



West Virginia Tax Credits

The purpose of this publication is to provide a brief overview of West Virginia's current tax credits. This publication is a source of general information, not a substitute for tax statutes or regulations. A list of tax credit forms and schedules is on the last page of this publication.

ECONOMIC DEVELOPMENT CREDITS ECONOMIC OPPORTUNITY TAX CREDIT (WV/EOTC-A) (SCHEDULE EOTC-1) (SCHEDULE EOTC-PIT)

The Economic Opportunity Tax Credit is available to qualified businesses that make a qualified investment (on or after January 1, 2003) in a new or expanded business facility in West Virginia and, as a result of this investment, create at least 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.

A qualified business creating at least 20 new jobs within three tax years is allowed a credit equal to 20% of its qualified investment. This percentage may increase with the number of new jobs created. A business creating at least 280 new jobs is allowed a credit equal to 25% of its qualified investment, and a business creating at least 520 new jobs can claim 30% of its qualified investment. For projects having qualified investment of \$20 million or more that are constructed using construction labor and mechanics numbering 75 or more employees or equivalent employees, who are paid an average wage of at least prevailing wage; the new jobs percentage for the 20 to 520 employee range is increased by 5 percentage points.

IF NEW WEST VIRGINIA JOBS TOTAL AT LEAST	THE APPLICABLE NEW JOBS PERCENTAGE IS
520	30%
280	25%
20	20%
15 Corporate Headquarters relocation only	10%
10 Small business credit (see below)	10%

The Economic Opportunity Tax Credit is pro-rated over a 10-year period at a rate of 10% per year. For example, a Credit of \$200,000 attributable to \$1 million of qualified investment made in 2013 is applied at a rate of \$20,000 per year for the 2013-2022 period.

The calculation of qualified investment is determined by multiplying the net cost of eligible property by its applicable useful life percentage based on the projected actual economic useful life of the asset. The following percentages apply

IF USEFUL LIFE IN WV IS	THE APPLICABLE IS PERCENTAGE IS
Less than 4 years	0%
4 years or more but less than 6 years	33 1/3%
6 years or more but less than 8 years	66 2/3%
8 years or more	100%

For example, if a Taxpayer purchases a machine for \$25,000, for use in a new industrial facility, which has a useful life of 6 years, the qualified investment is equal to \$16,666.66. The \$25,000 investment is multiplied by the applicable useful life percentage of 66 2/3% to arrive at \$16,666.66 in qualified investment.

The credit can offset a portion of the tax attributable to qualified investment for the Business and Occupation Tax [electric power generation taxes only], Corporation Net Income Tax, and Personal Income Tax [tax on flow through business profits only], in the order stated.

- If the annual median compensation paid by the Taxpayer to qualified new employees exceeds the statewide average non-farm payroll wage, as determined annually by the West Virginia Bureau of Employment Programs, then the Taxpayer may use the available credit to offset up to 100% of each of the above taxes attributable to qualified investment.

The following is a summary of the Statewide Average Nonfarm Payroll Wage values by year:

Calendar Year	Statewide Average Nonfarm Payroll Wage
2010	\$35,985
2011	\$36,895
2012	\$37,701
2013	\$39,091
2014	\$39,721
2015	\$40,198

*Annual updates may be found in the Administrative Notices section at <http://www.wvtax.gov>.

- All other qualified Taxpayers may use the available credit to offset up to 80% of each of the above taxes attributable to qualified investment.

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 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 by 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 periods during which the failure to file the application continues. Note that one application (Form WV/EOTC-A) must be filed for each year during which qualified investment is placed in service or use.

Taxpayers claiming the Economic Opportunity Tax Credit against the West Virginia personal income tax must complete and file Schedule EOTC-PIT when claiming this credit against personal income tax liabilities on an annual return. Taxpayers must complete and file Schedule EOTC-1 when claiming this credit on other annual tax returns.

