

2006



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HANDBOOK FOR ELECTRONIC FILERS



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The West Virginia Electronic Filing Handbook for Electronic Filers of Individual Income Tax Returns. Tax Year 2006 - Processing 2007

Introduction

This handbook is revised and updated for the 2006 tax year by the Electronic Filing Office of the West Virginia State Tax Department. We would like to hear from you regarding suggestions or questions you have about this handbook and/or any additional forms you would like to see filed electronically. We can be reached at (304) 558-8655 or FAX (304) 558-1150.

The Revenue terms described and used in this handbook relate to the way the West Virginia Electronic Filing Office uses and understands such terms. The use or definitions of such terms are not intended to conform to strict legal definitions and/or interpretations.

There are several IRS and West Virginia publications available for reference to the procedures on electronic filing for processing year 2006 Personal Income Tax returns.

IRS Publications:

- # 1345 Revenue Procedure for Electronic Filing of Individual Income Tax Returns
- # 1346 Electronic Return Filing Specifications for Individual Income Tax

West Virginia Publications:

- WV-1345 The Handbook for Electronic Filers of Individual Income Tax Returns
- WV-1346 The West Virginia E-File Specifications and Record Layouts for Individual Income Tax Returns

Changes to the West Virginia E-file Program

- **Mandates are in effect!** Beginning January 1, 2007 income tax preparers who filed more than one hundred personal income tax returns last year, and will be using tax preparation software to complete one or more of these returns, must file them electronically for the current tax year. An 'opt-out' signature form is available in the back of this handbook for taxpayers who choose not to have their income tax returns e-filed. This form must be signed and retained with your records.

- Preparers are no longer required to provide the WV State Tax Department with a copy of their IRS acceptance letter and 8633. Acceptance with the IRS e-file program is automatic acceptance with West Virginia. No further action will be required.

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CHAPTER 1

Contact Names, Telephone Numbers, and Addresses

Norma Holstein <i>Assistant Director, Income Tax</i>	(304) 558-8700
Sara Hughes <i>Electronic Filing Coordinator</i> email: shughes@tax.state.wv.us	(304) 558-8655
Donna Wells <i>Electronic Filing Support</i> email: dwells@tax.state.wv.us	(304) 558-8687
FAX <i>Electronic Filing Office</i>	(304) 558-1150
Vickie Hanson <i>Tax Unit Supervisor</i> email: vhanson@tax.state.wv.us	(304) 558-5893
Debra Brown <i>Programming Division</i>	(304) 558-5370 x 421
Taxpayer Service Division Toll-Free (within West Virginia)	(304) 558-3333 1-800-982-8297
WV Automated Refund Inquiry (after March 1, 2007) Toll free (within West Virginia)	(304) 344-2068 1-800-422-2075

For correspondence or suggestions, please write to:

West Virginia State Tax Department
Electronic Filing Office
P.O. Box 2222
Charleston, WV 25328-2222

Access our website at www.state.wv.us/taxdiv to obtain forms and additional information.

CHAPTER 2

Getting Started

The purpose for this guide is to assist the electronic filer and software developer with the necessary information to successfully prepare and implement the Federal/State Electronic Filing Program. Electronic filing of West Virginia Individual Income Tax returns is available to all approved filers.

New Applications:

To participate in the Federal/State Electronic Filing program, participants must first be accepted by the Internal Revenue Service. An Application to Participate in the Electronic Filing Program, Form 8633 must be submitted to the Internal Revenue Service through the Andover Service Center (ANSC). Application should be submitted no later than December 1, 2006 to allow the Internal Revenue Service sufficient time to process the application prior to the beginning of tax season.

After Form 8633 has been received by the Internal Revenue Service, the Andover Service Center will assign an Electronic Filer Identification number (EFIN) and an Electronic Transmitter Identification Number (ETIN) to the participant.

West Virginia Application Process:

The State of West Virginia no longer requires a copy of your 8633 and IRS acceptance letter. Acceptance into the federal program is automatic acceptance into the West Virginia electronic filing program. No further action is required to participate.

Continued Acceptance:

No further documentation is required for future participation as long as participants remain eligible for the IRS e-file program.

Participants in electronic filing are categorized as follows:

Transmitter - the transmitter is a firm, organization or individual who transmits completed returns electronically to the Internal Revenue Service.

Electronic Return Originator - the electronic return originator is a firm, organization or individual who deals directly with the taxpayer and who prepares or collects a prepared tax return for the purpose of having an electronic return produced and obtains the form WV-8453, Individual Income Tax Declaration for electronic filing.

Software Developer - a software developer designs software for the purpose of formatting returns according to West Virginia's electronic return specifications.

EFIN and ETIN - The EFIN (Electronic Filing Identification Number) and the ETIN (Electronic Transmitter Identification Number) are assigned by the Internal Revenue Service through the Andover Service Center (ANSC). The West Virginia State Tax Department will use those same numbers in the Federal/State Electronic Filing Program. These numbers will be used in the Acknowledgement System to identify preparers and transmitters.

Who May Participate?

Federal/State Electronic Filing for West Virginia returns is available to all interested parties who have been accepted in the Federal electronic filing program and transmit returns to the Internal Revenue Service Kansas City Service Center (KCSC) through the Memphis Computing Center (MCC). The West Virginia State Tax Department will accept the following state returns for the year 2006 filing season:

- Refund or Balance Due Returns
- Zero Balance Returns
- Returns with Schedules M, H, PBGC, E, F and/or T attached
- Returns with State withholding on Form 1099-R
- Nonresident Special Returns, Form IT-140NRS
- Nonresident/Part Year Resident Returns, Form IT-140NR/PY (w/Schedule A)
- Form WV/SCTC-1 attached

Procedures for Testing

Test Package - Test packages will be provided to all software developers for testing with the West Virginia State Tax Department. The test package has specific scenarios of income tax situations, which provide some form/line information and a completed form IT-140 or IT-140NR/PY. All calculations and other forms in the test package must be completed, formatted and transmitted to West Virginia by the applicant.

Software Testing - Software developers are required to test their communication/ transmission protocol with the West Virginia State Tax Department. All participants are required to follow the Internal Revenue testing procedures for acceptance into the program. Developers are required to pass 50% of federal tests before initiating state testing. To avoid any delays in testing, contact the Electronic Filing Office via phone or email at least 24 hours before initial test transmission is desired. Test material and instructions may be obtained from the following address:

West Virginia State Tax Department
Electronic Filing Office
PO Box 2222
Charleston, WV 25328-2222

Testing Procedures - Only Software developers are required to test with the West Virginia State Tax Department. Software Developers must be tested on all form types and schedules that they intend to file and must successfully complete one test transmission of these forms before they are accepted into the program. Only those form types and schedules that were successfully tested can be transmitted. Applicants must transmit the test returns from the West Virginia test package using their electronic filing software.

Software Corrections - The West Virginia Electronic Filing Office personnel will review transmissions, provide feedback and notify all Software Developers if any formatting or transmission errors are encountered. When corrections are complete, software developers will re-transmit affected returns to the West Virginia Electronic Filing Office. The Electronic Filing Office will notify applicants when they have successfully completed testing.

