



West Virginia Business Taxes

The purpose of this publication is to provide a brief description of the State's registration requirements and business taxes. This publication is meant to be a source of general information and not a substitute for tax laws or regulations.

Business Registration: Businesses are required to obtain a business registration certificate from the State Tax Department before engaging in any business activity. A separate certificate is required for each business location and must be displayed at all times. This certificate is valid for two years beginning July 1st and ending June 30th of the second year and the fee is \$30 per location. Operating a business without a certificate is a serious offense and can be subject to a fine of \$100.00 per day for each day a business operates without properly registering. There are special licensing or bonding requirements for certain types of businesses. These include employment agencies, collection agencies, motor carriers and transient vendors. Effective July 1, 2010, the renewal of the business registration certificate will no longer be necessary. The certificate will be permanent until the business is closed or until the certificate is suspended, revoked or cancelled by the Tax Commissioner. After July 1, 2010, business registration certificates will be issued upon receipt of the Application for Business Registration and payment of \$30.00.

Registration is accomplished by completing an "Application for Registration Certificate" (Form WV/BUS APP) which is available from the State Tax Department. Upon registration, a tax account will be established for the business, and the appropriate tax reporting forms will be provided. (Business Registration Tax, W.Va § Code 11-12).

Registration of Corporations: In addition to obtaining a business license, all domestic and foreign corporations are required to register with the West Virginia Secretary of State. Registration forms are available from: West Virginia Secretary of State, State Capitol Complex, Room W-157K, Charleston, West Virginia 25305. Telephone: (304) 558-8000.

Business Franchise Tax: All corporations (including S corporations) and partnerships are subject to the business franchise tax. The business franchise tax is a tax on the privilege of engaging in business in West Virginia. The measure of the tax is the capital of corporations and is defined as: 1) the average of the beginning and ending balances of the value of common and preferred stock; 2) plus retained earnings and paid in capital or capital surplus; 3) less treasury stock.

The capital of partnerships is defined as the average of the beginning and ending balances of the partners' capital accounts. These items of capital are taken from Schedule L of the corporation's federal form 1120 or the partnership's federal form 1065 as filed with the Internal Revenue Service for the taxable year.

Multi-state businesses will apportion an amount of capital to West Virginia using a three factor formula consisting of payroll, property and double weighted sales factors.

Effective January 1, 2007, the tax rate is 55 cents per \$100 of taxable capital. There is a minimum tax of \$50. If the tax liability is in excess of \$12,000 per year, estimated tax payments are required and due in four equal installments on the fifteenth day of the fourth, sixth, ninth and twelfth months of the tax year. The annual tax return is due for corporations on the 15th day of the third month and for partnerships the fifteenth day of the fourth month following the close of the taxable year. (Business Franchise Tax, W. Va. Code § 11-23).

Scheduled phase out of business franchise tax.

Table with 9 columns: Calendar year, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015. Row 1: % of taxable capital with. Row 2: Certain modifications. Values range from .55% to -0-.

Corporation Net Income Tax: All non-exempt corporations (domestic or foreign) which engage in business or which derive income from property, activity or other sources in West Virginia are subject to the corporate net income tax. This is a federal conformity statute and the starting point in computing West Virginia taxable income is the federal taxable income of the corporation. Multistate corporations are required to allocate certain types of nonbusiness income to West Virginia and apportion their remaining income based on a three factor formula which consists of property, payroll and double weighted sales factors. Effective January 1, 2007, the rate of tax is 8.75 percent.

Estimated tax payments are required for every corporation which can reasonably expect it's West Virginia taxable income to be in excess of \$10,000 and are due on the 15th day of the fourth, sixth, ninth, and twelfth months of the tax year. The annual return is due on the 15th day of the third month following the close of the tax year. (Corporation Net Income Tax, W. Va. Code § 11-24).

Scheduled decreases of corporate net income tax rates.

Calendar year	2008	2009	2010	2011	2012	2013	2014
Rate: % of allocated & apportioned federal taxable income with certain modifications	8.75%	8.5%	8.5%	8.5%	7.75%	7.0%	6.5%

Income/Business Franchise Tax for S Corporations and Partnerships: Effective for taxable years beginning on or after January 1, 2007, pass-through entities are required to file the Income/Business Franchise Tax return for S corporations and partnerships. This form (WVSPF-100) is used to report and pay both West Virginia withholding tax for nonresident shareholders or partners in a West Virginia S corporation or partnership and the Business Franchise Tax.

