



STATE TAX DEPARTMENT  
CHARLESTON, WV 25301

# 2006

## COMBINED CORPORATION NET INCOME/ BUSINESS FRANCHISE TAX INSTRUCTIONS & FORMS

**THIS BOOKLET INCLUDES:**

- FORM WV/CNF-120, WEST VIRGINIA COMBINED CORPORATE INCOME/BUSINESS FRANCHISE TAX RETURN
- FORM WV/CNF-120T, TENTATIVE COMBINED CORPORATE INCOME/BUSINESS FRANCHISE TAX RETURN
- FORM WV/CNF-120TC, SUMMARY OF CORPORATE INCOME/BUSINESS FRANCHISE TAX CREDITS
- FORM WV/CNF-120U, UNDERPAYMENT OF ESTIMATED TAX
- FORM WV/CNT-112S, WEST VIRGINIA S CORPORATION RETURN
- FORM WV/NRW-1, EXTENSION OF TIME TO FILE INFORMATION RETURNS
- FORM WV/NRW-2, STATEMENT OF WEST VIRGINIA INCOME TAX WITHHELD  
FOR NONRESIDENT INDIVIDUAL OR ORGANIZATION
- FORM WV/NRW-4, WEST VIRGINIA NONRESIDENT INCOME TAX AGREEMENT

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If you have any questions concerning the Corporation Net Income Tax or Business Franchise Tax contact:

West Virginia State Tax Department  
Taxpayer Services Division  
P. O. Box 3784  
Charleston, WV 25337-3784

Telephone: (304) 558-3333 or  
Toll free within West Virginia and area code (614): 1-800-982-8297  
TDD service for the hearing impaired: 1-800-282-9833

To order forms or publications call: (304) 344-2068 or  
Toll free within West Virginia and area code (614): 1-800-422-2075

Internet World Wide Web Address : <http://www.state.wv.us/taxdiv>

## Corporation Net Income/Business Franchise Tax

**House Bill 4476:** in effect from passage on March 8, 2006, amended West Virginia code §11-24-3 to update the meaning of federal taxable income and certain other terms used in West Virginia Corporation Net Income Tax Act by bringing them into conformity with their meaning for federal income tax purposes.

**Senate Bill 2004:** For tax years beginning on or after January 1, 2007, the Business Franchise Tax rate is the greater of \$50 or 0.55%.

**Senate Bill 2005:** For tax years beginning on or after January 1, 2007, the Corporation Net Income Tax rate is 8.75%.

When filing WV/CNT-112S West Virginia S Corporation Return or the WV/IT-165 Partnership Return you will use the Business Franchise sections of the WV/CNF-120 combined return.

Electronic filing is available on-line for filing the combined corporation net income/business franchise tax estimated payment (Form WV/CNF120ES) and tentative payments (Form WV/CNF-120T).

See web site <http://www.state.wv.us/taxrev/efbusiness.htm>

**Please enter your West Virginia account identification number in the proper box of each return you file.**

**2006**

**WHAT'S  
NEW**

**FILE  
THE  
RIGHT  
FORMS**

<b>FORMS YOU MAY FILE</b>	Partnership	Corporation	S Corporation not subject to nonresident withholding tax	S Corporation subject to nonresident withholding tax	Nonresident shareholder of an S Corporation
WV/CNF-120	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	
WV/CNF-120T	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	
WV/CNF-120U	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	
WV/CNT-112S			<b>X</b>	<b>X</b>	
WV/NRW-1			<b>X</b>	<b>X</b>	
WV/NRW-2				<b>X</b>	
WV/NRW-4				<b>X</b>	<b>X</b>

## TAXPAYER RESPONSIBILITIES



The employees of the West Virginia State Tax Department are here to assist you in complying with your responsibilities as a West Virginia taxpayer. The following are some important points that will help you in meeting these obligations.

**FILING YOUR BUSINESS TAX RETURNS.** The Tax Department makes every effort to provide businesses with the proper tax forms prior to the due date of the tax return. However, it is your responsibility to insure that your return is filed by the due date and the lack of the proper form is not considered reasonable cause for not filing a timely tax return. If you do not receive the proper form from the Department, you may obtain forms by calling the automated form ordering system. The telephone number is 1-800-422-2075. You may also obtain forms from any of our regional field offices listed on page 5 of this booklet, or from our home page on the internet.

