act is designed to increase the availability of development capital to encourage and assist in the creation, development, and expansion of businesses based in West Virginia. A capital company must be certified as such by the Board of Directors of the West Virginia Economic Development Authority.

Any investor, including individuals, partnerships, and corporations, who makes a capital investment in a qualified West Virginia capital company, may claim a tax credit equal to 50% of the investment. The credit is taken after all other credits allowed by Chapter Eleven of the West Virginia Code. The credit is applied against the following West Virginia taxes, in the order shown: West Virginia Business and Occupation Tax, Severance Tax, Telecommunications Tax, Business Franchise Tax, Corporation Net Income Tax, and Personal Income Tax. The credit is claimed for the taxable year in which the investment is made in a certified company. These credits shall be allocated by the authority in the order the companies are qualified. The amount of the credit exceeding the tax liability may be carried forward fifteen (15) years. Taxpayers qualifying for this credit will receive certification from the capital company authorizing the amount of the credit available. A true copy of that certification must be attached to the tax return. The credit for investments made by a partnership or Subchapter S corporation may be divided pursuant to election of the partners or shareholders, as specified in the West Virginia Capital Companies application to the West Virginia Economic Development Authority.

**HISTORIC REHABILITATED BUILDINGS INVESTMENT CREDIT (11-24)** - A credit of 10% of qualified expenditures for the rehabilitation of residential and nonresidential buildings designated by the National Park Service as "certified historic structures", and further defined as a "qualified rehabilitated structure", may be claimed against the corporation net income tax. The building must be located in West Virginia to be eligible for the investment credit. Only certified projects approved by both the National Park Service and by the West Virginia Division of Culture and History qualify for this credit. Excess credits may be carried back for three years and carried forward for fifteen years.

### **WEST VIRGINIA NEIGHBORHOOD INVESTMENT CREDIT (11-13J)**

A credit is available to private sector businesses which make eligible contributions to community based nonprofit organizations that establish projects to assist neighborhoods and local communities. The allowed credit is 50% of the eligible contribution to a qualified charitable organization that has received approval from the Neighborhood Investment Advisory Board and has been certified by the West Virginia Development Office. The credit is taken within a five year period, beginning with the tax year in which the taxpayer irrevocably transfers its eligible contribution to the project. The aggregate annual credit allowance for the current tax year is an amount equal to the sum of the part allowed for eligible contributions placed in service or use during a prior year, plus the part allowed for an eligible contribution placed in service or use during the current tax year. No taxpayer is allowed more than \$100,000 of tax credits during any taxable year, whether the contributions are made pursuant to one or more certified project plans.

## TAX CREDITS

The minimum contribution of a taxpayer that would qualify for the credit during a tax year is \$500 and the maximum contribution is \$200,000. The total amount of tax credits allowed pursuant to project plans certified by the Development Office during any fiscal year is limited to \$2 million. Additional entitlement to the Neighborhood Investment Program Credit pursuant to eligible contributions made to certified projects expires on July 1, 2008. Taxpayers which have gained entitlement to the credit prior to the expiration date retain that entitlement and may apply the credit in due course.

### **CREDIT FOR ALTERNATIVE-FUEL MOTOR VEHICLES (11-6D) –**

This credit is available to taxpayers that buy, convert or retrofit a motor vehicle to operate on alternative fuels. The credit is available for tax years beginning after June 30, 1997 and is claimed against state income taxes. Alternative Fuels include compressed natural gas, liquefied natural gas, liquefied petroleum (LPG), methanol, ethanol, coal-derived liquid fuels, electricity (including solar energy) and fuel mixtures containing at least 85% alcohol.

An alternative-fuel motor vehicle is one that can operate solely on one alternative fuel, operate on one or more alternative fuels either singularly or in combination, or operate on an alternative fuel and also be capable of operating on gasoline or diesel fuel. It must be either a new, retrofitted, or converted vehicle that has a valid West Virginia registration.

The credit is based upon the cost of the conversion or retrofitting, or the difference between the cost of a new alternative-fuel vehicle and a comparably equipped vehicle that uses traditional fuel. There are maximum credit limits depending upon the weight and type of vehicle involved. Only five vehicles can be used each year to determine the annual credit and the amount of credit is claimed over a three year period by claiming one-third of the credit each year. This tax credit expires on June 5, 2006.

