



How Interest And Additions To Tax Are Assessed

The purpose of this publication is to provide general information concerning interest and additions to tax and tax underpayments. This publication is not a substitute for tax laws or regulations.

“Interest”

Interest is due when the tax amount is not paid in a timely manner. Interest accrues daily and is imposed from the due date of the return until paid without regard to any extension of time to file.

The West Virginia Code requires the Tax Commissioner to establish interest rates for tax underpayments based on the adjusted prime rate. This rate shall not be less than eight (8) percent per annum and is determined every six months.

The interest rates on underpayments of tax are as follows:

July 1, 1989	through	June 30, 1990	-	11%
July 1, 1990	through	December 31, 1991	-	10%
January 1, 1992	through	June 30, 1992	-	9%
July 1, 1992	through	December 31, 1995	-	8%
January 1, 1996	through	December 31, 1996	-	9%
January 1, 1997	through	December 31, 1997	-	8%
January 1, 1998	through	December 31, 1998	-	9%
January 1, 1999	through	June 30, 2000	-	8%
July 1, 2000	through	December 31, 2001	-	9%
January 1, 2002	through	June 30, 2002	-	8%
July 1, 2002	through	December 31, 2009	-	9.5%

“Additions to Tax”

Penalties (Additions to tax) are imposed to encourage voluntary compliance with this State's tax laws. The penalty is only imposed on those taxpayers whose action, inaction, or delayed action warrants impositions of a penalty.

Additions to tax penalties are imposed as a percentage of tax with the exception of failure to renew a business registration certificate, which is imposed at a fixed rate and shall not exceed \$50.00.

PENALTY	RATE	MEASURE
Failure to timely file a return	5% per month-25% maximum	Tax due (as shown on return or as adjusted by Tax Division).
Failure to timely pay tax due	0.5% per month-25% maximum	Tax due (as shown on return or as adjusted by Tax Division).
Failure to timely pay deficiency	0.5% per month-25% maximum	Amount of deficiency

Additions to tax for failure to timely file and failure to timely pay tax due may be imposed concurrently; however, the total penalty may not exceed 5% per month and the maximum of both penalties may not exceed 50%.

Additions to tax may be waived only if the taxpayer can prove that its failure was due to reasonable cause and not due to willful neglect. The penalty for failure to obtain a business registration certificate, negligence, intentional disregard of rules and fraud is nonwaivable. Also, the costs of the additions to tax are not deductible for either Federal or State income tax purposes.

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