Acceptance Process - After software developers have passed all testing requirements the West Virginia State Tax Department will send those applicants a letter of acceptance to participate in the tax year 2006 program. Upon receipt of your acceptance letter by the Department we are requesting that you send a copy of your software manual to the following address:

West Virginia State Tax Department
ATTN: Debra Brown - Programming Division
PO Box 2222
Charleston, WV 25328-2222

Testing Dates- Federal/State software testing will begin on November 9, 2006 and will end on January 9, 2007. Initial PATS transmission should be sent no later than December 29, 2006. Concurrent testing will be permitted for developers who do not certify prior to live filing or who wish to pre-test for acceptance in tax year 2007. Concurrent testing will be available after August 15th.

CAUTION: *Software Developers who do not test with the West Virginia State Tax Department will be rejected.*

CHAPTER 3

Acceptable Forms, Schedules, Filer Requirements & ERO Responsibilities

The filing of an electronic return will consist of data transmitted electronically and supporting paper documents. The paper documents contain information which cannot be transmitted electronically, such as taxpayer signatures.

The West Virginia State Tax Department accepts the following forms and schedules to be transmitted electronically:

- All U.S. Individual Income Tax forms and schedules allowed by the IRS's Electronic Filing Procedure (IRS Publication 1345)
- WV IT-140 Resident Income Tax Return
- WV IT-140 NR/PY Nonresident Income Tax Return (w/Schedule A)
- Form WV/SCTC-1, Senior Citizens Tax Credit
- Schedule M, Modifications to Adjusted Gross Income
- Schedule H, Certification of Permanent and Total Disability
- Schedule PBGC, Modification to AGI for Pension Benefit and Guaranty Corporation
- Schedule T, Minimum Tax Computation
- Schedule E, Credit for Income Tax Paid to Other States (*Resident filers only*)
- Schedule F, Statement of Claimant To Refund Due Deceased Taxpayer
- Form W-2, W-2G, and 1099-R
- Form 8379, Injured Spouse Allocation Claim
- Form IT-140NRS, Special Nonresident Return

The non-electronic portion of the return consists of the following:

- **WV-8453 Individual Income Tax Declaration for Electronic Filing** EROs should maintain this document for a minimum of three (3) years from the filing date. See requirements for IT-210 Waiver Requests and WV-8379, Injured Spouse Allocation form in Chapter 8 for further instructions. **(NOT required if IRS PIN is used).**
- **Form W-2, W-2G** and copies of the **1099-R** with State Withholding.
- **Schedule H** and other supporting schedules and documents requiring signatures.
- **WV-140V State of West Virginia Electronic Payment Voucher.** This form is for payment of income tax for electronically filed balance due returns. The income tax due must be remitted on or before the tax due date (usually April 15th).
DO NOT SEND A COPY OF THE TAX RETURN.
- **IT-210 and/or Annualized Income Worksheet.** To be filed with all other documents and maintained by the ERO for a minimum of three (3) years from the filing date. **See pages 16 and 30 for further instructions**
- **WV-8379, Injured Spouse Allocation.** Only if not supported by software vendor for e-file. **See page 28 for further instructions**

Note: Neither the federal nor the state returns need to be attached to the WV-8453 since they are sent electronically. See page 16 for mailing address and instructions.

The following types of returns are excluded from electronic filing for processing year 2007, tax year 2006:

- WV IT-140 X Amended Returns
- Prior Year returns
- Non-calendar year filers
- Returns requiring schedules or forms attached other than those listed above
- Returns on which the filing status on the State return does not match the filing status on the Federal return
- Any income tax return reflected in the list of exclusions from Federal electronic filing

CHAPTER 4

Return Transmission, PIN, and the WV-8453

West Virginia returns must be transmitted to the Kansas City Service Center (KCSC) through the Memphis Computing Center (MCC). Transmitters must follow all electronic transmitting procedures, communication requirements, and technical specifications required by the Internal Revenue Service. A transmitter who resides outside the area supported by the KCSC must revise their Form 8633 and be approved for transmitting returns to KCSC. If a transmitter sends a West Virginia State return to any service center other than the KCSC, the return will be rejected.

Participants in the Federal/State Electronic Filing Program must confirm with their software developer or transmitter that the software has the capability of processing and transmitting the state data along with the federal data to the Kansas City Service Center (KCSC).

IRS PIN Signature Alternative

Any of the IRS approved PIN signatures will be the preferred signature method for the West Virginia e-file program. The PIN signature method is employed to make the e-file process as paperless as possible. This method can only be used if the return is filed through the joint federal/state program. If the taxpayer chooses not to use the IRS PIN or files a State Only return, then a WV-8453 must be completed and retained.

WV-8453(Not required with PIN)

Enter the necessary information from the **WV IT-140** or IT-140NR/PY onto the **WV-8453**. Complete all sections of the form. **Use whole dollar amounts.** Maintain the WV-8453 in your files for a period of not less than three (3) years. Also, certain attachments are required to be submitted and must be accompanied by the WV-8453 regardless of the signature method. **See page 16 for a list of required attachments instructions.**

Declaration of Taxpayer

After the return has been prepared and before the return is transmitted electronically, the taxpayer (and spouse, if joint) must verify the information on the return and sign and date the WV-8453. Preparers and EROs are prohibited from allowing taxpayers to sign a blank WV-8453. The preparer/ERO must provide the taxpayer with a copy of the return. Preparers should stress to taxpayers copy it for their records only and **not to file the paper copy of the state return unless it specifically requested by the WV State Tax Department.**

Declaration of Electronic Return Originator (ERO) and Paid Preparer

The Electronic Return Originator's signature is required by the West Virginia State Tax Department. If a separate paid preparer is used, then that preparer must also sign form WV-8453 in the space provided. If the ERO cannot obtain the paid preparer's signature on form WV-8453, he should attach a copy of the tax return with the paid preparer's signature to the form WV-8453. The copy of the IT-140 or IT-140NR/PY should be labeled "COPY".

For security purposes, paid preparers and EROs are no longer *required* by the IRS to disclose their Social Security numbers. Participants can opt to use the Preparer Tax Identification Number (PTIN) in lieu of the SSN. West Virginia will also adopt this procedure pursuant to Federal guidelines.

Attachments to the WV-8453

Schedule H, Schedule G, Schedule PBGC, Form W-2, W-2G, and 1099R should be attached to the back of the **WV-8453** and ***retained for a period of not less than 3 years***. IT-210, Annualized Income Worksheets (Code D), any documentation pertaining to requests for Waiver of Estimated Penalty (Code A), and the WV-8379 Injured Spouse Allocation (if not supported as a transmittable form by your software) must be faxed to the WV Electronic Filing Office at (304) 558-1150 to validate these requests. Failure to submit required documents could result in refund delays or the denial of the requested income tax modification.

Corrections to Form WV-8453

If changes are necessary to the electronic return after the taxpayer has signed Form **WV-8453** but before the data has been transmitted, the ERO must have the taxpayer complete a corrected **WV-8453**, if the following conditions apply:

- Federal Adjusted Gross Income differs from the amount on the electronic return by more than \$50.00
- The West Virginia tax, refund, or the balance due differs from the amount on the electronic return by more than \$14.00

Non substantive changes are permissible on the **WV-8453**, provided the ERO, or the person making the correction initials the change.

Processing and Mailing WV-8453

Note:

Requests for Waiver of Penalty in conjunction with the IT-210 require submission of the WV-8453 and supporting documents at the time of filing. See page 30 for more details.

Submission of a paper form WV-8379, Injured Spouse Allocation will be required if e-filing of the WV-8379 is not supported by your software.

Use an IRS approved PIN signature alternative when possible.