### **ENVIRONMENTAL AGRICULTURAL EQUIPMENT TAX CREDIT (11-**

**13K) -** Taxpayers purchasing and installing qualified agricultural equipment for use in agricultural operations in this state may be eligible for this credit. The credit is available for taxable years beginning on or after July 1, 1997 and can be claimed against corporation net income tax or personal income tax. To claim the credit the taxpayer must submit proof of purchase and installation and written certification by the Commissioner of Agriculture that each item purchased is in fact qualified agricultural equipment. Certain items require certification by the Office of Air Quality or the Division of Environmental Protection. The credit can only be claimed against that portion of the tax liability that is attributable to the agricultural operations in this state. The credit is equal to 25% of the price of all certified expenditures for qualified agricultural equipment during the taxable year. The amount of credit claimed in any one given year may not exceed \$2,500.00. If the amount of the credit exceeds the tax liability attributable to agricultural activity for the taxable year, the excess amount may be carried over and applied as a credit in each of the next five taxable years unless used sooner.

### **WEST VIRGINIA MILITARY INCENTIVE CREDIT (11-24-12) -**

A credit is available for private sector employers who employ economically disadvantaged Vietnam era and Korean conflict veterans, any disabled veteran, or unemployed members of the West Virginia national guard or the United States reserve forces. The qualified individual must have been certified as eligible by the West Virginia Department of Employment Security and have been employed for a continuous period of one year. For economically disadvantaged veterans hired, the credit available to the employer is 30% of the first \$5,000 in wages or compensation actually paid the employee. For disabled veterans, the credit percentage is equal to the percentage of disability. For qualified members of the national guard and reserve forces, the credit is 25% of the first \$5,000 in wages.

### **CREDIT FOR UTILITY TAXPAYERS WITH NET OPERATING LOSS CARRYOVERS (11-24-11b) -**

There shall be allowed to every eligible taxpayer a nonrefundable credit against its primary tax liability for any net operating loss carryovers that exist as of December 31, 2006. The amount of credit allowed shall be equal to one-quarter percent of the eligible taxpayer's West Virginia net operating loss carryovers that exist as of December 31, 2006.

NAME

FEIN  -

**PART I - All filers must complete this part**

1 Enter your 2007 franchise tax, Line 3 of Form CNF-120	1		00
2 Enter the credits against your tax, Line 4 of Form CNF-120	2		00
3 Tax after credits (subtract Line 2 from Line 1)	3		00

**IF LINE 3 IS LESS THAN \$12,000, DO NOT COMPLETE LINES 4 OR 5. ENTER ZERO ON LINE 6.**

4 Multiply Line 3 by ninety percent (.90)	4		00
5 Enter the Franchise tax after credits from your 2006 return (see instructions)	5		00
6 Enter the smaller of Line 4 or Line 5	6		00

7 Enter your 2007 income tax, Line 8 of Form CNF-120	7		00
8 Enter the credits against your tax, Line 9 of Form CNF-120	8		00
9 Tax after credits (subtract Line 7 from Line 8)	9		00

**IF LINE 3 IS LESS THAN \$875, DO NOT COMPLETE LINES 10 OR 11. ENTER ZERO ON LINE 12.**

10 Multiply Line 9 by ninety percent (.90)	10		
11 Enter the Income tax after credits from your 2006 return (see instructions)	11		
12 Enter the smaller of Line 10 or Line 11	12		00

13 Combined Franchise/Income Tax required to be paid. Add Line 6 and Line 12.	13		00
---	----	--	----

**IF LINE 13 IS ZERO, DO NOT COMPLETE THIS FORM! YOU ARE NOT SUBJECT TO THE PENALTY. REFER TO THE INSTRUCTIONS TO DETERMINE YOUR OPTIONS FOR CALCULATING THE UNDERPAYMENT PENALTY.**

14 Determine your penalty by completing Part II, Part III, and Part IV below. Enter your penalty here and on Line 20 of Form CNF-120	14		00
--	----	--	----