Failure to file returns will result in your account being referred to our Compliance Division for corrective action. Please file all required tax returns even if you owe no tax for the reporting period.

**PAYMENT OF THE TAX.** The full amount of tax that you owe is due and payable on the due date of the tax return. Failure to pay the full amount of tax by the due date will result in interest and penalties being added to any unpaid amount of tax. If for any reason you are unable to pay the full amount of tax on the due date, you should file your tax return along with a written explanation of why you are unable to pay and when you will pay the tax due. The employees of the Tax Department are here to assist you. Anytime you find you cannot file a tax return or pay the tax due, contact us. We are here to help!

**PENALTIES AND INTEREST.** Interest and additions to tax (a penalty) attach by law to any amount of tax not paid on or before the due date of the tax return. The law requires the Tax Commissioner to establish interest rates for tax underpayments based on the adjusted prime rate. This rate will never be less than 8% per year and is determined every six months.

Additions to tax (penalties) are imposed for failure to file a required tax return by the due date and/or late payment of the tax due. The penalty for failure to file a return is 5% per month up to 25%. The penalty for failure to pay the tax due is 1/2 of 1% per month up to 25%. These penalties may both be imposed when you fail to timely file your return and pay the tax due. You may reduce the amount of penalties assessed by filing your tax return on the due date, even if you require additional time to pay the tax.

A special penalty of \$50.00 is imposed for failure to renew your state business license. There are harsher penalties for operating a business without a license, filing a false return, or the willful and knowing failure to pay a tax. These may include criminal penalties.

**THE BILLING AND COLLECTION PROCESS.** If you fail to file a required business tax return, file a tax return without payment of the tax, or fail to file on or before the due date, you will receive a notice from the Tax Department. To protect your rights, it is very important that you respond, in writing, to these notices immediately.

If you fail to respond to the notice, an assessment of tax due will be issued by the Tax Department. This assessment is the means by which the Tax Department establishes a legal tax liability. If you disagree with the assessment for any reason, you may submit in writing a request for an administrative hearing to present your reasons.

If you fail to respond to the assessment within 60 days, the assessment becomes final, conclusive and payable and is not subject to further administrative or judicial review.

Once the assessment becomes final (through inaction or by the affirmative decision of the administrative hearing officer) a tax lien will be filed against all of the property of the taxpayer and will be recorded in the county courthouse. A distress warrant will be issued which authorizes the levy or seizure of any property or wages of the taxpayer. You may avoid these collection actions by contacting the Tax Department whenever you have difficulties in meeting your tax responsibilities. Remember, we are here to assist you in meeting your tax obligations.

**REFUNDS.** If you have overpaid your tax liability, you are entitled to a refund of the amount that you overpaid. You may also apply all or part of any overpayment as a credit against your liability for such tax for other periods. If you feel that you are entitled to a refund or credit, you must file a claim for refund (usually a tax return showing an overpayment) within three years of the due date of the return or two years from the date the tax was paid, whichever expires later.

The Tax Department makes every effort to timely determine your request for a refund. If the Tax Department does not respond to your request within 6 months in the case of overpayments of Corporation Net Income Tax and 3 months on overpayment of Business Franchise Tax, you may submit in writing a request for an administrative hearing to present your reasons why you feel you are entitled to the refund. Interest is allowed and paid on any refund upon which the Department has failed to timely act and which is final and conclusive.

If the Tax Department denies or reduces your request for a refund, and you disagree with our adjustments, you may submit in writing a request for an administrative hearing to present your reasons. If you fail to respond to our denial or reduction within 60 days, the denial/reduction becomes final and conclusive and is not subject to further administrative or judicial review.

**AUDITS.** There is a possibility that at some time your business will be selected for an audit by the Tax Department. An audit does not necessarily mean your account is under suspicion for any additional tax liability. Auditing is the Tax Department's way of checking taxpayer's records to insure complete compliance with the laws and to help you adjust your records. In fact, audits may result in a refund because you paid more taxes than you owed. You will normally be notified prior to an audit and a convenient time will be arranged to insure a minimum disruption of your business. At the conclusion of the audit you will have an opportunity to discuss the audit. You are encouraged to ask questions so that you completely understand what we are doing.