The West Virginia State Tax Department does not require the submission of WV-8453 signature documents unless specifically requested by the Tax Department except in cases of required documentation. **If the PIN signature alternative is not used, Electronic Return Originators must retain the completed and signed WV-8453 along with all required schedules, attachments, and information for a period of not less than three (3) years**. *The State Tax Department reserves the right to review the signature documents at any time during the retention period.* These documents must be readily available to mail or fax to the State Tax Department within 24 hours of their request. Requested documents should submitted to:

FAX: (304) 558-1150

West Virginia State Tax Department
Electronic Filing Office
P.O. Box 2222
Charleston, WV 25328-2222

CHAPTER 5

Return Processing Procedures

West Virginia e-filed return processing is based on whether they are:

- a) Refund Returns
- b) Balance due returns paid with Electronic Funds Withdrawal
- c) Balance due returns paid with the WV-140V or delayed EFW
- d) Balance due returns paid by credit card through Official Payments Corporation
- e) Amended Tax Returns

A better understanding of the way a return is handled once it has been received by the State Tax Department can be found throughout the handbook. Hopefully this will help you determine the most appropriate way to deal with taxpayer questions and concerns.

Master Information

West Virginia relies on the IRS edits to validate name, address, and SSN information. If the IRS passes the information through to the state, then we will consider the master data to be accurate. Beginning in TY 2003, all name, address and SSN information, received electronically, was loaded to the mainframe database as an independent process. Filers of balance due tax returns will benefit most from this procedural change by having the most current master information placed on record prior to receipt of any payments. The result will be the virtual elimination of prior master information not matching information received with the payment. Additionally, first time filers of West Virginia state tax returns will now be eligible to e-file. This procedure will have no effect on the way refund returns are processed.

Refund Returns

Refund returns are processed on a daily basis from the middle of January to the first of May. Returns are retrieved from the Memphis Computing Center, imported to the West Virginia e-file database, and uploaded to the main file system where refunds are generated. Returns filed without error are moved quickly through the system and the taxpayer will receive the refund usually within 10 to 14 days from the date of acknowledgement, depending on the taxpayer's choice of Direct Deposit or a paper check. Acknowledgements are also generated on a daily basis. A tax return filed with either an information or calculation error will be placed on the appropriate report to be corrected by State Tax Department correction procedures. The taxpayer will receive a "Notice of Adjustment" (see page 18) reflecting the adjustments made to the return.

Balance Due Returns Paid with Electronic Funds Withdrawal

Balance due returns using Electronic Funds Withdrawal (EFW) will be processed with the refund returns as described above, *if the taxpayer elects to pay the balance of tax due at the same time the tax return is filed.* The payment is applied to the system with the return.

If the taxpayer elects to delay the EFW processing until the tax due date, then return data processing will not occur until approximately two weeks after the tax due date. This allows for the payment information to be matched to the taxpayer's master file to prevent erroneous billings

See the "Electronic Funds Withdrawal" section in Chapter 7 for more details.

WV-140V, Delayed EFW, Credit Card Returns

A balance due filer paying their tax due using the WV-140V payment voucher (EPV) will not be processed to the main file system until approximately May 1st of each tax year. The delayed processing is necessary because of the time needed to process the paper check. Returns designated to be paid by credit card or delayed EFW are also processed later than the filing date so as not to generate a bill prior to the scheduled payment date. Payments received prior to mainfile upload of the return data are processed to the taxpayer's master file record and credited when processing is complete.



Remember! Send only the WV 140V when paying by check or money order. Sending payment attached to a copy of the tax return will only cause billing errors

Amended Tax Returns

Amended tax returns are required when a taxpayer receives additional information that will change a tax return after the original has already been filed. Amended returns must be paper filed using the WV IT-140X. Processing of amended tax returns is performed later in the tax year so delays are inevitable. Once processed, a correctly filed amended return will supercede the original return. EROs are to instruct taxpayers not to call the Tax Department until sufficient time has been allowed for amended processing. Below is a suggested timetable:

- 1) **Taxpayer originally filed a refund return-** 9 weeks from the date the amended return was filed.

- 2) **Taxpayer originally filed a balance due return-** 9 weeks from May 1st, regardless of when the amended return was filed. This is to allow sufficient time for processing the original balance due return, matching payments made with the original return, and processing the amended return with any payments. Taxpayer's who elect to pay any balance due with the amended return rather than the original return, can expect to receive a billing notice for the original balance due. The amended return when processed, will become the return of record and payments made with the amended return will, in most cases, clear any outstanding balance of tax due. In the event that a billing notice is received on the original e-filed return and the payment was made with the amended return, instruct the taxpayer to mail a copy of the bill to the WV State Tax Department, noting "Amended Return Filed". Attach front and back copies of any cancelled checks, whenever possible, if a payment was made with the amended return.

West Virginia prefers that all eligible tax returns be filed electronically. When done correctly, e-file is faster, more accurate and is the only tax filing method that acknowledges receipt of the tax return. If there is a question regarding the status of an e-filed return, the ERO is authorized to contact the e-file office for information.

CHAPTER 6

Error Correction Procedures

The Internal Revenue Service will identify certain conditions on the state return data that will cause rejects when the return data is received and will indicate those returns with a code on the acknowledgement. These are general reject codes pertaining to information essential to any state's return. The West Virginia State Tax Department does not reject any electronic tax return that passes IRS validation tests. Returns containing mathematical errors or information match errors will be corrected according to current Tax Department procedures.

If a federal return is rejected due to errors, the accompanying state return will also be rejected. If a state tax return is rejected due to errors, the federal return will also be rejected. IRS Publication 1345 will provide a list of all reject codes, including those applicable to the state return. Form 8453, U.S. Individual Income Tax Declaration for Electronic Filing, informs taxpayers that their returns may be rejected due to errors on their state records and, consequently, their federal returns may be delayed. If the error is one that can be corrected and the record processed, both return records may be retransmitted to the Internal Revenue Service. If a state return cannot be corrected, the filer has the option of retransmitting the federal return data and filing the state return data by mail. Repeated rejections of transmissions may cause the IRS to rescind all electronic filing privileges.

The following IRS error conditions are used exclusively for errors in the state return packet:

- **400 State Record** - A Generic State record must be present or in the state data packet.
- **401 State Record** - State Code (SEQ 010) - The State code (SEQ 010) of the Header section must be an abbreviation and (SEQ095) of the Entity Section must be a valid state for Electronic filing.
- **402 State Record** - Entity Section - All of the required entry fields (SEQs 060, 075, 085, 095, 100) of the Entity section must be present.
- **403 State Record** - Consistency Fields - An entry in the Consistency fields' section, which is present, must equal the corresponding form 1040 entry.

Additional reject codes may be found in the Internal Revenue Service **Publication 1345, Handbook for Electronic Filers of Individual Income Tax Returns.**

West Virginia Return Error Correction

West Virginia tax returns that pass the IRS validation process and are found to contain calculation or information discrepancies, will be set aside from standard processing and placed on appropriate reports. These returns **must** be reviewed and corrected manually. This process can delay refunds for up to six weeks or cause billings to be issued. Additionally, any **Direct Deposit** requests will be rejected and paper checks will be issued for subsequent refunds once the updates are complete. Balance due returns, paid with the **Electronic Funds Withdrawal** option, will be honored *up to* the original amount of the authorization. **Example 1:** A return originally filed with a \$100.00 balance due, authorized for that amount, but corrected to an \$80.00 balance due, will only be processed for \$80.00. **Example 2:** A return with the same authorization that is found to owe a higher tax due, will have the original authorization of \$100.00 withdrawn from the checking account and a bill will be issued for the remaining balance due.