15 If you are requesting a waiver of the penalty calculated, check here.

**PART II: If you are using the Annualized Income Worksheet to compute your underpayment and penalty, complete Part II**

Section 1. ANNUALIZED INCOME INSTALLMENT	Column A		Column B 3months		Column C 6months		Column D 9months	
1 Enter the West Virginia taxable income for each Period (Multistate taxpayers use apportioned figures)				00		00		00
2 Annualization amounts			4		2		1.3333	
3 Multiply Line 1 by Line 2				00		00		00
	3months		5months		8months		11months	
4 Enter the West Virginia taxable income for each Period (Multistate taxpayers use apportioned figures)		00		00		00		00
5 Annualization amounts	4		2.4		1.5		1.09091	
6 Multiply Line 4 by Line 5		00		00		00		00
7 Annualized Taxable Income. In Column A, enter the amount from Line 6, Column A. In Columns B, C, and D, enter the smaller of the amounts in each column from Line 3 or Line 6		00		00		00		00
8 Tax Rate	0.0875		0.0875		0.0875		0.0875	
9 Annualized Tax. Multiply Line 7 by Line 8		00		00		00		00
10 Tax Credits. Enter the credits found on Line 9 of Form CNF-120 in each column		00		00		00		00
11 Subtract Line 10 from Line 9. If zero or less, enter -0-		00		00		00		00
12 Applicable Percentage	0.225		0.45		0.675		0.9	
13 Multiply Line 11 by Line 12		00		00		00		00



COMPLETE LINES 14 THROUGH 20 FOR ONE COLUMN BEFORE GOING TO THE NEXT COLUMN

	Column A	Column B	Column C	Column D
14 Add the amounts in all previous columns of Line 20		00	00	00
15 Subtract Line 14 from Line 13. If zero or less, enter -0-	00	00	00	00
16 Enter 1/4 of Line 12 of Part I in each column	00	00	00	00
17 Enter the amount from Line 19 of the previous column of this worksheet		00	00	00
18 Add Lines 16 and 17	00	00	00	00
19 Subtract Line 15 from Line 18. If zero or less, enter -0-	00	00	00	
20 Required Installment. Enter the smaller of Line 15 or Line 18	00	00	00	00

SECTION 2. ANNUALIZED FRANCHISE INSTALLMENT				
	Column A	Column B 3 months	Column C 6 months	Column D 9 months
21 Enter the West Virginia taxable capital for each Period (Multistate taxpayers use apportioned figures)		00	00	00
22 Annualization Amounts		4	2	1.3333
23 Multiply Line 21 by Line 22		00	00	00
	3 months	5 months	8 months	11 months
24 Enter the West Virginia taxable capital for each Period (Multistate taxpayers use apportioned figures)		00	00	00
25 Annualization Amounts	4	2.4	1.5	1.09091
26 Multiply Line 24 by Line 25	00	00	00	00
27 Annualized Taxable Capital. In Column A, enter the amount from Line 26, Column A. In Columns B, C, and D, enter the smaller of the amounts in each column from Line 23 or Line 26	00	00	00	00
28 Tax Rate	0.0055	0.0055	0.0055	0.0055
29 Annualized Tax. Multiply Line 27 by Line 28	00	00	00	00
30 Tax Credits. Enter the credits found on Line 4 of Form CNF-120 in each column	00	00	00	00
31 Subtract Line 30 from Line 29. If zero or less, enter -0-	00	00	00	00
32 Applicable Percentage	0.225	0.45	0.675	0.9
33 Multiply Line 31 by Line 32	00	00	00	00

COMPLETE LINES 34 THROUGH 40 FOR ONE COLUMN BEFORE GOING TO THE NEXT COLUMN

34 Add the amounts in all previous columns of Line 40		00	00	00
35 Subtract Line 34 from Line 33. If zero or less, enter -0-	00	00	00	00
36 Enter 1/4 of Line 6 of Part I in each column	00	00	00	00
37 Enter the amount from Line 39 of the previous column of this worksheet		00	00	00
38 Add Lines 36 and 37	00	00	00	00
39 Subtract Line 35 from Line 38. If zero or less, enter -0-	00	00	00	
40 Required Installment. Enter the smaller of Line 35 or Line 38	00	00	00	00

SECTION 3. COMBINED INCOME/FRANCHISE ANNUALIZED INSTALLMENT				
41 Combined Annualized Income/Franchise Installment. Add Line 20 and Line 40. Enter on Part III, Line 2	00	00	00	00



