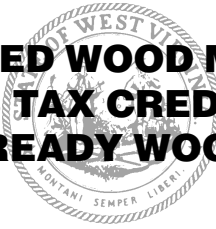


NEW VALUE-ADDED WOOD MANUFACTURING OPERATIONS TAX CREDIT SCHEDULE (CONSUMER-READY WOOD PRODUCTS)



Tax Period From: _____ **To:** _____

Business Name	West Virginia Identification Number
Business Address (Please include City, State and Zip Code)	

Part 1 - Number of New Jobs Held by Qualified Employees

Column I Month	Column II Beginning Monthly Employment	Column III Ending Monthly Employment	Column IV Average Monthly Employment (Column II + Column III)/2
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			

2. Number of New Jobs for Taxable Year (Total of Column IV divided by the number of months in the taxable year; rounded to the nearest whole number)
3. Maximum Available Credit For Taxable Year (Line 2 times \$250.00)

Claiming the Credit

Part 2 - Business Franchise Tax Calculations

4. Total WV Gross Income Attributable to New Consumer-Ready Wood Products
5. Total WV Gross Income
6. Eligible Income Ratio (Line 4 divided by Line 5; Express as a Decimal)
7. Total Business Franchise Tax Liability after all other tax credits
8. Total Eligible Business Franchise Tax Liability (Line 6 times Line 7)
9. Total Consumer-Ready Wood Products Credit (Lesser of Line 3 or Line 8)

Part 3 - Corporation Net Income Tax Calculations

- 10. Total Remaining Credit (Line 3 minus Line 9)
- 11. Total Corporation Net Income Tax liability after all other tax credits
- 12. Total Eligible Corporation Net Income Tax Liability (Line 6 times Line 11)
- 13. Total Consumer-Ready Wood Products Credit (Lesser of Line 10 or Line 12)

Part 4 - Sole Proprietor Calculations For Personal Income Tax

- 14. Federal Adjusted Gross Income attributable to New Consumer-Ready Wood Products
- 15. Federal Adjusted Gross Income
- 16. Eligible income ratio (Line 14 divided by Line 15. State as a decimal. Not more than 1.0)
- 17. Total Personal Income Tax liability after all other tax credits
- 18. Total Eligible Personal Income Tax Liability (Line 16 times Line 17)
- 19. Total Consumer-Ready Wood Products Credit (Lesser of Line 3 or Line 18)

**Part 5 - Partners, Shareholders and Members Calculations
Personal Income Tax/Corporation Net Income Tax As Applicable**

- 20. Distributive share from pass-through entity
- 21. Total West Virginia income of pass-through entity from
New Consumer-Ready Wood Products
- 22. Total income of pass-through entity
- 23. Eligible pass-through entity income ratio (Line 21 divided by Line 22.
State as a decimal. Not more than 1.0)
- 24. Tentative distributive share eligible for credit (Line 20 times by Line 23)
- 25. Total distributive income from pass-through entity reported on your tax return
- 26. Federal AGI or Federal taxable income, as applicable
- 27. Distributive eligible income ratio (Line 25 divided by Line 26.
State as a decimal. Not more than 1.0)
- 28. Reported distributive share eligible for credit (Line 24 times Line 27)
- 29. Eligible income ratio (Line 28 divided by Line 26. State as a decimal. Not more than 1.0)
- 30. West Virginia income tax liability
- 31. West Virginia income tax eligible for credit (Line 29 times Line 30)
- 32. Other tax credits claimed against liability on return
- 33. Adjusted West Virginia income tax liability (Line 31 minus Line 32.
If zero or less, enter zero)
- 34. Total Remaining Credit from pass-through entity
- 35. Percentage of Ownership of Pass-through Entity (state as a decimal)
- 36. Distributee share of remaining credit (Line 34 times Line 35)
- 37. Total Consumer-Ready Wood Products Credit (Lesser of Line 33 or Line 36)

INSTRUCTIONS FOR FORM WV/WP-1

PART 1

- Line 1 List the number of employees on your payroll assigned to the new consumer-ready wood product manufacturing facility, or in the new consumer-ready wood product line of an existing manufacturing facility, as of the first workday of the month in Column II. List the number of employees filling jobs meeting the definition of "new jobs" as of the last day of the month in Column III. The "Average Monthly Employment" for each month is calculated in Column IV by adding the values in Column II and III for each month and dividing the total by 2. For partners, members and shareholders completing Part 5, Line 1 should contain information pertaining to the pass-through entity.
- Line 2 Take the total of all values in Column IV and divide this total by the number of months the new consumer-ready wood product manufacturing facility, was in operation during the taxable year.