Avoiding Common Errors and Oversights

The single most common error is **filing a duplicate paper tax return to pay a balance due**. If a tax payment is attached to any paper tax return, the payment is processed with that return; not the e-filed return. If the e-file return is processed without a matching payment, then a billing will result regardless of any payments sent attached to other documents. **The only attachment for e-filed balance due tax payments is the IT-140V.**

Other common errors include:

- Not faxing supporting documents to verify Sch. E credits
- Not allowing enough time to post fourth quarter estimated tax payments before e-filing
- Invalid Low Income Earned Income Exclusion claims
- Incorrectly completing the Surviving Spouse Exemption in Box C-2
- Using the tax table to compute the tax for Filing Status 3, “Married Filing Separate”
- Not marking the indicator when requesting relief for an Injured Spouse

These errors are problematic for the Tax Department and EROs, and cause needless concern for the taxpayer. In most cases, they can be prevented. Below are some tips to help you.

- ☞ Encourage the use of alternative methods such as [Electronic Funds Withdrawal](#) and [Credit Cards](#) for payment of tax due. These are electronic methods for electronic returns and thus permit more accurate crediting. If a check or money order must be used, stress the point that *only* the IT-140V be sent with the payment. DO NOT SEND A COPY OF THE TAX RETURN unless it is requested.
- ☞ Be sure that all [RTN](#) and [DAN](#) information is correct on [Direct Deposit](#) and [Electronic Funds Withdrawal](#) requests by requesting a voided check from the taxpayer.
- ☞ Always be sure you have received an acknowledgement from the State Tax Department. This is always separate from the federal and can be as much as 72 hours later than the IRS. Remember to factor weekends and holidays into your time estimates. If you do not receive an acknowledgement within 4 business days from the date filed, contact the Tax Department for assistance.
- ☞ Be sure to mark the Injured Spouse indicator *and* complete Form WV-8379 if the taxpayer is entitled to Injured Spouse relief. Failure to complete one or both of these will result in the requested relief being sent to the WVDHHR in error. Recovery of these refunds *must* go through the WVDHHR and can take up to 6 months! *See page 28 for more details.*
- ☞ Verify the current mailing address for all taxpayers. E-filed returns update the transmitted address information to the Tax Department Master File automatically. Incorrect addresses, *if the refund method is paper*, will likely result in refunds being returned to the Office of the Treasurer, even if a forwarding address is available.

Notices of Adjustment

Balance due filers will receive a “Notice of Adjustment” if:

- a) They mail their payment with a duplicate copy of their tax return
- b) They file an amended tax return and pay the tax due amount with the amended return
- c) Claimed estimated tax payments do not match the total on record the date the return was processed
- d) There is any discrepancy in the return as filed and the way the Tax Department computes the return

A “Notice of Adjustment” alerts the taxpayer to discrepancies in their tax return as filed and the way the Tax Department processed the information. A “Notice of Adjustment” **is not necessarily a demand for payment.** Any tax balance owed is not due until the April tax deadline and should be paid using the IT-140V. A taxpayer that receives a “Notice of Adjustment” should contact their tax preparer, review the notice for accuracy, and compare the information on the notice to their copy of the tax return. ERO’s are encouraged to act as the agent for the taxpayer and contact the e-file office with any questions.

CHAPTER 7

Refund and Balance Due Payment Options

West Virginia will again be offering **Direct Deposit** of refunds in 11 working days or less and paper checks approximately 14 working days after a state acknowledgement is issued. **Direct Deposit** refunds are electronically transferred to the taxpayer's financial institution account. **Direct Deposit** offers taxpayers a quicker and more convenient way to receive their refunds. It reduces the risk of loss and allows immediate use of the funds upon deposit. Taxpayers may elect to have their tax refund issued as a paper check if they choose.

Refunds by **Direct Deposit** are electronically transferred to the financial institution account as designated by the taxpayer. West Virginia will allow Direct Deposit of refunds into a taxpayer's bank account even if the account number is different from the number assigned for the Federal refund. Example: if a taxpayer's federal return is a balance due or the taxpayer chooses a Refund Anticipation Loan for the Federal refund, the State refund may now be Direct Deposited into a different account.

Note: Taxpayers who file Form WV-8379, Injured Spouse Allocation Claim, Schedules E and F are not eligible for Direct Deposit.

The West Virginia State Tax Department will make state refunds by direct deposit to a taxpayer's financial institution according to the following requirements.

The Eligibility Requirements for Direct Deposit are:

1. The return must be for the current tax year
2. The taxpayer must show the ERO proof of account from the financial institution that the taxpayer designates to receive the Direct Deposit. Acceptable proof of account is a check (a photocopy is acceptable) or a form, report or statement generated by the financial institution. A deposit slip is *not* reliable proof of account because it may contain internal routing numbers that are not part of the depositor account number. The proof of account document must contain the following preprinted information:
 - a. account name (name on the account on the records of the financial institution)
 - b. account number (maximum 17 characters including hyphens)
 - c. name of financial institution or branch
 - d. **Routing Transit Number** of the financial institution (must be 9 numeric characters)
3. The Internal Revenue Service Publication 1345 sets forth detailed eligibility requirements, responsibilities, and instructions governing tax preparers, transmitters, and EROs who offer taxpayers the option of Direct Deposit. Those same rules, policies, and procedures apply when offering Direct Deposit on the state return.

Preparing Taxpayers for West Virginia Direct Deposit

Before authorizing a direct deposit, taxpayers should confirm with their financial institution that the institution can accept ACH (Automated Clearing House) transactions.

Preparers and EROs must stress to taxpayers the importance of supplying correct information because neither the Direct Deposit election nor the RTN and Account Number may be changed once a return has been transmitted to the West Virginia State Tax Department.

Taxpayers can expect to have the refund by Direct Deposit within 11 working days *after* their return has been *acknowledged*. (See Chapter 7, “**Refund and Balance Due Options**”)

If any of the following conditions exist on the electronic return, the refund will be issued as a paper check:

- Invalid Routing Transit Number (RTN) or Depositor Account Number (DAN)
- Errors on the West Virginia return
- Refund Offset (If there is a refund balance remaining after the satisfaction of a debt, the West Virginia State Tax Department will issue a paper check.)
- Rejected by the Receiving Depository Financial Institution (Some financial institutions do not permit the deposit of a joint refund into an individual account. The West Virginia State Tax Department is not responsible when a financial institution refuses a Direct Deposit.)
- The West Virginia State Tax Department may deem that certain conditions justify a paper check

NOTE: The West Virginia Acknowledgement only indicates receipt of the return at the West Virginia State Tax Department. It does not indicate proof that a refund check will be issued or a Direct Deposit request will be processed.

Refund Anticipation Loans

A refund anticipation loan (RAL) is money borrowed by a taxpayer and is based upon a taxpayer’s *anticipated* income tax refund. It is a contract between taxpayers and lenders. The West Virginia State Tax Department neither supports nor prohibits RALs. A direct deposit can be sent to a different account from any Federal request but will only be issued to an account in the taxpayer’s name (See “Eligibility Requirements” for details). The agency and the State Treasurers Office are not liable for any loss suffered by the taxpayer, preparer, transmitter, ERO, or the lender, as a result of any West Virginia State Tax Department denial of a Direct Deposit request or the adjustment to the refund due to errors or prior tax obligations.