NAME

FEIN  -

PART III: Compute your underpayment		Column A	Column B	Column C	Column D
1	Installment Due Dates, Enter in Columns A - D the 15th day of the 4th, 6th, 9th, and 12th months of your tax year				
2	If you are using the annualized method, enter the amounts from Part II, Line 41; otherwise, enter 1/4 of Line 13 of Part I in each column	00	00	00	00
3	Estimated payments (see instructions). If Line 3 is greater than or equal to Line 2 for all columns, stop here; you are not subject to the penalty	00	00	00	00
<b>COMPLETE LINES 4 THROUGH 10 FOR ONE COLUMN BEFORE GOING TO THE NEXT COLUMN</b>					
4	Enter the amount, if any, from Line 10 of the previous column		00	00	00
5	Add Lines 3 and 4		00	00	00
6	Add Lines 8 and 9 of the previous column		00	00	00
7	In Column A enter the value from Line 3. In Column B-D, subtract Line 6 from Line 5. If zero or less, enter -0-	00	00	00	00
8	If Line 7 is zero, subtract Line 5 from Line 6. Otherwise enter -0-		00	00	
9	UNDERPAYMENT: If Line 2 is equal to or more than Line 7, subtract Line 7 from Line 2. Enter the result here and go to Line 4 of the next column. Otherwise, go to Line 10	00	00	00	00
10	OVERPAYMENT: If Line 7 is more than Line 2, subtract Line 2 from Line 7. Enter the result here and go to Line 4 of the next column.	00	00	00	00
<b>PART IV: Figure the penalty</b>					
11	Enter the date of the installment payment or the unextended due date of your annual return, whichever is earlier				
12	Enter the number of days from the due date of the installment on Part III, Line 1 to the date shown on Part IV, Line 11				
13	Enter the number of days on Line 12 before 7/1/2007				
14	Enter the number of days on Line 12 after 6/30/2007 and before 1/1/2008				
15	Enter the number of days on Line 12 after 12/31/2007 and before 7/1/2008				
16	Enter the number of days on Line 12 after 6/30/2008 and before 1/1/2009				
17	Underpayment on Part III, Line 9 x (number of days on Line 13/365) x 9.5%	00	00	00	00
18	Underpayment on Part III, Line 9 x (number of days on Line 14/365) x 9.5%	00	00	00	00
19	Underpayment on Part III, Line 9 x (number of days on Line 15/365) x *%	00	00	00	00
20	Underpayment on Part III, Line 9 x (number of days on Line 16/365) x *%	00	00	00	00
21	TOTAL: Add Lines 17 through 20	00	00	00	00
22	PENALTY DUE - add Columns A - D, Line 21. Enter here and on Line 14 of Part I and on Line 20 of Form WV/CNF/120				00

\*SEE INSTRUCTIONS TO DETERMINE RATES IN EFFECT FOR THESE PERIODS





Use this form for both the West Virginia Corporation Net Income Tax and Business Franchise Tax to determine if you are subject to the penalty for underpayment of estimated tax and, if so, the amount of the penalty.

**WHO MUST PAY THE PENALTY** - A corporation is required to file a Declaration of Estimated Corporation Net Income Tax and make estimated tax payments if its West Virginia taxable income can reasonably be expected to exceed \$10,000.00, which equals a tax liability after tax credits of more than \$875.00. (Code §11-24-16) Estimated tax is a corporation's expected income tax liability minus its tax credits. A taxpayer is required to remit, in equal installments on the 15th day of the 4th, 6th, 9th and 12th months of their taxable year, at least 90% of the tax due for the filing period.

Corporations subject to the West Virginia Business Franchise Tax are required to file a Declaration of Estimated Business Franchise Tax and make estimated tax payments if their liability for tax for the taxable year can reasonably be expected to exceed \$12,000.00. (Code §11-23-13) Estimated tax is the amount the taxpayer estimates to be their liability, minus allowable tax credits. A taxpayer is required to remit, in equal installments on the 15th day of the 4th, 6th, 9th and 12th months of their taxable year, at least 90% of the tax liability.

If a corporation did not pay enough estimated tax by the due dates, it may be charged the penalty. This is true even if the corporation is due a refund when its return is filed. The penalty is figured separately for each installment due date. Therefore, the corporation may owe the penalty for an earlier installment due date, even if it paid enough tax later to make up the underpayment.

## SPECIFIC INSTRUCTIONS

### PART I - ALL FILERS MUST COMPLETE THIS PART

**Line 1.** Enter your Business Franchise Tax liability from Form WV/CNF-120, Line 3.

**Line 2.** Enter your tax credits (not including estimated tax payments) from WV/CNF-120, Line 4.

**Line 3.** Subtract Line 2 from Line 1. Enter result here. If the amount shown here is less than \$12,000.00, stop here. You are not required to have made estimated tax payments for this filing period.