Personal Income Tax: Our State's personal income tax is imposed on the West Virginia taxable income of resident individuals, estates and trusts wherever their income is earned. Nonresident individuals, estates and trusts are also subject to the tax on the income they gain from West Virginia sources. The West Virginia personal income tax is a federal conformity statute, any term used in the law has the same meaning as when it is used in a comparable context in federal income tax law. The starting point in determining West Virginia taxable income is federal adjusted gross income.

Self employed persons and sole proprietors who are not subject to business taxes will be taxed on business income to the extent that this income is includable in federal adjusted gross income. Personal income tax rates range from 3% on taxable incomes under \$10,000 to 6.5% on taxable incomes over \$60,000. The annual tax return is due on the 15th day of the fourth month following the close of the tax year. An extension of time granted to file the federal income tax return automatically extends the time for filing the State tax return but does not extend the time for payment of any tax due.

An earned income exclusion is available for low income taxpayers — individuals, head of households and married couples who have federal adjusted income of \$10,000 or less for the taxable year. "Earned income" includes wages, salaries, tips and other employee compensation, including net income from self employment.

For additional Personal Income Tax information, see Publications TSD-387 and TSD-411.

Estimated Tax Payments: Persons who have West Virginia taxable income not subject to income tax withholding may be required to make estimated tax payments. These payments are due on the 15th day of April, June, September, and January of the following year.

Withholding - Personal Income Tax: Every employer making payment of any wage subject to the West Virginia personal income tax is required to deduct and withhold the tax from such wages and remit the tax withheld to the State Tax Department. Income tax withheld in a given month must be remitted on or before the 15th of the next succeeding month. A return must be filed on or before the last day of the month following the end of each quarter, reporting income tax withheld and paid for the quarter. Where the average quarterly amount deducted and withheld by any employer is less than one hundred fifty dollars and the total for the calendar year can reasonably be expected to be less than six hundred dollars an employer may be permitted to file an annual return and pay the taxes deducted and withheld on or before the last day of the month following the close of the calendar year. (Personal Income Tax, W.Va Code 11-21).

In addition, an annual reconciliation of tax withheld must be filed separately from the employer's quarterly or annual return on or before February 28 following the close of the year for which the withholdings are deducted and withheld. This form must be filed with all withholding tax statements (W2's). Employers are also required to furnish employees two copies of the withholding tax statement on or before February 15th.

Any employer required to file a return or a withholding tax statement for 250 or more employees must file electronically. The use of <https://mytaxes.wvtax.gov/> is required to file returns electronically. For specifications regarding filing withholding tax statements electronically see the WV/IT-105 at www.wvtax.gov/. The use of electronic filing is encouraged for all employers instead of sending returns and statements in the mail.

See Publication TSD-381 for additional information.

Sales and Use Taxes: The consumers sales and service tax and the use tax impose a duty on vendors to collect a tax from purchasers and to remit all receipts of this tax to the State Tax Department. The tax must be collected on the sale, lease or rental of tangible personal property and certain services. All sales are presumed to be subject to the tax unless an exemption is clearly established. Vendors who fail to collect the tax will be held personally liable for payment of the tax. The sales tax rate is 6% . The sales tax is based upon a rounding system. The purchase price is multiplied by 6% and carried to the third decimal place and rounded up to the next whole cent when the third decimal place is greater than four and rounded down to the lower whole cent when the third decimal place is four or less.

Tax

6% Rate Chart

\$0.09 through.....	0.2401¢
0.25	0.4102¢
0.42	0.5803¢
0.59	0.7404¢
0.75	0.9105¢
0.92	1.0806¢
1.09	1.2407¢

and so on

Effective July 1, 2008, the Sales Tax and Use Tax is reduced to 3% on the sales, purchases and uses of food and food ingredients intended for human consumption. However, the reduced rate of tax does not apply to sales, purchases and uses by consumers of prepared food, food sold through vending machines and soft drinks. See Publication TSD-419 for additional information.

Tax

3% Rate Chart

\$0.17 through.....	0.4901¢
0.50	0.8302¢
0.84	1.1603¢
1.17	1.4904¢
1.50	1.83.....	.05¢
1.84.....	2.1606¢
2.17	2.4907¢

and so on

Vendors who collect more than two hundred fifty dollars a month in sales tax are required to remit the tax by the twentieth day of the following month. If they collect less than two hundred fifty dollars a month in sales tax they are required to remit the tax quarterly or if they collect less than six hundred dollars a year in sales tax they are required to remit the tax annually. Annual returns are due the twentieth day of January. Quarterly returns are due by the twentieth day of the month following the close of the quarterly reporting period.