Notice: If the state refund is not to be issued as a RAL, be sure to change the account numbers and RTN to taxpayer’s personal account to permit Direct Deposit as the state refund method. If a paper check is desired, be sure to de-select the Direct Deposit option for the state refund method. This may require user intervention, depending on the software product.

Balance Due Returns

The West Virginia State Tax Department will accept **balance due** returns or state returns with zero liability for the 2006 tax year. The state **balance due** return should be filed as any other state electronic return.
No payments are due until the April 16 deadline.

Making payments for Balance Due Returns

The taxpayer is responsible for submitting the payment due to the West Virginia State Tax Department by the tax due date (usually April 15th). Taxpayers who wish to pay at the time of filing may do so with either the WV-140V or with Electronic Funds Withdrawal. The WV-140V is the only method that permits paying after the return is filed.

Electronic Funds Withdrawal (EFW)

Electronic Funds Withdrawal (EFW) is essentially the reverse of a Direct Deposit for a refund return. Using the same data entry points as for Direct Deposit, the taxpayer can elect to have his or her balance due paid directly from their checking account. ***The transaction can occur on the date the return is filed or the taxpayer can elect to have the funds withdrawn on the April 16th deadline. No other dates will be permitted for EFW.*** There is absolutely no paper involved in this transaction. The withdrawal will appear on the taxpayers' next bank statement following the selected transaction date. Taxpayers filing early and wishing to withhold payment authorization until the deadline must use WV-140V or the Credit Card option. See Chapter 5 for an understanding of how these transactions are processed. ***Electronic Funds Withdrawal is not permitted from savings accounts.***



In order to successfully process an EFW, the field labeled "Electronic Funds Withdrawal Amount" found within the tax preparation software, must be completed. The data entered here triggers the transaction. Failure to complete this field will stop the EFW, resulting in an unpaid tax liability.

Credit Card Payments

Electronic Filers can now pay their balance due amount by credit card. Either call 1-800-2Pay-Tax or access on the Internet at www.officialpayments.com. Both options are provided by Official Payments Corp., a private credit card payment services provider. A 2.5% convenience fee will be charged to your credit card by the provider. The State receives no part of the convenience fee and your payment is confirmed.

Electronic Payment Voucher (EPV)

EROs must provide the balance due taxpayer with form WV-140V, West Virginia Individual Income Tax Electronic Payment Voucher. All payments made by check or money order must be attached to a WV-140V (EPV) and mailed on or before the tax due date to be considered as timely paid.

Taxpayers must not send payments attached to paper copies of their electronic tax return. This creates a duplicate return situation that will result in billing/credit errors. All balance due filers should be strongly advised of this. See page 20 for more details.

Please instruct the taxpayer to include the primary SSN on both the Electronic Payment Voucher (EPV) and the check. This will eliminate errors in the event that the voucher and payment are separated. Electronic Return Originators (EROs) must inform taxpayers that payment of taxes due should be made no later than the tax due date. If the taxpayer does not make full payment of income taxes due on or before the tax due date, a notice will be sent requesting payment. The notice will indicate tax due, as well as interest and penalty for late payment of taxes due.



Refund and Payment Options

Enter the Routing Transit Number (RTN) in the appropriate boxes on WV-8453. Do the same for the Depositor Account Number (DAN). Mark the type of account. Transfer the information to your software and transmit with the return.

Use Electronic Funds Withdrawal. It works like Direct Deposit in reverse. Payments are withdrawn from the taxpayer's checking account 2-3 days from the date the return is filed or delay the payment until April 16th.

If you want your refund fast, use Direct Deposit! With Direct Deposit, your refund is transferred electronically straight into your checking or savings account. Refunds are usually available to you in 10-14 days. Direct Deposit is more reliable, faster, and costs less than paper checks.

John Doe Jane Doe 123 Main Street Anyplace, WV 00000	Routing Number _____ _____	Account Number _____ _____
PAY TO THE ORDER OF _____		1234 <small>15-0000/0000</small>
ANYPLACE BANK Anyplace, WV 00000		\$ _____ DOLLARS
: 120120022 : 2020268620		1234

E-file the West Virginia balance due return at any time prior to the due date and not pay the tax until April 16, 2007. Simply complete the Electronic Payment Voucher (EPV) following the instructions at right and attach a check or money order.

Important! Do NOT send a copy of your tax return with your payment. Doing so will create a duplicate return and cause a billing error.

Instructions for Form WV-IT140V

- Step 1.** On the top line of the WV IT-140V, enter your SSN and the first four letters of your last name.
- Step 2.** If a joint return, enter your spouse's SSN on the second line.
- Step 3.** Enter the amount you are paying in the designated section to the right of the spouse SSN.
- Step 4.** Complete the name and address section on the last three lines.
- Step 5.** Mail **only your check or money order and the payment voucher** to the address located in the lower right hand section of the voucher. Be sure to include your SSN on your check or money order.

Remove Here And Mail With Your Payment

**WV-140V
EPV
2006**

**STATE OF WEST VIRGINIA
2006 INDIVIDUAL INCOME TAX
ELECTRONIC PAYMENT VOUCHER**

P38200601A

Please Print or Type	Your Social Security Number	Name Control	Amount Of Payment	
	Spouse's Social Security Number		\$ _____	
	Your First Name	Spouse's First Name	Last Name	Do not send cash. Make your check or money order payable to the West Virginia State Tax Department . Write your SSN and "2006 Form WV-140V" on your check or money order and mail your payment to: West Virginia State Tax Department-EPV P.O. Box 11385 Charleston, WV 25339-1385
	Mailing Address			
	City	State	Zip Code	

NOTE: Electronic filers must inform taxpayers that full payment of taxes due must be submitted by April 16th to avoid interest and penalties.

CHAPTER 8

Instructions for IT-140 and Approved Forms and Schedules

Filing Status

Enter the correct filing status in field provided in your software. Choose from:

- Status 1, Single or Widow(er) with dependent child
- Status 2, Married filing a joint return, even if only one spouse had income
- Status 3, Married filing separately

Nonresident/Part Year Resident Form, IT-140 NR/PY

This return must be filed if the taxpayer was a resident of West Virginia part of the taxable year (*part-year resident*); or the taxpayer was *not* a resident of West Virginia at anytime during the taxable year but their Federal income includes income from West Virginia sources (*non-resident*); or the taxpayer was a domiciliary resident of West Virginia but (a) maintained no permanent place of abode in West Virginia, (b) spent no more than 30 days in West Virginia during the taxable year, (c) maintained a permanent place of abode outside of West Virginia. ***Under no circumstance will a Schedule E credit be allowed for a non-resident.***

When filing this return both taxpayers ***must*** have the same resident status throughout the taxable year. Under no circumstance will a return be accepted if one of the taxpayers was a full or part year resident of West Virginia and the other was a full year **NON**-resident and/or the filing status on the Federal return does not match the filing status on the state return.

A part-year resident is subject to West Virginia tax on taxable income received from all sources while a legal resident of West Virginia and/or they had West Virginia source income earned during the period of non-residence.