**Line 4.** Multiply the amount on Line 3 by 90% and enter the result. This is the amount you should have paid in estimated tax for this taxable year.

**Line 5.** Enter the Franchise Tax amount from Line 5 of your 2006 return.

**Line 6.** This is the amount you should have paid in estimated tax for this taxable year.

**Line 7.** Enter your Corporation Net Income Tax liability from Form WV/CNF-120, Line 8.

**Line 8.** Enter your tax credits (not including estimated tax payments) from WV/CNF-120, Line 9.

**Line 9.** Subtract Line 6 from Line 5. Enter result here. If the amount shown here is less than \$875.00, stop here. You are not required to have made estimated tax payments for this filing period.

**Line 10.** Multiply the amount on Line 9 by 90% and enter the result. This is the amount you should have paid in estimated tax for this taxable year.

**Line 11.** Enter the Income Tax amount from Line 10 of your 2006 return.

**Line 12.** This is the amount you should have paid in estimated tax for this taxable year.

## COMBINED BUSINESS FRANCHISE AND CORPORATION NET INCOME TAX

**Line 13.** Add Line 6 and Line 12. Enter result here.

## DETERMINE YOUR PENALTY BY COMPLETEING PART II, III, AND IV

### PART II - ANNUALIZED INSTALLMENT WORKSHEET

Annualized Income Installment - Complete Sections 1 and 3.

Annualized Franchise Installment - Complete Sections 2 and 3.

Combined Annualized Installment - Complete Sections 1, 2, and 3.

### PART III - CALCULATE YOUR UNDERPAYMENT

**Line 3.** In Column A, enter the estimated tax payments deposited by the 15th day of the 4th month of your tax year. In Column B, enter payments made after the 15th day of the 4th month through the 15th day of the 6th month of your tax year. In Column C, enter payments made after the 15th day of the 6th month through the 15th day of the 9th month of your tax year. In Column D, enter payments made after the 15th day of the 9th month through the 15th day of the 12th month of the tax year.

**Line 9.** If any of the columns in Line 9 shows an underpayment, complete Part IV to figure the penalty for that period.

### PART IV - CALCULATING THE PENALTY

Complete Lines 11 through 22 to determine the amount of the penalty. The penalty is figured for the period of underpayment determined under West Virginia Code §11-10-18a using the rate of interest determined under West Virginia Code §11-10-17 or 17a, whichever is appropriate for the taxable year. For underpayments involving periods after January 1, 2006, see the instructions for Lines 31 and 32.

**Line 11.** Enter the date on which the installment payment was made or the original due date of the annual return whichever is earlier. The due date of the return is the 15th day of the 3rd month following the close of the taxable year for corporations. The due date of the annual return of an exempt organization with unrelated business taxable income is the 15th day of the 5th month following the close of the taxable year. The payment of estimated tax is applied against underpayments of required installments in the order that installments are required to be paid, regardless of which installment the payment pertains to.

For example, a corporation has an underpayment for the April 15 installment of \$1,000. The June 15 installment requires a payment of \$2,500. On June 10, the corporation deposits \$2,500 to cover the June 15 installment. \$1,000 of this payment is considered to be for the April 15 installment. The penalty for the April 15 installment is figured to June 10 (56 days). The payment to be applied to the June 15 installment will then be \$1,500.

If you have made more than one payment for a required installment, attach a separate computation for each payment.

**Lines 19 and 20.** For underpayments involving periods after January 1, 2007, use the interest rate established biannually by the State Tax Commissioner. You can contact the West Virginia State Tax Department, Taxpayer Services Division, at (304) 344-2068 or toll free within West Virginia 1-800-422-2075 to get rate information. Request message #510.

**Line 22.** If you have completed this form to determine your penalty for underpaying your estimated Corporation Net Income and/or Business Franchise Tax, enter the amount on Form WV/CNF-120, Line 20.





**WEST VIRGINIA  
TENTATIVE  
COMBINED CORPORATION NET INCOME/BUSINESS FRANCHISE TAX RETURN**

**NOTE:** This form is to be used for making tentative Corporation Net Income/Business Franchise Tax Payments and is not a substitute for filing of the actual annual return (Form WV/CNF-120).