PART 2

- Line 4 Only that portion of your business franchise tax liability attributable to your qualified consumer-ready wood products operation can be offset by the credit. Enter the amount of gross income derived from your qualified new consumer-ready wood products operation.
- Line 5 Enter total gross income derived from transactions and all business activity in the regular course of business in West Virginia.
- Line 7 If you are eligible to claim other tax credits, you must apply them to your tax liability before applying the New Value-Added Wood Manufacturing Operations Tax Credit.
- Line 9 Transfer this figure to the appropriate line on Summary Schedule TC that is attached to your business franchise tax return.

PART 3

- Line 11 If you are eligible to claim other tax credits, you must apply them to your tax liability before applying the New Value-Added Wood Manufacturing Operations Tax Credit.
- Line 13 Transfer this figure to the appropriate line on Summary Schedule TC that is attached to your corporation net income tax return.

PART 4

- Line 14 Only that portion of your personal income tax liability attributable to you qualified consumer-ready wood products operation can be offset by the credit. Enter the amount of gross income derived from your qualified new consumer-ready wood products operation. If the result of your qualified consumer-ready wood products operation for the current taxable year is a net operating loss, you are not eligible to claim the credit for the current taxable year.
- Line 17 If you are eligible to claim other tax credits, you must apply them to your tax liability before applying the New Value-Added Wood Manufacturing Operations Tax Credit.
- Line 19 Transfer this figure to the appropriate line on your personal income tax return.

PART 5

- Line 20 Enter the total income of the pass-through entity attributable to the new value-added wood manufacturing operation. This information must be obtained from and provided by the pass-through entity. Pass-through entities making qualified investments resulting in this credit must provide this information to their shareholders, partners, and members.
- Line 21 Enter the total income of the pass-through entity. This information must be obtained from and provided by the pass-through entity. Pass-through entities making qualified investments resulting in this credit must provide this information to their shareholders, partners, and members.
- Line 25 You must further reduce your distributive share resulting from the new value-added wood manufacturing operations of the pass-through entity creating this credit by determining how much of it is actually reported on your federal income tax return. If the amount of the distributive share from the pass-through entity actually reported on your federal income tax return is zero or less, you are not eligible to claim the credit for the current taxable year. Enter the amount of your distributive share from the pass-through entity that is actually reported on your federal income tax return.
- Line 31 This is the amount of your income tax liability that is attributable to the new value-added wood manufacturing operations of the pass-through entity.
- Line 32 If you are eligible to claim other tax credits, you must apply them to your tax liability before applying the New Value-Added Wood Manufacturing Operations Tax Credit.
- Line 34 This is the credit remaining after the pass-through entity has used the credit to reduce its business franchise tax liability.
- Line 37 Transfer this figure to the appropriate line on your income tax return.

GENERAL INSTRUCTIONS

This credit is available to eligible taxpayers for tax years beginning on or after July 1, 1997. For calendar year taxpayers, this credit will be available beginning in tax year 1998. The credit is scheduled to expire July 1, 2002. The credit may be claimed against that portion of Business Franchise Tax and Personal Income Tax or Corporation Net Income Tax liability which is attributable to "new jobs" created by the taxpayer's new consumer-ready wood product facility in this State and/or new consumer-ready wood product line at an existing manufacturing facility in this State during the taxable year. The maximum amount of the annual credit is \$250 for each new job filled by a full time employee at such a facility during the tax year. Full-time jobs created by a taxpayer in a short tax year during the taxpayer's first year of operation, or filled in the year in which this credit expires, are prorated. The amount of credit which may be applied against the income tax liability which flows through a pass-through entity to its partners, members or shareholders is allocated in proportion to their ownership interest in the entity.