It will be necessary to complete and transmit the ***Schedule A COLUMNS A, B, & C*** along with the IT-140 NR/PY. If the taxpayer was a resident for a portion of the year, enter all income received while they were West Virginia residents in column B of Schedule A, ***regardless*** of where the income was earned. Any West Virginia income earned while non-residents must be entered in column C. These entries may or may not be the same as those reported on the federal return. Upon completion of the Schedule A, place the amount of total West Virginia income Line 51, column C of Schedule A on Line 1, of the IT-140 NR/PY.

For more detailed information please refer to the 2006 Personal Income Tax forms and instructions booklet.

Injured Spouse, Form WV-8379

Injured Spouse Form WV-8379 is for those taxpayers who filed a joint return and all or part of the refund was applied against a spouse's past due child support payments. An Injured Spouse Allocation form can be filed electronically to claim all or part of the refund if:

- (1) The injured spouse is not required to pay the past due amount
- (2) The injured spouse received and reported income (such as wages, taxable interest, etc.) on a joint return; and
- (3) The injured spouse made and reported payments such as West Virginia tax withheld from wages or estimated tax payments.

If all 3 of the above apply and an injured spouse claim is requested, you must:

- (1) Mark the indicator box on IT-140 and/or IT-140 NR/PY. This step triggers the the separation of the injured spouse portion of the refund. **Failure to mark the indicator can subject the entire refund to debt payment.**
- (2) Complete and transmit form WV-8379

NOTE: Taxpayers who file Form WV-8379 are not eligible for Direct Deposit.

Note: Not all software supports the filing of the WV-8379, Injured Spouse Claim form. Fax the completed form along with the WV-8453 to the WV Electronic Filing Office at (304) 558-1150. Consult your software instructions for more details.

Schedule M, IT-140 Resident and IT-140 NR/PY Nonresident

Schedule M is used to increase or decrease the Federal Adjusted Gross Income. Complete applicable lines 23 through 28 on the IT-140 Resident form; 52 through 57 on the IT-140 NR/PY Nonresident form for a modification *increasing* the FAGI. **Enter the result from line 29 (Resident) on line 2 of the IT-140; enter the result from line 58 (Nonresident) on line 3 of the IT-140 NR/PY.** Complete applicable lines 30 through 40 on the IT-140 Resident form; 59 through 69 on the IT-140 NR/PY Nonresident form for a modification that *decreases* the FAGI. **Enter the result from line 42 (Resident) on line 3 of the IT-140; enter the result from line 71 (Nonresident) on line 4 of the IT-140 NR/PY.** If the taxpayer is age 65 or over in the taxable year, **complete line 39 (Resident) and enter the result on line 3 of the IT-140 (Resident); complete line 68 (Nonresident) and enter the result on line 4 of the IT-140NR/PY (Nonresident).** The year of birth must also be entered in box A of both the IT-140 Resident and Nonresident forms. When claiming a modification for being permanently and totally disabled a Schedule H must be completed and the modification claimed on Schedule M, line 39 (Resident); line 68 (Nonresident). The Schedule H must be transmitted along with the electronically filed return. Failure to transmit this form will result in the modification being denied. See page 29 for further details.

Other Deductions From Schedule M

Enter on Line 38 (IT-140 Resident) Line 67 (IT-140 NR/PY) of Schedule M, payments for premiums paid to Long Term Care Insurance and contributions to Medical Savings Accounts, but only to the extent that the amount is not already allowable as a deduction when arriving at the federal adjusted gross income. Also include Active Duty Military Income not taxable due to combat deployment as permitted by the Internal Revenue Service.

Schedule H

Schedule M; Line 39 (IT-140 Resident) Line 68 (IT-140 NR/PY). Taxpayers or spouses, if married filing jointly, who are disabled during 2006 regardless of age can take a deduction up to \$8000.00 based on income earned by the eligible taxpayer. An abbreviated Schedule H can be filed electronically. A separate Schedule H is required for taxpayer and spouse. Mark the return with Indicator “X” if this is the first year for the taxpayer/spouse to claim Schedule H. Mark with Indicator “F” if the taxpayer/spouse has filed Schedule H in prior years and a completed, signed Schedule H is on file with the State Tax Department.

If the taxpayer is considered disabled and attained the age of 65, it is not necessary to complete Schedule H.

Schedule PBGC

Schedule M; Line 34 (IT-140 Resident) Line 63 (IT-140 NR/PY). If you retired under an employer provided defined pension benefit plan that terminated prior to or after retirement and the pension is covered by a guarantor whose maximum benefit guarantee is less than the benefit to which you were entitled, you may be allowed a reducing modification of the difference between the amount you would have received had the plan not terminated and the amount actually received from the guarantor.

Complete the Schedule PBGC and transmit as an attachment with the IT-140 (Resident or Nonresident). Failure to do so will delay processing of the return and could result in the Schedule PBGC claim being denied. Separate Schedule PBGC’s are required for each eligible claim (i.e. taxpayer , spouse, or taxpayer/ spouse with multiple claims)

Schedule F, Statement of Claimant to Refund Due Deceased Taxpayer

Who must file:

- Surviving wife or husband claiming refund based on a joint return
- Administrator or Executor
- Claimant for the estate of the decedent, other than above.

When claiming a refund on the behalf of a deceased taxpayer, Schedule F must be completed and transmitted along with the decedent’s electronically filed return.

Failure to transmit this form will result in the refund being issued incorrectly.

The Claim for refund will then be processed and the refund issued in the name of the claimant only.

NOTE: Direct Deposit is not available for claimant’s filing Schedule F.

If the Department requires further documentation regarding Schedule H, Schedule F or Schedule PBGC, please respond by faxing to the WV Electronic Filing Office at 304-558-1150. This information must be kept by the ERO for a minimum of three (3) years and must be readily available to mail or fax to the WV State Tax Department within 24 hours of their request.

210 Penalty

Balance Due returns that are subject to the **210 penalty** may also be transmitted electronically. The preparer must calculate the **210 penalty** on Form IT-210 and enter the amount of the penalty on line 15 (IT-140 Resident) Line 19 (IT-140 NR/PY). Form IT-210 should *not* be submitted. A Waiver of Estimated Penalty may also be requested electronically by entering the correct corresponding waiver code prior to transmission. Below is a list of the codes with descriptions and instructions for each.

Waiver of Estimated Penalty

If the taxpayer is subject to underpayment penalty, all or part of the penalty will be waived if the West Virginia State Tax Department determines that:

- (1) The penalty was caused by reason of casualty or disaster.
- (2) The penalty was caused by unusual circumstances which makes imposing the penalty unfair or inequitable.

Enter whichever code applies:

- (A) The taxpayer requests a waiver of the penalty calculated
- (B) The taxpayer is not subject to the penalty because they had no West Virginia tax liability for 2006 and met all the requirements shown in the instructions.
- (C) The taxpayer had state income tax withheld from their income and wishes to treat it as tax paid for estimated tax purposes when it was actually withheld instead of paid in equal amounts on the payment due dates.
- (D) The taxpayer used the annualized income worksheet to compute their underpayment and penalty.
- (E) The taxpayer is a qualified farmer.

If the taxpayer is requesting a waiver based on code (A), this and all other supporting documentation must be faxed to the WV Electronic Filing Office at (304) 558-1150 immediately upon transmission of the return. Failure to submit the requested documentation can result in the waiver being denied.

If the taxpayer is requesting a waiver based on code (D), the Annualized Income Worksheet, this and all other supporting documentation must be faxed to the WV Electronic Filing Office at (304) 558-1150 immediately upon transmission of the return. Failure to submit the requested documentation can result in the waiver being denied.