ECONOMIC OPPORTUNITY TAX CREDIT FOR CORPORATE HEADQUARTERS RELOCATION (WV/EOTC-A) (SCHEDULE EOTC-1) (SCHEDULE EOTC-PIT)

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 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% of tax on allocated corporate net income and 80% of the tax attributable to qualified investment on apportioned corporate net income. Taxpayers must complete and file both Application Form WV/EOTC-A no later than 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, and Schedule EOTC-1 when claiming this credit on an annual return.

ECONOMIC OPPORTUNITY TAX CREDIT FOR "SMALL BUSINESS" (WV/EOTC-A) (SCHEDULE EOTC-1) (SCHEDULE EOTC-PIT)

Also, certain small businesses may 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, adjusted for inflation on January 1 of each year by a percentage reflecting the cost of living increase. This constraint must be met by the small business only during the year qualified investment is first placed into service or use.

The following is a summary of the applicable inflation adjusted small business credit constraint by tax year:

Year	Maximum Gross Receipts
2010	\$8,384,000
2011	\$8,507,850
2012	\$8,714,300
2013	\$8,938,250
2014	\$9,089,800
2015	\$9,233,450

*Annual updates may be found in the Administrative Notices section at <http://www.wvtax.gov>.

An eligible small business Taxpayer is allowed a credit in the manner described above for the general Economic Opportunity Tax Credit, except that the small business must create at least 10 new West Virginia jobs within twelve months, rather than 20 new jobs within three years. 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. Taxpayers must file Application Form WV/EOTC-A 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, and Schedule EOTC-1 when claiming this credit against annual tax liabilities on an annual return. Taxpayers claiming the Economic Opportunity Tax Credit for "Small Business" against the West Virginia personal income tax must complete and file Schedule EOTC-PIT when claiming this credit against personal income tax liabilities on an annual return.

ECONOMIC OPPORTUNITY TAX CREDIT FOR HIGH TECHNOLOGY MANUFACTURERS

This credit is available to specified high technology manufacturing businesses. A "high technology manufacturing business" is a business properly classified as having a North American Industry Classification System Code (NAICS Code) as follows:

NAICS Code	Manufacturing Activity
	Computer & Peripheral Equipment
334111	Electronic Computers
334112	Computer Storage Devices
	Electronic Components.
334411	Electron Tubes
334414	Electronic Capacitors
	Semiconductors
334413	Semiconductor & Related Devices
333295	Semiconductor Machinery

West Virginia Code §11-13Q-10a authorizes a credit based on the qualified taxpayer's qualified investment which results in the creation of at least 20 new jobs within 12 months after placing the qualified investment in service. The credit is 100% of business and occupation tax, corporation net income tax and personal income tax, (on flow through business profits only), in the order stated, that is attributable to the qualified investment. The credit is allowed each year for a 20 year credit period. The credit is to be taken beginning with the taxable year in which the qualified investment is placed in service, unless the taxpayer elects to delay to the next succeeding tax year.

The Tax Commissioner may require a taxpayer intending to claim this credit to file a notice of intent to claim this credit before the taxpayer begins reducing monthly or quarterly installment payments of estimated tax.

The median compensation of the new jobs must be greater than an annually adjusted value. The following is a summary of the applicable inflation adjusted median compensation constraint for the new jobs by year:

Year	Median compensation
2010	\$47,000
2011	\$47,650
2012	\$48,850
2013	\$50,100
2014	\$50,950
2015	\$51,750

•Annual updates may be found in the Administrative Notices section at: <http://www.wvtax.aov>

ECONOMIC OPPORTUNITY TAX CREDIT FOR JOBS CREATION

Effective January 1, 2009, the Jobs Creation Tax Credit will promote job development through business tax credits with the establishment of new jobs. Under the Economic Opportunity Tax Credit, any eligible business (i.e. manufacturing, warehousing, information processing, goods distribution, destination tourism, and research and development) creating less than 20 new jobs for a regular business and less than 10 new jobs for a qualified small business, shall receive a tax credit of \$3,000 per year, for a period of 5 years, for each new job created. To qualify, the new jobs must be full-time, pay a minimum salary of \$32,000, and offer health benefits. There is no carry forward or carry back for this credit. If the number of new jobs decreases, the tax credit amount will be forfeited for each net job loss. This credit is first applied to the business and occupation tax, then the corporation net income tax and finally the personal income tax. Before claiming this credit, the application, form WV/EOTC-A, must be submitted to the Tax Department for approval.