When credit is erroneously taken, the amount erroneously taken may be recaptured. In addition to recapture of tax, taxpayer is subject to a ten percent (10%) penalty, which is waivable by the Tax Commissioner, and to payment of interest and applicable additions to tax. There is a 5-year statute of limitations on credit recapture.

The following terms defined in West Virginia Code § 11-13A-2 are used in these instructions:

"Consumer-ready wood products" means value-added wood products that are ready for sale to consumers at the end of the manufacturing process. Consumer-ready wood includes any value-added wood product that does not require further manufacturing before it may ordinarily be used or consumed by the purchaser of the product, except any product that is not manufactured primarily from wood, any product that is not commercially marketed as a wood product for sale primarily to consumers of the product, or paper or paper products.

"Eligible taxpayers" means a person who after June 30, 1997 begins manufacturing a consumer-ready wood product at a new manufacturing facility located in this State, or begins manufacturing a new consumer-ready wood product line at an existing manufacturing facility located in this State, which results in the creation of new jobs filled by full-time employees.

"Full-time employee" means a permanent hourly employee of an eligible taxpayer, who is a West Virginia domiciled resident, and works in a new consumer-ready wood product manufacturing facility in this State, or in a new consumer-ready wood product line of an existing manufacturing facility in this State, more than 1,800 hours during the entire twelve-month period ending on the last day of the taxable year of the eligible employer, whether these hours are hours worked at the manufacturing facility, or include hours of employer paid vacation leave or other employer paid leave. Full-time employee does not include an employee who is a part-time, seasonal or temporary employee.

"New consumer-ready wood product line" means the manufacture of a consumer-ready wood product in an existing manufacturing facility in this State that first begins manufacturing the new consumer-ready wood product line after June 30, 1997.

"New consumer-ready wood product manufacturing facility" means a building that is primarily used by the eligible taxpayer to manufacture a consumer-ready wood product that is first placed in service and used for that purpose by the eligible taxpayer after June 30, 1997. If the facility was used by the taxpayer, or by a related person, to manufacture tangible personal property at any time during the twelve months preceding the month in which the facility is first used by the taxpayer to manufacture a consumer-ready wood product, the building is not a new consumer-ready wood product manufacturing facility.

"New job" means a job at a new consumer-ready wood product manufacturing facility located in this State, or at a new consumer-ready wood product line at an existing manufacturing facility located in this State, which did not exist in this State with any employer as of the first day of the second calendar month preceding the calendar month in which the new consumer-ready wood product manufacturing facility begins to manufacture consumer-ready wood products, or in which the new consumer-ready wood product line begins to manufacture consumer-ready wood products in an existing manufacturing facility located in this State, that is filled by a full-time employee of the eligible taxpayer.

"Part-time employee" means any employee who normally works twenty-hours or less per week.

"Seasonal employee" means an employee who normally works on a full-time basis less than five months in a year.

"Temporary employee" means an employee performing services under a contractual arrangement with the employer of two years or less duration.

To claim this credit, this schedule must be completed and filed with Summary Schedule TC- Tax Credits and the annual return for the tax against which this credit is to be applied by the due date of the annual return without regard to extension of time for filing and payment of tax due.

The following instructions are not a substitute for tax statutes and regulations. They are intended to facilitate the claiming of this credit. The statutes are codified at West Virginia Code § 11-13M, and the regulations, 110 C.S.R. 13, § 1, et. seq. and may be obtained from the Secretary of State for a reasonable fee. Questions concerning interpretation of law or these forms and instructions should be addressed to the West Virginia Department of Tax and Revenue, Taxpayer Services Division, P. O. Box 3784, Charleston, West Virginia 25337-3784. Questions may be answered by calling (304) 558-3333 or by calling the toll-free number, 1-800-982-8297, if located in West Virginia or area code (614). Additional forms, publications or tax credits schedules may be obtained from the Internet at the following address: <http://wvweb.net/taxdiv>.