

## Earn Tax Credit

### New Job Creation Tax Credit

In 2008 West Virginia took another step toward promoting job development for the establishment of new jobs.

Those businesses who would otherwise be eligible for the Economic Opportunity Tax Credit but failed to meet the required number of jobs created criteria may qualify for the new Jobs Creation Tax Credit.

Any eligible business (i.e. manufacturing, warehousing goods distribution, information processing, destination tourism, and research and development) creating less than 20 new jobs for a regular business and less than 10 new jobs for a qualified small business shall receive a tax credit of \$3,000 per year for a period of 5 years for each new job created. To qualify, the new jobs must be full-time and pay a minimum salary of \$32,000 and must offer health



Thanks to new tax credits, the time is right to grow your business and to give back to the community.

benefits, and one or more other benefits.

### Community Investment Tax Credit

West Virginia companies that give back to their communities benefit.

The Neighborhood Investment Tax Credit Program has been extended to June 30, 2011. The program provides a 50% tax credit to individuals and businesses making qualified charitable contributions to a certified Neighborhood Project. The maximum amount



of approved tax credits per year was raised to \$2.5 million from \$2.0 million.



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## Health Care Providers

The 10-year phase-out of gross receipt taxes on various health care providers continues.

The phase-out began in July 1, 2001 and affects chiropractic, dental, emergency ambulance, nursing, optician, optometric, physician, podiatry, psychology and therapy services.

For physician services, the tax rate will decrease from 0.6% to 0.4% as of July 1, 2008.

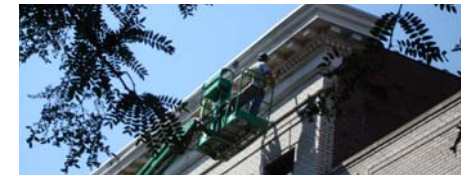
On that same date, the tax rate for emergency ambulance services will decrease from 1.65% to 1.10%.

For other listed services, the tax rate will decrease from 0.525% to 0.35% on July 1, 2008.

Taxpayer Services  
(304) 558-3333  
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# Tax Saving Changes for West Virginia Businesses



BUSINESS HOURS:		
Mon.	10	to 6
Tues.	10	to 6
Wed.	10	to 6
Thur.	10	to 6
Fri.	10	to 6
Sat.	9	to 5



# Tax Changes Designed to Promote Business Growth

## Easing the Tax Burden Since 2006



### \$260 Million Reduction in Taxes

During the past year, Governor Manchin signed a number of bills collectively reducing State business taxes by more than \$260 million when fully implemented. In addition, the Governor was instrumental in the passage of legislation responsible for the gradual phase-down of the Consumer Sales Tax on groceries for home consumption from 6% to 3%, a net savings of roughly \$75

million for West Virginia consumers. A number of business groups supported a reduction in the sales tax rate on food as a move to make border retailers more competitive. In addition to the sales tax changes on groceries for home consumption, other recent tax changes designed to promote business growth in West Virginia include the following:

#### Business Franchise Tax

In 2006, Governor Manchin took the first step in reducing the Business Franchise Tax rate when he proposed legislation to lower the rate from 0.70% to 0.55%. The rate reduction, which became effective January 1, 2007, is expected to save businesses an estimated \$25.7 million per year in State taxes.

Further reduction of the Business Franchise Tax begins January 1, 2009. The tax will decrease to 0.48% in 2009, 0.41% in 2010, 0.34% in 2011, 0.27% in 2012, 0.20% in 2013, and 0.10% in 2014, and will be eliminated in 2015. Once complete, the changes will be a net business tax reduction in excess of \$100 million.

Once eliminated, West Virginia will no longer be one of 18 states imposing such a tax on general business activities.

#### Corporate Net Income Tax

Effective January 1, 2007, the Corporate Net Income Tax rate was lowered from 9.00% to 8.75%. The rate reduction will save corporations an estimated \$5.0 million per year in State taxes.

Effective January 1, 2009, the Corporate

Net Income Tax rate will decrease to 8.5%. The legislation proposed by the Governor further decreases the rate on January 1, 2012 to 7.75%, on January 1, 2013 to 7.0% and on January 1, 2014 to 6.5%. A portion of the anticipated revenue decrease will be offset by additional revenue associated with the closing of various corporate tax reporting loopholes through the adoption of mandatory combined reporting for unitary filers. However, corporations are still expected to save more than \$53 million per year when the rate reductions are fully implemented.

#### Manufacturing Tax Credits

The maximum offset of the Manufacturing Investment Tax Credit will increase to 60% of State tax liability beginning in

2009. The Manufacturing Investment Tax Credit, which is equal to 5% for capital investments, may reduce the effective Business Franchise Tax rate from 0.48% to 0.192% in 2009. During that same year, it may also reduce the effective Corporate Net Income Tax rate for West Virginia manufacturers from 8.5% to 3.4%. When all reductions are implemented, the credit may reduce the effective Corporate Net Income Tax rate for West Virginia manufacturers to just 2.6%.

Manufacturers may claim a non-refundable tax credit equal to the amount of local property taxes paid on West Virginia manufacturing inventory. This credit is expected save manufacturers roughly \$11 million per year.

#### Corporate License Tax Repealed

Corporations will no longer be taxed for a corporate license as of July 1, 2008. The repeal of the tax reduces taxes for all registered corporations by roughly \$6.7 million per year. However, the Secretary of State's office will still require an existing \$25 annual fee for the office's annual report. This fee was formerly called the Attorney-In-Fact Fee.

#### Business Renewals Obsolete in 2010

Businesses will no longer have to periodically renew their business license certificate as of July 1, 2010. When implemented this change will eliminate roughly 100,000 tax return filings each year and save businesses a total of \$1.8 million in annual fees.