The minimum annual salary of the new jobs for purposes of the Economic Opportunity Tax Credit for Jobs creation is adjusted annually for inflation. The following is a summary, by tax year, of the applicable inflation adjusted minimum salary for the qualifying new jobs.

Tax Years Beginning In	Minimum Salary
2010	\$32,000
2011	\$32,450
2012	\$33,250
2013	\$34,100
2014	\$34,650
2015	\$35,200

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MANUFACTURING INVESTMENT TAX CREDIT (WV/MITC-A) (SCHEDULE MITC-1)

Manufacturers that make qualified investments for industrial expansion or industrial revitalization in West Virginia may be eligible for the Manufacturing Investment Tax Credit. The term "manufacturing" means any business activity classified as having a sector identifier, consisting of the first two digits of the six-digit North American Industry Classification System code number, of thirty-one, thirty-two, thirty-three or the six digit code number 211112. Eligible investments include real property and improvements thereto and tangible personal property constructed or purchased for use as a part of a new or expanded or revitalized business facility 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 or tangible personal property acquired by written lease for a primary term often 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 pro-rated over a ten-year period at a rate of 10% per year. The calculation of qualified investment for this credit is similar to that required for the Economic Opportunity Tax Credit.

$$\text{Qualified Investment} \times 5\% = \text{Total Credit}$$

$$\text{Total Credit} \div 10 = \text{Annual Credit}$$

Annual credit is the amount of credit that can be applied in each taxable year for 10 years.

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. Note that an application (Form WV/MITC-A) must be filed for each year during which qualified investment is placed in service or use.

Manufacturing Investment Tax Credit may be used to offset up to 60% of the Taxpayer's annual liability for 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.

The maximum offset of the Manufacturing Investment Tax Credit is 60% of state tax liability. The Manufacturing Investment Tax Credit, of 5% for capital investments, greatly reduces the effective Corporate Net Income Tax rate for West Virginia manufacturing. For example: if a manufacturer makes a \$10 million investment in new plant and equipment in a West Virginia facility, the Manufacturing Investment Tax Credit will generally equal 5% of such investment or \$500,000 prorated over a ten-year period at a rate of \$50,000 per year. If this manufacturer's net allocated income is \$1 million, the pre-credit West Virginia Corporate Net Income Tax liability would be \$65,000 or 6.5% of \$1 million in 2015. After application of the \$39,000 (60% maximum offset) Manufacturing Investment Tax Credit, West Virginia Corporate Net Income Tax liability drops to \$26,000 or an amount equal to just 2.6% of net income.

MANUFACTURING PROPERTY TAX ADJUSTMENT CREDIT (SCHEDULE MPTAC-1)

Manufacturers may claim a non-refundable tax credit against Corporate Net Income Tax equal to the amount of local property taxes paid on West Virginia manufacturing inventory. The credit amount is the amount of ad valorem property tax paid on the value of manufacturing inventory of the eligible taxpayer during the tax reporting year.

There is no provision for a carry forward credit. In order to claim this credit, an annual schedule showing the amount of tax paid for the taxable year and the amount of the allowable credit must be submitted with the tax return.

INDUSTRIAL EXPANSION & INDUSTRIAL REVITALIZATION CREDIT FOR ELECTRIC POWER PRODUCERS (SCHEDULE I-EPP)

Electric power generation companies that make eligible investment(s) for industrial expansion or industrial revitalization within West Virginia may be eligible for the Industrial Expansion and Revitalization Credit. Eligible investments for industrial expansion include real property and improvements thereto and tangible personal property constructed or purchased for use as a part of a new or expanded electric power generation facility. Eligible investments for industrial revitalization include replaced or refurbished facilities, equipment, machinery and other tangible personal property used in the operation of an electric power generation facility located in West Virginia. Eligible investment may also include real or 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 electric power generation facility. The credit is equal to 10% of the taxpayer's qualified investment. The calculation of qualified investment for this credit is similar to that required for the Economic Opportunity Tax Credit. Industrial Expansion and Revitalization Credit may be used to offset up to 50% of the taxpayer's annual liability for Business and Occupation 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 I-EPP when claiming this credit.