**WHO MAY FILE** — Any taxpayer who has filed Federal Form 7004 and/or 8868 and expects to owe West Virginia Corporation Net Income and/or Business Franchise Tax for the taxable year. Any taxpayer granted an extension of time to file a federal return is automatically granted the same extension of time to file their West Virginia return. An extension of time for filing does not extend the time for payment. To avoid interest and additions to tax for late payment, use this return to make a tentative payment pending the filing of your annual return.

**WHEN TO FILE — Corporations** — On or before the fifteenth day of the third month following the close of the taxable year. **Tax exempt organizations with unrelated business income** — On or before the fifteenth day of the fifth month following the close of the taxable year.

**HOW AND WHERE TO FILE** — Payment of any tax balance due may be made by completing Form WV/CNF-120T below, detaching and mailing to:

**West Virginia State Tax Department  
Internal Auditing Division  
P.O. Box 1202  
Charleston, West Virginia 25324-1202**

Make check payable to: West Virginia State Tax Department

**CLAIMING OF TENTATIVE PAYMENT** — A tentative payment made by filing Form WV/CNF-120T must be claimed on Line 14 of your annual return (Form WV/CNF-120).

DO NOT SEND A COPY OF YOUR FEDERAL FORM 7004 OR 8868 WITH THIS RETURN. Instead, attach it to your annual return and enter the extended date on the face of the return.

PAGE 35  
REV 9-07

↓ DETACH HERE ↓

↓ DETACH HERE ↓

**WV/CNF-120T WEST VIRGINIA TENTATIVE COMBINED INCOME/BUSINESS FRANCHISE TAX RETURN** REV 5-07

←	FORM OF BUSINESS: <input type="checkbox"/> Corporation <input type="checkbox"/> Non Profit	
D	Has form 7004 or 8868 been filed with the Internal Revenue Service for this taxable year? <input type="checkbox"/> NO <input type="checkbox"/> YES	Taxable Year Ending: <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
E		<small>MM DD YEAR</small>
T	FEIN <input type="text"/> - <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	
A	NAME AND ADDRESS	1. Tentative West Virginia Business Franchise Tax <span style="float: right;">00</span>
C		2. Tentative West Virginia Corporate Income Tax <span style="float: right;">00</span>
H		3. Less Estimated Payments <span style="float: right;">00</span>
H		4. Less Prior Year Credit <span style="float: right;">00</span>
E		5. Balance Due <span style="float: right;">00</span>
R		
E		
←	SIGNATURE _____ DATE _____	

Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief it is true and complete.



**MAKE CHECK PAYABLE TO AND MAIL TO: WEST VIRGINIA STATE TAX DEPARTMENT  
INTERNAL AUDITING DIVISION  
P.O. BOX 1202  
CHARLESTON, WV 25324-1202**





**SCHEDULE UB**

NAME

FEIN

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STEP 2 - BUSINESS FRANCHISE TAX - CALCULATION OF WV TAXABLE CAPITAL FOR COMBINED GROUP (11-23-3(b)(2))									
	GROUP 1 Regular Entities	GROUP 2 Motor Carriers	GROUP 3 Financial organizations having their commercial domicile in WV	GROUP 4 Financial organizations not having their commercial domicile in WV					
<b>DOLLAR AMOUNT OF COMMON AND PREFERRED STOCK</b>									
1 Beginning balance		00	00	00					00
2 Ending balance		00	00	00					00
3 Average		00	00	00					00
<b>PAID IN CAPITAL SURPLUS</b>									
4 Beginning balance		00	00	00					00
5 Ending balance		00	00	00					00
6 Average		00	00	00					00
<b>RETAINED EARNINGS - APPROPRIATED AND UNAPPROPRIATED</b>									
7 Beginning balance		00	00	00					00
8 Ending balance		00	00	00					00
9 Average		00	00	00					00
<b>ADJUSTMENTS TO SHAREHOLDERS EQUITY</b>									
10 Beginning balance		00	00	00					00
11 Ending balance		00	00	00					00
12 Average		00	00	00					00
13 Add Lines 3, 6, 9 & 12		00	00	00					00
14 Less cost of Treasury Stock		00	00	00					00
15 Capital: Subtract Line 14 from Line 13		00	00	00					00
16 Multiplier for obligations/investments allowance	•		•		•		•		
17 Obligations/investments allowance - Line 15 multiplied by Line 16		00	00	00					00
18 Adjusted Capital: Subtract Line 17 from Line 15		00	00	00					00
19 Apportionment factor	•		•		•		•		
20 Taxable capital - Line 18 multiplied by Line 19		00	00	00					00
21 Combined total taxable capital (add Line 20 from Groups 1 through 4)									00



