



STATE OF WEST VIRGINIA

Department of Revenue State Tax Department

Joe Manchin III
Governor

Christopher G. Morris
State Tax Commissioner

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West Virginia improves tax fairness with a new combined reporting requirement for business

CHARLESTON, W.V.—West Virginia State Tax Commissioner Christopher G. Morris announced today a new tax filing requirement designed to improve the fairness of the state tax structure for businesses.

As of January 1, 2009, West Virginia becomes one of twenty states which require mandatory unitary combined reporting of income for corporations taxable in West Virginia. A unitary business is defined as a commonly controlled group of businesses.

Combined reporting is a tax reporting method where all of the members of a unitary group are required to determine their net income based on the activities of the unitary group as a whole.

“By adopting combined reporting, the current corporate tax structure will become a more equitable structure with a uniform methodology for determining taxable income and tax liability for all Taxpayers.” Along with adopting combined reporting, West Virginia is also phasing out the business franchise tax and phasing down the corporate income tax in order to improve the corporate tax structure in West Virginia.

Certain industries, such as financial institutions and transportation, have special apportionment rules. Insurance companies are not subject to West Virginia corporate net income tax as these companies pay a tax upon premiums and are thereby excluded from combined reporting.

Depending upon the company’s taxable year end, the first combined estimated payment is due on or after April 15, 2009 and the first combined annual return is due on or after March 2010.

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