COAL LOADING FACILITIES CREDIT (SCHEDULE C)

This credit is available to taxpayers subject to Severance Tax, that purchase real or personal property, or a combination thereof, for the purpose of building or constructing a new or expanded coal loading facility or Taxpayers that revitalize an existing coal loading facility. A coal loading facility that will qualify for the credit is limited to any building or structure specifically designed and solely used to transfer coal from a coal processing or preparation facility, or from a coal storage facility, or both, or from 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 credit is available for investment in such property only when the property is to be used in the transfer of coal to any means of rail or barge transportation and is specifically **not available** for investment in property to be used in the transfer of coal (or other material) to any other form of transportation. The calculation and application of credit is similar to the calculations and applications for the Industrial Expansion and Revitalization Credit. For example, the credit is equal to 10% of calculated qualified investment and is applied over a 10-year period to offset up to 50% of annual tax liability Business and Occupation Tax and Severance Tax. Taxpayers must complete and file Schedule C to claim this credit.

CREDIT RECAPTURE

There are special recapture provisions for the Industrial Expansion and Revitalization Credit (11-13D), Coal Loading Facilities Credit (11-13E), Economic Opportunity Tax Credit (11-13Q), the Strategic Research and Development Tax Credit (11-13R) and the Manufacturing Investment Tax Credit (11-13S). Credit recapture may occur when the actual useful life of qualified investment property or the period of actual use of qualified investment property within West Virginia falls short of the projected useful life applicable percentage category used in the original credit calculations. Credit attributable to property that ceases to be used in West Virginia prior to the end of its categorized useful life must be recalculated for all tax years according to the actual useful life or period of use in West Virginia.

EXAMPLE: Company A invests \$10 million in equipment with a designated useful life of 8 years in 2009.

Investment in assets is determined to be "qualified" based on useful life of the particular asset according to a percentage multiplier table as follows:

IF USEFUL LIFE IN WV IS	THE APPLICABLE PERCENTAGE IS
Less than 4 years	0%
4 years or more but less than 6 years	33 1/3%
6 years or more but less than 8 years	66 2/3%
8 years or more	100%

Company A's Manufacturing Investment Tax Credit is equal to 5% of its qualified investment. Because all of Company A's investment is in capital assets that have useful lives of 8 years, 100% of its \$10 million investment is qualified investment. Thus, the credit for Company A is calculated to equal \$500,000 or \$50,000 per year for 10 years.

$$(\$10M \times 100\%) \times 5\% = \$500,000 \text{ Total Credit}$$

$$\$500,000 \text{ Total Credit} \div 10 \text{ Years} = \$50,000 \text{ Per Year Annual Credit}$$

However, Company A moves this equipment to New York in 2014. Therefore, the equipment's useful life or actual period of use in West Virginia is reduced to only 5 years. The corresponding credit is reduced according to the above table from \$500,000 to \$166,667, or \$16,667 per year for 10 years.

$$(\$10M \times 33 \frac{1}{3}) \times 5\% = \$166,666.67 \text{ Total Credit}$$

$$\$166,667 \text{ (Rounded)} \div 10 \text{ years} = \$16,667 \text{ Per Year Annual Credit}$$

A reconciliation statement for 2009 through 2014 reflecting an over-utilization of credit must accordingly be filed with payment of any additional tax, interest and penalties owed.