**SCHEDULE UB**

<b>STEP 3 - CORPORATE INCOME TAX - CALCULATION OF WV TAXABLE INCOME FOR COMBINED GROUP (11-24-6)</b>							
	GROUP 1 Regular Entities	GROUP 2 Motor Carriers	GROUP 3 Financial organizations having their commercial domicile in WV	GROUP 4 Financial organizations not having their commercial domicile in WV			
<b>PART 1 - INCREASING ADJUSTMENTS</b>							
1 Federal taxable income	00	00	00	00			00
2a Interest/dividends from state/local bond/securities	00	00	00	00			00
2b US obligation Interest/dividends not exempt from state tax	00	00	00	00			00
2c Income/other tax based upon net income, deducted on your federal return	00	00	00	00			00
2d Federal depreciation/amortization for wholly WV corporation water/air pollution control facilities	00	00	00	00			00
2e Unrelated business taxable income of a corporation exempt from federal tax ( IRC-512)	00	00	00	00			00
2f Federal Net Operating Loss deduction	00	00	00	00			00
2g WV Neighborhood Investment Programs Tax Credit (charitable contributions to NIP)	00	00	00	00			00
2h Net operating loss from sources outside US	00	00	00	00			00
2i Foreign Taxes deducted on your federal return	00	00	00	00			00
2j IRC§199 deduction (WV 11-24-6a)	00	00	00	00			00
<b>3 Total increasing adjustments - Add Lines 2a - 2j</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>			<b>00</b>
<b>PART 2 - DECREASING ADJUSTMENTS</b>							
4a Gain on sale of property acquired prior to 7-1-67	00	00	00	00			00
4b Refund/credit on taxes based upon net income included in federal taxable income	00	00	00	00			00
4c Interest expense on obligations/securities not allowed in determining federal taxable income	00	00	00	00			00
4d Salary expense not allowed on federal return due to claiming federal jobs credit	00	00	00	00			00
4e Foreign dividend gross-up (IRC Sec. 78)	00	00	00	00			00
4f Subpart F income (IRC Sec. 951)	00	00	00	00			00
4g Taxable income from sources outside US	00	00	00	00			00
4h Cost of wholly WV water/air pollution control facilities	00	00	00	00			00
4i Fed taxable income employer contributions to med savings accounts withdrawn for non-med purposes	00	00	00	00			00
4j Allowance for obligations/investments	00	00	00	00			00
<b>5 Total decreasing adjustments - Add Lines 4a-4j</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>			<b>00</b>
6 Adj taxable income- add Lines 1 & 3, subtract Line 5	00	00	00	00			00
7 Total nonbusiness income allocated everywhere	00	00	00	00			00
8 Income subject to apportionment - Subtract Line 7 from Line 6	00	00	00	00			00
9 WV apportionment factor	•	•	•	•			
10 WV apportioned income - Line 8 multiplied by Line 9	00	00	00	00			00
11 Nonbusiness income allocated to WV	00	00	00	00			00
12 WV taxable income - Add Lines 10 and 11	00	00	00	00			00
13 WV net operating loss carryforward	00	00	00	00			00
14 WV net taxable income - Subtract Line 13 from Line 12	00	00	00	00			00
15 Combined total WV net taxable income (add Line 14 from Groups 1 through 4)							00



## SCHEDULE UB INSTRUCTIONS

### WHAT IS NEW?

**COMBINED CORPORATION NET INCOME AND BUSINESS FRANCHISE TAX REPORTING REQUIRED** - For tax years beginning on or after January 1, 2009, any taxpayer engaged in a unitary business with one or more other corporations shall file a combined report which includes the income, allocation, and apportionment of income of all corporations that are members of the unitary business.

### GENERAL INFORMATION

#### What is the purpose of this schedule?

The purpose of Schedule UB is to enable a unitary business group to determine the amount of its unitary business income that is attributable to West Virginia. A unitary business group's business income includes all income that may be apportioned by formula among the states in which the group is doing business without violating the Constitution of the United States.

#### What is a unitary business group?

The term "unitary business group" means a group of persons related through common ownership whose business activities are integrated with, dependent upon, and contribute to each other. In the case of a corporation, common ownership is defined as the direct or indirect ownership or control of more than 50 percent of the outstanding voting stock. The statutory definition further provides that a unitary business group cannot include any person whose business activity outside of the United States is 80 percent or more of its total business activity (the "80/20" rule).