All other waiver requests do not require documentation unless requested by the State Tax Department.

Filing Extensions/Schedule L

If the taxpayer has correctly submitted a federal extension of time to file, it is not necessary to complete a West Virginia Schedule L. Enter the Extended Due Date in the appropriate field and transmit the return on or before the extension date. Remember that this is NOT an extension of time to pay income tax due. Unless reasonable cause can be shown, a penalty for late payment of tax due will be charged if payment is not made timely. If an extension is being requested only for the West Virginia return, a completed Schedule L must be timely filed prior to transmitting the return.

Special Nonresident Return, Form IT-140NRS

File if:

- The taxpayer was not a part-year resident of West Virginia; and
- The taxpayer was a resident of Kentucky, Maryland, Ohio, Pennsylvania, or Virginia for the entire taxable year
- The taxpayer's only source of West Virginia income was from wages and salaries.

Kentucky, Maryland, or Ohio Residents

If the taxpayer's West Virginia income during 2006 was from wages and/or salaries only, the Special Nonresident Form IT-140NRS can be filed as a claim for refund of any West Virginia tax withheld during 2006. If the taxpayer's West Virginia income comes from a source other than wages and/or salaries, the Nonresident Form IT-140NR/PY **must** be filed.

Pennsylvania or Virginia Residents

The Special Nonresident Form IT-140NRS can only be filed if the taxpayer's West Virginia income during 2006 was from wages and/or salaries only **and** they did not spend more than 183 days within West Virginia during 2006. If the taxpayer's West Virginia income comes from a source other than wages and/or salaries or they spent more than 183 days within West Virginia, the Nonresident Form IT-140NR/PY **must** be filed.

State Only Filing

Taxpayers who have already filed their federal tax return **or** wish to file their West Virginia return before the federal return can e-file a State Only return. During this process the tax software will create a 'dummy 1040' as the key to the IRS State Retrieval Subsystem. The state tax return will then follow the federal data where the taxpayer name & Social Security Number is validated. Once through, the state return will process the same as federal/state.

What State Only Filing is NOT

- A way to file an amended return - IT-140X must still be filed as a paper return. If a SSN is duplicated, the duplicate return will not process. See '**Amended Tax Returns**' in Chapter 5 for more information.

WV/SCTC-1, Senior Citizens Tax Credit

Legislation was enacted in 2001 creating a refundable income tax credit for recipients of the property tax Homestead Exemption. This credit began in tax year 2003 and is based on the amount of ad valorem property taxes paid on the first \$10,000, or portion thereof, of the taxable assessed value over the \$20,000 Homestead Exemption.

Credit eligibility is restricted to those who meet all of the following criteria in addition to participating in the Homestead Exemption Program:

- The taxpayer must incur and pay a property tax liability on the Homestead Exemption eligible home (i.e., the assessed value of the eligible home must be greater than \$20,000 prior to the application of the Homestead Exemption).
- The federal adjusted gross income must meet the low-income test.
- A document must be filed to verify the annual income and the amount of the credit.

The total amount of credit that may be claimed is shown on the form below. By law, the credit is obtained from the assessors system and is determined after the application of any discount for early payment but before application of any penalty or interest for late payment. This credit in no way exempts taxpayers from payment of taxes due the sheriff of their county of residence.

You must determine if the taxpayer meets the low-income test. Low income means **federal adjusted gross income** (FAGI) for the year that is 150% or less of the federal poverty guideline for the corresponding household size for that year. If the taxpayer's income is equal to or less than the amounts shown below, the credit may be claimed.

<i>Household Size</i>	<i>150% of Poverty Guideline</i>	<i>Household Size</i>	<i>150% of Poverty Guideline</i>
1	\$14,700	3	\$24,900
2	\$19,800	4	\$30,000

****For each additional person, add \$5,100**

If the above criteria is met, this refundable credit can be claimed electronically by:

- (1) If the taxpayer is required to file a Personal Income Tax return, be sure that the taxpayer meets the FAGI requirements prior to claiming the Senior Citizens Tax Credit. Form WV/SCTC-1 must be completed and transmitted as an attachment with the return in the same manner as W-2's or 1099's.
- (2) If the taxpayer is not required to file an income tax return, complete form WV/SCTC-1 and insert credit amount on Line 11 (IT-140 Resident) Line 14 (IT-140 NR/PY). Simply zero fill or leave blank all other tax information on IT-140. The State Only method for filing would most likely be used if no federal return is required.

Under no circumstances should two separate tax returns be filed to claim the credit. Duplicate filings will greatly extend the time it takes to process the refund and could result in unnecessary billings.

The Senior Citizens Tax Credit, form WV/SCTC-1 is a fully refundable credit issued by the Property Tax Division to recipients of the Homestead Exemption.

The WV/SCTC-1 is the form to be used for taxpayers that qualify for the Senior Citizens Tax Credit. It must be filed as an attachment to the IT-140 or IT-140NR/PY, even if the taxpayer is not otherwise required to file an IT-140. *Refer to your software instructions for available options.*

Direct Deposit is only available to taxpayers filing the WV/SCTC-1 electronically.

Schedule E, Credit for Income Taxes Paid to Other States

A West Virginia **Resident** may be allowed a credit against his/her West Virginia income tax for any income tax imposed during the taxable year by another state, on income derived from sources within the other state.

Under no circumstance will a Schedule E Credit be allowed for a Non-resident.

When claiming a Schedule E credit for income taxes paid to another state, a copy of the return filed with the other state must be faxed to the WV Electronic Filing Office at (304) 558-1150 or emailed in .PDF format to shughes@tax.state.wv.us, immediately following transmission of the return. If claiming a credit for more than one state, it will be necessary to complete a Schedule E for each state. **Failure to provide these documents will result in the claimed credit(s) being denied.**

Special Instructions for filing a Schedule E credit for income taxes paid to a reciprocal state.

Kentucky, Maryland and Ohio

If the income during the taxable year was from wages and/or salaries only, you may not Claim a Schedule E credit.

Pennsylvania and Virginia

If the taxpayer spent more than 183 days in one of these states and is considered an actual resident for tax purposes, the taxpayer will be allowed the Schedule E credit. If claiming the Schedule E credit because the taxpayer was taxed as a resident, a statement explaining the source of income for which the credit is claimed must be faxed to the WV Electronic Filing Office at (304) 558-1150 along with the other states tax return and Schedule E calculation immediately following the transmission of the return.

After completing the Schedule E calculation the lesser amount of lines 43,44,47,51, or 52 is the amount of allowable credit that can be taken. Place the amount of credit on line 13 of the IT-140.

NOTE: Taxpayers who file a Schedule E are not eligible for Direct Deposit.

The Schedule E credit is subject to the following limitations:

The credit cannot exceed the actual amount of tax payable to the other state that is also subject to West Virginia Tax.

The credit cannot reduce West Virginia Tax due to less than an amount that would be due had the income from the other state been excluded.

The credit cannot exceed the percentage of West Virginia Tax determined by dividing the portion of the taxpayer's West Virginia income subject to taxation in another state by the total amount of the taxpayer's West Virginia income.

The credit cannot be computed using the income tax withheld from the taxpayer's wages.

For more detailed information please refer to the Personal Income Tax forms and instructions booklet.

CHAPTER 9

Acknowledgement Process

The West Virginia State Tax Department acknowledges receipt of state tax data through the IRS EMS. This is a departure from the use of StAck as a third party acknowledgement provider in previous years.