Recapture provisions apply for the Economic Opportunity Tax Credit whenever the Taxpayer fails to maintain the required number of new jobs upon which the credit is based. Except for the "Small Business" version of the Economic Opportunity Tax Credit, recapture generally occurs immediately after the Taxpayer's jobs re-determination year (the second tax year following the tax year when qualified investment was first placed into use or service). If the actual number of new jobs falls below the projected new job threshold, then the Taxpayer must file amended returns with the payment of any additional tax, interest and penalties owed due to an over-utilization of credit. A Recapture Tax may apply whenever the number of new jobs falls below a minimum threshold (set forth in the table below) subsequent to the initial re-determination period.

IF NEW WEST VIRGINIA JOBS TOTAL AT LEAST	THE APPLICABLE NEW JOBS PERCENTAGE IS
520	30%
280	25%
20	20%
15 Corporate Headquarters relocation only	10%
10 Small business credit (see below)	10%

Job levels are determined on an annual basis for 10 years for the "Small Business" version of the Economic Opportunity Tax Credit.

ENVIRONMENTAL CREDITS

WEST VIRGINIA ALTERNATIVE-FUEL MOTOR VEHICLES CREDIT & REFUELING INFRASTRUCTURE CREDIT (SCHEDULE WV/AFTC-1)

A Taxpayer becomes eligible for the alternative fuel vehicle credit by buying, converting, or retrofitting a motor vehicle to operate on compressed natural gas, liquefied natural gas, or liquefied petroleum gas. If the conversion is a requirement under federal or state law, policy, or regulation, credit cannot be claimed for that required conversion. The maximum credit is determined using vehicle weight, and a maximum credit limitation. Credit must be claimed over a five-year period. The credit can be applied against Corporation Net Income Tax or Personal Income Tax. A Taxpayer becomes eligible for the alternative fuel refueling infrastructure credit by making certain qualified investments in public refueling infrastructure. The maximum alternative fuel refueling infrastructure credit is 20% of qualified costs up to \$400,000 per facility.

WEST VIRGINIA ENVIRONMENTAL AGRICULTURAL EQUIPMENT CREDIT (SCHEDULE WV/AG-1)

Taxpayers purchasing and installing qualified agricultural equipment for use in agricultural operations can claim the Environmental Agricultural Equipment credit. For purposes of the credit, agricultural operations means only the commercial production of food, fiber, or woodland products (not timbering activity) by means of cultivation, tillage of the soil or by the conduct of animal, livestock, dairy, apiary, equine, or poultry husbandry, aqua-cultural activity, horticultural activity, or any other plant or animal production activity and all farm practices related, usual or incidental to the operations. Production is classified as "commercial production" if the producer has annual sales of at least \$1,000 of agricultural products by the producer. Agricultural equipment and structures that qualify for this credit include the following:

- Advanced technology pesticide and fertilizer application equipment
- Conservation tillage equipment
- Dead poultry composting facility
- Mortality incinerator
- Nutrient management system
- Stream-bank and shoreline protection system
- Stream channel stabilization system
- Stream crossing or access plan
- Waste management system
- Waste storage facility
- Waste treatment lagoon

Proof of entitlement to the credit is required and consists of proof of purchase and installation of qualified equipment, and written certification by the Commissioner of Agriculture that each item purchased is in fact qualified agricultural equipment. The amount of credit is 25% of the price of all certified expenditures, and may not exceed \$2,500 or the total amount of the Taxpayer's liability under either the Corporation Net Income or Personal Income Tax. The excess may be carried over and applied as a credit in each of the next five years unless used sooner. Carried forward credit must be claimed before applying any new credit. Agricultural equipment credit may be used by only one business entity, may not be assigned and is limited to the tax liability attributable to agricultural operations within West Virginia.

EMPLOYMENT CREDITS

WEST VIRGINIA MILITARY INCENTIVE CREDIT (FORMERLY VETERANS EMPLOYMENT CREDIT) (SCHEDULE J)

The purpose of the West Virginia Military Incentive Program Act of 1991 is to encourage the employment of members of the National Guard and reserve forces, disadvantaged Vietnam era and Korean conflict veterans and disabled veterans generally. 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 is the percentage of disability multiplied by the first \$5,000 in wages. For members of the National Guard and reserve forces, the credit is 25% of the first \$5,000 in wages. The veteran 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. Taxpayers must complete and file Schedule J to claim this credit.