Electronic Funds Transfer (EFT) is mandatory for all taxpayers having a sales tax liability of \$100,000.00 or more per month. To apply for EFT complete form WV/EFT-5, Electronic Funds Transfer Application and mail to WV State Tax Department, RD-EFT, PO Box 11895, Charleston, WV 25339-1895. The application may be found at www.state.wv.us/taxrev/electservices.htm. Paper returns must still be filed and mailed to the above-referenced address.

As of May 15 2008 taxpayers will be able to view, pay, and file their Sales & Use and Withholding taxes on The West Virginia Tax Department's new website, <http://mytaxes.wvtax.gov>. The State Tax Department's former e-filing for business webpage will no longer link to the aforementioned taxes.

Certain businesses and organizations are allowed exemptions from the tax when they make purchases for use or consumption in their exempt business activities. There are three ways in which these exemptions may be claimed. Tax exemption certificates can be issued by the purchaser on certain exempt transactions. Other businesses may claim their exemption by applying to the Department of Tax and Revenue and being granted a direct pay permit. Persons granted direct pay permits pay sales tax on their taxable purchases directly to the Department of Tax and Revenue. The acceptance of a properly executed exemption certificate or proof of direct pay status from a purchaser relieves the vendor of collecting the sales tax. All other persons must pay sales tax on purchases to the vendor and then apply for a refund or credit of tax paid on their exempt purchases from the State Tax Department.

The use tax and the consumers sales and service tax laws are complementary. The use tax rate is 6%. The use tax is imposed on the use in this State of tangible personal property or services on which the West Virginia sales tax has not been

paid. Foreign vendors doing business in this State are required to collect the tax on sales to their West Virginia customers and remit the full amount of tax collected to the West Virginia State Tax Department. A credit against the use tax is allowed for the amount of sales tax legally imposed by and paid to another state. The purchaser of property and services subject to the use tax is liable for the tax until it has been paid to the vendor or paid directly to the West Virginia State Tax Department. West Virginia has entered into reciprocal enforcement agreements with other states to ensure that sales and use taxes are paid to the state in which they are due.

All vendors are required to register with the West Virginia State Tax Department. Upon registration, a consumers sales or use tax account will be established, and the appropriate tax reporting forms will be supplied to the vendor. Vendors who collect sales tax in excess of \$250 a month are required to remit the tax monthly, \$50 to \$249.99 must remit quarterly less than \$250 a month may file an annual return. Use tax returns are due the 20th day of the month following the close of the reporting period. (Consumers Sales and Service Tax, W. Va. Code § 11-15 and Use Tax, W. Va. Code § 11-15A) Both sales and use tax returns must be filed even though no tax is collected or due. Returns may be filed on line at <http://mytaxes.wv.tax.gov>

For reporting periods beginning on or after July 1, 2008, taxpayers will report the consumers sales and service tax and use tax remittances on one form, WV/CST-200CU. Taxpayers will no longer use the separate tax forms for the Sales Tax and Use Tax for reporting periods that begin on or after July 1, 2008. New Legislation has given West Virginia municipalities the authority to levy local sales and service tax in their respective jurisdictions. Sales of tangible personal property and taxable services are reported as taxable by the destination jurisdiction.

Excise Taxes: The State of West Virginia imposes excise taxes on certain products. Excise taxes are normally paid by manufactures or distributors of these products and the tax is then included in the sales price. Wholesalers, retailers and others who purchase any of these products on which the excise tax has not been paid are required to report these purchases and pay the tax. State excise taxes are imposed on: gasoline and special fuels, beer, cigarettes, soft drinks and soft drink syrups and powders. Appropriate tax accounts for persons subject to these excise taxes will be established when they register with the State Tax Department.

Business and Occupation Tax: Public utilities, electric power generators, natural gas storage operators and producers of synthetic fuel are subject to this tax. The business and occupation tax is generally based upon gross receipts (public utilities), taxable generation capacity, net dekatherms (gas storage) or tons of synthetic fuel sold.

Estimated tax payments are required. Taxpayers whose tax liability exceeds \$12,000 per year are required to pay in monthly installments, those with tax liabilities of less than \$12,000.00 are required to file quarterly. All returns are due by the end of the month following the close of the reporting period except the monthly return for the month of May is due on or before June 15th. Gas storage returns are due on the 20th day the month following the reporting period. (Business and Occupation Tax, W. Va. Code § 11-13).