The Internal Revenue Service acknowledges to the transmitter the acceptance of the federal return and receipt of state data. A feature of the Internal Revenue Service Acknowledgement record is a state code, which indicates if a state return has been submitted. After retrieving the state return data from the IRS, the West Virginia State Tax Department will then issue an acknowledgement file through the IRS making the state acknowledgement data available for retrieval by the various software developers and individual transmitters. Under normal processing conditions the West Virginia acknowledgement file should be available to transmitters within three (3) **working** days from the time they receive the federal acknowledgement from the Internal Revenue Service.

CAUTION: Be sure that you receive acknowledgements from both the Internal Revenue Service and the West Virginia State Tax Department. If you do not, please contact the WV State Tax Department for instructions. See page 7 for contact information.

Acknowledging Errors

Although errors may be identified on the West Virginia returns as they enter the tax processing cycle at the West Virginia State Tax Department, all returns will be **accepted** and designated as such with an “A” in the acknowledgement. Any errors found during processing may be related to duplicate returns, duplicate social security numbers, computation errors, debt offsets on refunds, etc., and will be managed through regular error resolution methods (See Chapter 6). Should errors occur on the West Virginia return, the Department will notify the taxpayer. Neither transmitters nor EROs will be notified regarding tax return errors aside from original receipt acknowledgement by the State Tax Department.

CHAPTER 10

Responsibilities of Electronic Filers, Transmitters & EROs

Electronic Filers, Transmitters, and Electronic Return Originators must abide by the terms set forth in the West Virginia Handbook (WV-1345) and must maintain the highest degree of integrity, compliance, and accuracy in order to continue to participate in the Federal/State Electronic Filing Program, as well as abide by the following requirements:

➤ ***Compliance***

All Electronic filers must comply with the requirements and specifications set forth in the Internal Revenue Service Publications 1345, 1346, 1436, 1545, and the West Virginia Handbook WV-1345.

➤ ***Timeliness of Filing***

Transmitters must ensure that electronic returns are filed in a timely manner. The date of the IRS acknowledgement will be considered the filing date for a West Virginia return transmitted electronically. The EROs are instructed to retain the signed WV-8453 and all attachments for a minimum of three (3) years after a return has been electronically filed. *The signature documents should only be faxed or mailed to the West Virginia State Tax Department if requested.*

➤ ***Deadline for Filing***

The West Virginia State Tax Department will accept electronically filed West Virginia returns which have been submitted for transmission to the IRS Kansas City Service Center (KCSC) through October 16, 2007. Any West Virginia return submitted after October 16, 2007 must be filed as a paper document.

➤ ***Inquiring the Status of Returns Transmitted***

Transmitters are encouraged to make inquiries regarding the status of returns transmitted. Once an electronic return has been acknowledged by the West Virginia State Tax Department, transmitters are required to notify their EROs of acceptance within five (5) working days after receipt of acknowledgement from the West Virginia State Tax Department.

➤ ***Tax Assistance***

The West Virginia State Tax Department does not anticipate problems with the Federal/State electronic filing program. However, some problems may occur to delay the mailing of a refund check. Taxpayers may confirm acknowledgement of their West Virginia return with their practitioner or transmitter. Taxpayers should be advised to wait at least 30 days from the date of acknowledgement before contacting the West Virginia State Tax Department to inquire about the status of a refund check. Refer to Chapter 1 for additional contact information.

➤ ***Ethics***

Electronic Filers must maintain a high degree of integrity, compliance and accuracy in order to continue to participate in the Electronic Filing Program.

➤ ***Drop-off Locations and Document Management***

Branch offices or drop-off locations must adhere to the policy and procedures set forth in IRS Publication 1345. EROs with multiple EFIN's are encouraged to maintain all pertinent return documents in the office of the primary EFIN. This office should be open twelve months and documents available to the State Tax Department in a timely manner.

➤ ***Return Changes***

Electronically filed returns can not be changed once submitted. If the transmitter or taxpayer wishes to make any changes after the return has been accepted, the taxpayer must file an IT-140X amended tax return through the paper document filing process.

➤ ***Office Closings***

In the event that an ERO closes his/her office, the responsibility for compliance with Tax Department requests for information still applies for the three (3) year period following the year of closure. The Electronic Filing Office must be notified, in writing, of the date which the office will cease operations and the location where any pertinent documents will be stored. Please send any such notifications to the address below.

**West Virginia State Tax Department
Electronic Filing Office
P.O. Box 2222
Charleston, WV 25328-2222**

Special Assistance and Refund Inquiry

If a taxpayer is delinquent on West Virginia Income Tax or owes child support to a state agency, the Department is required by state law to apply the income tax refund to these balances. If individuals should find it necessary to contact the West Virginia State Tax Department regarding their West Virginia refund, they should be prepared to give their social security number and amount of refund. If you need assistance, call the Taxpayer Service Division at (304) 558-3333 or Toll Free 1-800-982-8297 from anywhere in West Virginia. Taxpayer's with internet capabilities can access the West Virginia web site at www.state.wv.us/taxdiv

Beginning March 3, 2007 the West Virginia Automated Refund Inquiry System will be available for refund information. After that date, taxpayers should be advised to use this system for refund inquires. The number to call for this service is (304) 344-2068 or Toll Free 1-800-422-2075 from anywhere in West Virginia or by internet at www.tax.state.wv.us/taxdiv.

Tax Fraud

As electronic filing becomes more popular, so do fraudulent schemes used by individuals and preparers to obtain refunds. The West Virginia State Tax Department works in conjunction with the Internal Revenue Service to identify and stop these fraudulent schemes and to prosecute the individuals involved. The West Virginia State Tax Department has an enforcement approach toward tax fraud to deter taxpayers from undertaking fraudulent schemes.

COUNTY CODES

CODE	COUNTY	CODE	COUNTY	CODE	COUNTY
01	Barbour	21	Lewis	41	Raleigh
02	Berkeley	22	Lincoln	42	Randolph
03	Boone	23	Logan	43	Ritchie
04	Braxton	24	Marion	44	Roane
05	Brooke	25	Marshall	45	Summers
06	Cabell	26	Mason	46	Taylor
07	Calhoun	27	Mercer	47	Tucker
08	Clay	28	Mineral	48	Tyler
09	Doddridge	29	Mingo	49	Upshur
10	Fayette	30	Monongalia	50	Wayne
11	Gilmer	31	Monroe	51	Webster
12	Grant	32	Morgan	52	Wetzel
13	Greenbrier	33	McDowell	53	Wirt
14	Hampshire	34	Nicholas	54	Wood
15	Hancock	35	Ohio	55	Wyoming
16	Hardy	36	Pendleton	56	Out of State
17	Harrison	37	Pleasants	57	Kentucky
18	Jackson	38	Pocahontas	58	Maryland
19	Jefferson	39	Preston	59	Ohio
20	Kanawha	40	Putnam	60	Pennsylvania
				61	Virginia



Mandate Opt Out Form

I, _____ have been properly advised of the preference on the part of the State Tax Department to receive and process tax data in the most efficient manner possible and of the Legislative requirement to achieve this goal. However, I do hereby elect not to file my 2006 West Virginia Personal Income Tax return electronically. I also request that my election, by itself, not be the cause of any liability on the part of my tax preparer for any failure to comply with the mandate.

Signature of Taxpayer

Signature of Spouse

Signature of Preparer

Date