NATURAL GAS JOBS RETENTION ACT CREDIT (SCHEDULE WV/NGRET-1)

The Natural Gas Jobs Retention Act provides a credit of \$1,000 per qualified full-time employee for businesses subject to the natural gas storage provisions of the Business and Occupation Tax. A full-time employee is defined as one who works on a work site or is on paid vacation leave or other paid leave at least (1,500) fifteen hundred hours per year. The number of jobs required for a business to receive the credit must be at least 60 percent of the number of jobs existing with the business as of January 1, 1996. A qualified jobs-ratio is calculated by using a total of pre-existing jobs and new jobs divided by those jobs existing on January 1, 1996. The amount of credit may not exceed the Business and Occupation Tax attributable to the natural gas storage activity, and may not be taken against any other component of Business and Occupation Tax Liability. The credit may not be carried forward or back to another tax year.

OTHER CREDITS

TELEPHONE UTILITIES RATE REDUCTION CREDIT (SCHEDULE K)

Taxpayers that provide telephone service at special reduced rates to certain low-income residential customers are eligible to claim this credit. The West Virginia Public Service Commission will certify the amount of the revenue deficiency resulting from the provision of the service. The amount of the credit is the cost of providing the service to qualified customers, less any reimbursement received through any other means. The Public Service Commission must certify the level of revenue deficiency, and a copy of the certification order must be attached to the return on which the credit is claimed. The credit is claimed against the West Virginia Corporation Net Income Tax liability. There is no provision for carryover of unused credit against corporate net income tax. In no event may the total credit claimed exceed 100% of the certified revenue deficiency.

ELECTRIC, NATURAL GAS, AND WATER UTILITIES RATE REDUCTION CREDIT (SCHEDULE L)

Public utilities that provide electric, natural gas, and water utility service at special reduced rates to low-income residential customers are eligible to claim the credit. The West Virginia Public Service Commission will determine the revenue deficiency resulting from the reduced rates, and certify the amount of allowable credit. The credit is first claimed against the West Virginia Business and Occupation Tax liability, then against West Virginia Corporation Net Income Tax liability. Any portion of credit remaining may be carried over to the next year's Business and Occupation Tax liability and is applied before any other credit for that year. There is no provision for carryover for the Corporation Net Income Tax.

NONFAMILY ADOPTION CREDIT (SCHEDULE WV/NFA-1)

This is a one-time credit that may be applied to Personal Income Tax upon the adoption of a child or children by the taxpayer(s). The child or children cannot be related to the taxpayer(s) by blood or marriage. The credit for each adoption is two thousand dollars (\$2,000) (\$4,000 for tax year beginning on or after January 1, 2012) and may be taken in the year of the adoption of each non-family child. The child must be under the age of eighteen years at the time of adoption. This credit may, at the option of the Taxpayer, be taken over a period of three years.

NEIGHBORHOOD INVESTMENT PROGRAM CREDIT (SCHEDULE WV/NIPA-2)

The West Virginia Neighborhood Investment Program Act provides credit to individuals and private sector businesses that make eligible contributions to community based nonprofit organizations that establish projects to assist neighborhoods and local communities. These projects provide services such as health care, counseling, emergency assistance, crime prevention, education, housing, job training, and physical and environmental improvements. Project eligibility is determined pursuant to the filing of an application with the West Virginia Development Office and the Neighborhood Investment Advisory Board by one of two approaches.

1. Qualification based on contributions destined for a certified economically disadvantaged area, or
2. Qualification by need (regardless of location)

Eligible contributions include cash, tangible personal or real property (at fair market value) and contributions of in kind professional services (at 75% of fair market value.) The maximum credit that can be taken by any taxpayer is \$100,000 per taxable year, for eligible contributions to one or more certified project plans. Total maximum credit that can be allowed by the West Virginia Development Office during any fiscal year is \$3.0 million effective July 1, 2011 (\$2.5 million in prior years). The minimum contribution of a taxpayer that would qualify for the credit during a year is \$500, and the maximum contribution is \$200,000. To be eligible the Taxpayer must be subject to the West Virginia Corporation Net Income Tax or Personal Income Tax. The amount of credit is 50% of the eligible contribution, and credit may be taken over a five-year period.