Severance Taxes: The severance tax is imposed on the privilege of engaging or continuing in the activity of severing, extracting, reducing to possession and producing for sale, profit or commercial use any natural resource product or products. Also certain types of processing and treatment of natural resources will be subject to the tax. The measure of the tax is the total gross value of the natural resource products severed or in the case of a processor who purchases natural resources and processes them into commercially usable products, the tax base is the value added by processing. The tax rates are:

Classification	Rate
1. Coal	5.00 (Minimum Tax of 75 cents/ton)
2. Oil, natural gas, limestone, sandstone, sand, gravel.....	5.00
3. Timber.....	1.22

All taxpayers will be allowed a \$500.00 annual exemption to the severance tax but the exemption is only allowed for that portion of the year that the taxpayer was actually engaged in business.

Estimated tax payments are required. Taxpayers are required to pay in monthly installments. All tax returns and payments are due at the end of the month following the close of the reporting period, the exception being the month of May for which the return is due on or before June 15th. (Severance Tax, W. Va. Code § 11-13A).

An annual minimum severance tax of 75 cents per ton is imposed on coal that is sold or delivered for sale, profit or commercial use. Effective October 1, 1991, a special two (2¢) cents per ton tax is imposed on producers of coal. The measure of the tax is “tons of clean coal” that were produced by the seller of the coal and sold during the reporting period. For additional information see Publications TSD-210 and TSD-382.

See Publication TSD-211 for additional information on timber severance tax.

Telecommunications Tax: This tax is imposed upon telephone services of local phone companies that are subject to regulation by the Public Service Commission of West Virginia. The tax rate is 4 percent of gross receipts from services not subject to competition.

Estimated tax payments are required. Taxpayers whose annual tax liability exceeds \$12,000 are required to pay in monthly installments. Those with liabilities of less than \$12,000 a year must pay quarterly. All tax returns are due on or before the end of the month following the close of the reporting period except the monthly tax return for the month of May is due on or before June 15th. (Telecommunications Tax, W. Va. Code § 11-13B).

Employment Security and Workers' Compensation: When a business registers with the State Tax Department appropriate information is furnished to the Department of Employment Security. This agency furnishes employers the necessary forms and instructions concerning this tax. For information concerning Employment Security taxes, please contact the West Virginia Department of Employment Security; Building 4, Room 503 State Capitol Complex Charleston, West Virginia 25305-0112; Telephone: (304) 558-2677

Property Taxes: In West Virginia property taxes are administered by and paid to each of our fifty-five county governments. Each county, municipality and board of education can impose its own rates of property taxation. These rates can vary within counties depending upon the class and location of the property. If you have questions concerning property taxes you should contact the county assessor of the county in which the property is located. The Property Tax Division of the State Tax Department is responsible for supervision of county officials who administer the property tax. (W. Va. Code § 11-1 through § 11-8 and § 11A).

Freeport Tax Exemption: The Freeport Tax Exemption allows tangible personal property which is moving in interstate commerce through or over the territory of the State of West Virginia, or which was consigned from a point of origin outside the State to a warehouse, public or private, within the State for storage in transit to a final destination outside the State to be exempt from ad valorem property taxation in West Virginia. (West Virginia Constitution, Article X, § 1c, W. Va. Code § 11-5-13).

Municipal Taxes: West Virginia cities do not currently impose sales taxes or personal income taxes. Certain cities may impose registration taxes, or license and other fees. The major source of revenue for most West Virginia cities is a broadly based municipal business and occupation tax. This tax is imposed on the privilege of engaging in certain business activities. The measure of the tax is gross receipts with no deductions for the cost of doing business. There are different tax rates for different types of business activities, and rates may vary from city to city. Before beginning business, representatives of the proposed business should contact the offices of the cities in which they will be doing business to determine their requirements. (Municipal Corporations Code).

Business Investment Credits: The State of West Virginia provides a wide range of tax credits to encourage business development and increase employment opportunities. Some of the tax credits provided are: Business Investment and Jobs Expansion Credit (W. Va. Code § 11-13C); Industrial Expansion and Revitalization Credit (W. Va. Code § 11-13D); Credit for Research and Development Projects (W. Va. Code § 11-13D); Coal Loading Facilities Credit (W. Va. Code § 11-13E). Additional information regarding business investment credits can be obtained by requesting Publication TSD-110.

For information on the advantages of doing business in the State of West Virginia contact the, West Virginia Development Office, 1900 Kanawha Boulevard, Capitol Complex, Building 6, Room 525, Charleston, West Virginia 25305, Telephone: 304-558-2234.

West Virginia State Tax Department
Taxpayer Services Division
P. O. Box 3784
Charleston, West Virginia 25337-3784
Telephone: 304-558-3333
Toll free : 1-800-WVA-TAXS 1-800-982-8297
or visit our web site:
<http://www.wvtax.gov/>
TDD service for the hearing impaired: 1-800-2TAXTDD 1-800-282-9833