#### What are the filing requirements?

Corporations that are members of the same unitary business group must file as one taxpayer (including all eligible members) for purposes of any original return, extension, claim for refund, collection, payment, amended return, and determination of the combined West Virginia tax liability. The group is required to file a combined unitary return (Form WV/CNF-120).

## SPECIFIC INSTRUCTIONS

If you have permission to file combined/unitary, use Schedule UB to file unitary for the current tax year.

**Step 1:** List all members of the unitary business group, including name, FEIN, tax year ending and group number.

- Group 1 - Regular entities
- Group 2 - Motor carriers
- Group 3 - Financial organizations having their commercial domicile in West Virginia
- Group 4 - Financial organizations not having their commercial domicile in West Virginia

**Step 2:** Calculate your combined total West Virginia taxable capital.

Complete Lines 1 through 20 for each group.

Line 21 - Add Line 20 from Groups 1 through 4. Transfer the amount on Line 21 to WV/CNF-120 Line 1, West Virginia taxable capital.

**Step 3:** Calculate your combined total West Virginia net taxable income.

Complete Lines 1 through 14 for each group.

Line 15 - Add Line 14 from Groups 1 through 4. Transfer the amount on Line 15 to WV/CNF-120, Line 6, West Virginia taxable income.

**NOTE:** Include a Schedule of Allowance for Governmental Obligations, Allocation of Nonbusiness Income and Apportionment Factors for each group. Attach statement of West Virginia taxable capital and West Virginia net taxable income for each member of the group. Include an explanation of "eliminations and adjustments between members" in each group.





**West Virginia Department of Tax and Revenue  
REQUEST FOR TAX CREDIT SCHEDULES**

TYPE OF CREDIT	COMPUTATION SCHEDULE	QUANTITY
Aerospace Industrial Facility Investment Credit	Form WV/AIF-1	
Alternative-Fuel Motor Vehicles Credit	Form WV/AFMV-1	
Application for Economic Opportunity Tax Credit	Form WV/EOTC-A	
Application for Manufacturing Investment Tax Credit	Form WV/MITC-A	
Application for Strategic Research and Development Credit	Form WV/SRDTC-A	
Business Investment and Jobs Expansion Credit	Form WV/BCS-1	
Capital Company Investment Credit	Schedule CCP	
Coal Loading Facilities Credit	Schedule C	
Economic Opportunity Tax Credit	Schedule EOTC-1	
Electric and Gas Utilities Rate Reduction Credit	Schedule L	
Environmental Agricultural Equipment Credit	Form WV/AG-1	
High-Growth Business Investment Tax Credit	Schedule WV/HGBITC-1	
Historic Rehabilitated Buildings Investment Credit	Schedule RBIC	
Industrial Expansion/Revitalization Credit	Schedule I	
Manufacturing Investment Tax Credit	Schedule MITC-1	
Research and Development Projects Credit	Schedule R&D	
Residential Housing Development Projects Credit	Schedule O	
Strategic Research and Development Credit	Schedule SRDTC-1	
Telephone Utilities Rate Reduction Credit	Schedule K	
West Virginia Military Incentive Credit	Schedule J	
West Virginia Neighborhood Investment Program Credit	Form WV/NIPA-2	

Mail to: West Virginia State Tax Department  
Taxpayer Services Division  
P. O. Box 3784  
Charleston, West Virginia 25337-3784

**NOTE: Do not use the enclosed postage labels to mail this request. They are specially coded for proper processing of the tax returns.**

**Mail forms to (please print or type):**

Business name:	Person Requesting Forms:
Attention:	Telephone Number:
Address:	Signature:
City, State, Zip Code:	Date:



Please use these labels on your business envelope to mail your Combined Corporation Net Income/Business Franchise Tax Return to the West Virginia State Tax Department. Use of the labels helps the Post Office and the West Virginia State Tax Department in processing your returns and payments.

USE THE LABELS BELOW FOR  
**COMBINED CORPORATION NET INCOME /**  
 ↕ **BUSINESS FRANCHISE TAX** ↕

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WEST VIRGINIA STATE TAX DEPARTMENT  
 INTERNAL AUDITING DIVISION  
 P. O. BOX 1202  
 CHARLESTON, WEST VIRGINIA 25324-1202

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