HISTORIC REHABILITATED BUILDINGS INVESTMENT CREDIT (SCHEDULE RBIC)

The Historic Rehabilitated Buildings Investment Credit equals 10% of the qualified expenditures for the rehabilitation of residential and nonresidential buildings designated by the National Park Service, United States Department of the Interior, as "certified historic structures," and further defined as a "qualified rehabilitated structure."

The statute requires that the building or area be located within West Virginia to be eligible for the credit, and rehabilitation expenditures must be reviewed and approved by the West Virginia Department of Culture and History in order to qualify for credit.

The credit may offset up to 100% of the Taxpayer's liability for Personal Income Tax or Corporation Net Income Tax. For tax years beginning on or after March 9, 2002, Taxpayers may transfer, sell or assign any unused tax credits after first obtaining a certificate of approval from the Division of Culture and History to transfer, sell or assign the stated amount of unused tax credit.

There are also carryover provisions for excess credit as follows:

- Corporation Net Income Tax - For years beginning after December 31, 1997, one year back and twenty years forward.
- Personal Income Tax - For years beginning after December 31, 1997, one year back and twenty years forward.

Taxpayers must complete and file schedule RBIC when claiming this credit on annual tax returns.

Application procedures for the rehabilitated buildings investment credits are the same as those required in the federal regulations for the Preservation Tax Incentive. The certification process is in three parts. Part I certifies that the building is a historic structure. Part II describes the work to be done, and Part III is the actual certification of the Secretary of the Interior's Standards for Rehabilitation. The reviews are completed at the State Historic Preservation Office then forwarded, with recommendations, to the National Park Service for final determination. Successful certification by the National Park Service of a certified rehabilitation automatically qualifies the applicant for this tax credit.

CREDIT FOR QUALIFIED REHABILITATED RESIDENTIAL BUILDING INVESTMENT (SCHEDULE RBIC-A)

The Credit for Qualified Rehabilitated Residential Building Investment equals 20% of the qualified expenditures for the rehabilitation of residential homesteads designated by the West Virginia Department of Culture and History as "certified historic structures," and further defined as a "qualified rehabilitated structure." The statute requires that the building or area be located within West Virginia to be eligible for the credit, and rehabilitation expenditures must be reviewed and approved by the West Virginia Department of Culture and History in order to qualify for credit.

The credit may offset up to 100% of the Taxpayer's liability for Personal Income Tax. For tax years beginning on or after March 9, 2002, Taxpayers may transfer, sell or assign any

unused tax credits after first obtaining a certificate of approval from the Division of Culture and History to transfer, sell or assign the stated amount of unused tax credit.

Carryover provisions for excess credit are as follows:

- Personal Income Tax - For years beginning after December 31, 1999, five years forward.

Taxpayers must complete and file schedule RBIC-A when claiming this credit on annual tax returns.

APPRENTICESHIP TRAINING TAX CREDIT (SCHEDULE WV/ATTC-1)

A credit for taxpayers for wages paid to apprentices in the construction trades who are properly registered is available as follows. Subsection 11-13X-1(b) of the West Virginia Code states that the credit is to be \$2.00 per hour multiplied by the total number of hours worked during the tax year, but the credit may not exceed the lesser of \$2,000.00 or 50% of the actual wages paid for the apprenticeship.

The apprenticeship training program is to consist of at least 2,000 hours but not more than 10,000 hours of on the job training. Any unused credit is forfeited and no carry back to prior tax years is allowed.

FILM INDUSTRY INVESTMENT TAX CREDIT (SCHEDULE WV/FIIC-1)

The purpose of this credit is intended to encourage economic growth through the production of motion pictures and other commercial film and audiovisual projects in this State.

The Film Tax Credit is a nonrefundable credit based on a percentage of the direct production expenditures made in West Virginia and the post production expenditures made in West Virginia: that are directly attributable to the production of a commercial film or audiovisual product.

The base allowance is 27%. An additional 4% is available if 10 or more West Virginia residents are full-time employees working in the State or as apprentices working in the State. The credit is to be applied as provided in Section 11-13X-7. No more than \$5,000,000 of credits may be allocated in any given tax year. The credit may not be claimed for expenditures for which the production company claimed an exemption from Sales Tax or Use Tax.

There are specific requirements in order to claim the credit. The phrase "Filmed in West Virginia" must appear in the closing credits. Application is to be in the form and manner prescribed. All required information is to be submitted to the West Virginia Film Office.

The credit is to be applied to the Corporation Net Income Tax and the Personal Income Tax. The law specifically restricts the credit from being applied against employer withholding taxes. Any unused credit is to be applied against the applicable taxes in the order specified for the succeeding tax years until the earlier of the full amount of excess credit is used or the expiration of the second tax year after the tax year in which the expenditures occurred;

any remaining credit is forfeited. Also, no carry back to prior tax years is allowed.

In order to claim this credit, schedule WV/FITC-1 must be enclosed with the tax return on which the credit is being claimed.

CREDIT SCHEDULE ORDER FORM

On the following page is a listing of all available tax credit schedules. This page may be used as an order form. Please checkmark the schedules that are of interest to you and return to Taxpayer Services. Due to efforts to keep printing and postage costs down, orders are limited to one of each tax credit schedule. The schedules may be photocopied as needed. Schedules and forms can also be downloaded from

the Tax Department web site.

You may call a Taxpayer Service Representative between 8:00 a.m. and 5:00 p.m. on business days at:

**1-800-WVA-TAXS
(1-800-982-8297)**

**TDD (hearing impaired)
1-800-282-9833**

Internet: www.wvtax.gov

TAX CREDIT FORM & SCHEDULE ORDER FORM

ECONOMIC DEVELOPMENT CREDITS

- Economic Opportunity Tax Credits (Application Form WV/EOTC-A and Schedules EOTC-1 and EOTC-PIT)
 - General Economic Opportunity Tax Credit
 - Corporate Headquarters Relocation Tax Credit
 - Small Business Credit
 - High Technology Manufacturers Credit
 - Jobs Creation Tax Credit
- Manufacturing Investment Tax Credit (Application Form WV/MITC-A and Schedule MITC-1)
- Industrial Expansion and Revitalization Credit for Electric Power (Schedule I-EPP)
- Strategic Research and Development Tax Credit -Only available for qualified investment or expenditure made after January 1, 2003 and before January 1, 2014 (Application Form WV/SRDTC-A and Schedule SRDTC-1)
- Coal Loading Facilities Credit (Schedule C)

ENVIRONMENTAL CREDIT

- West Virginia Environmental Agricultural Equipment Credit (Schedule WV/AG-1)

EMPLOYMENT CREDITS

- West Virginia Military Incentive Credit (Schedule J)
- Natural Gas Jobs Retention Act Credit (Schedule WV/NGRET-1)

OTHER CREDITS

- Telephone Utilities Rate Reduction (Schedule K)
- Electric, Natural Gas, And Water Utilities Rate Reduction (Schedule L)
- Non-family Adoption Credit (Schedule WV/NFA-1)
- Neighborhood Investment Program Credit (Schedule WV/NIPA-2)
- Historic Rehabilitated Buildings Investment Credit (Schedule RBIC)
- Residential Historic Rehabilitated Building Qualified Investment Credit (Schedule RBIC-A)
- Apprenticeship Training Tax Credit (Schedule WV/ATTC-1)
- Film Industry Investment Tax Credit (Schedule WV/FITC-1)
- Manufacturing Property Tax Adjustment Credit (Schedule WV/MPTAC-1)
- Alternative Fuels Tax Credit (WV/AFTC-1)
- Commercial Patent Incentives Tax Credit (Schedule WV/CPITC-1)