**IF YOU SELL OR DISCONTINUE YOUR BUSINESS.** One of the most common problems encountered by taxpayers and the Tax Department occurs when a person ceases to do business and does not inform the Tax Department. This often results in unnecessary billing and collection activities which can be very difficult and time consuming for both the Tax Department and the taxpayer to resolve. You may avoid unnecessary corrective measures by notifying the Tax Department as soon as possible when you sell or discontinue your business. You should also file final tax returns for each tax you are required to file. All tax returns have appropriate sections for this information.

## OBTAINING FORMS AND INFORMATION

The West Virginia State Tax Department has a telephone service to provide recorded tax information. This service will allow you to hear messages on selected tax subjects, order forms, and get general refund information, as well as guidance on filing personal income tax returns. There is also a bulletin board which provides information on current events in the Department of Revenue. When the system is accessed, you will hear a brief message describing the system along with instruction for use. If you are calling from a touch tone telephone, you will be asked to follow prompts to select the message you wish to hear. If you are calling from a rotary dial telephone, you will have to speak to a Tax Department operator. The operator will then transfer your call to a taxpayer service representative. Have a pencil and paper handy to take notes. These messages should serve to answer many state tax questions which previously would have required the assistance of a representative. The services available from push button (tone signaling) phones 24 hours a day, seven days a week, and from rotary (dial)/push button (pulse dial) phones from 8:30 a.m. to 5:00 p.m., Monday through Friday. Topics available.

### Personal Income Tax

Who is required to file  
Due dates and extensions of time  
Filing requirements and instructions for military personnel  
Federal for 1099G  
Completing Schedule "M" modifications to federal adjusted gross income .

Which form to use  
Instructions for part year residents  
Estimated tax payments  
Personal income tax refunds  
Federal tax questions

### West Virginia Business Taxes

Registering a business  
West Virginia use tax  
West Virginia business and occupation tax  
West Virginia severance tax  
West Virginia telecommunications tax  
West Virginia business tax reform

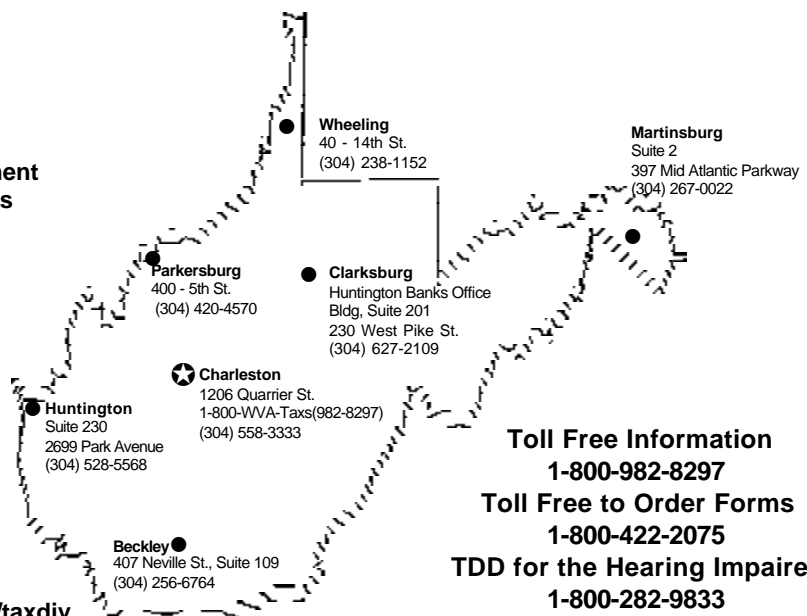
West Virginia consumers sales and use tax  
Exemptions to consumers sales and use tax  
West Virginia business franchise tax  
West Virginia income tax on certain carriers  
West Virginia corporation net income tax  
Tax credits for industrial and commercial development.

### General

Form orders  
Delinquency notices  
Message listing  
Business tax forms-listing  
Corporation net income tax forms-listing

How to contact our regional field offices  
Bulletin board  
Personal income tax forms-listing  
Excise and license tax forms-listing  
Interest and additions to tax

### West Virginia State Tax Department Taxpayer Assistance Locations



### Toll Free Information

1-800-982-8297

Toll Free to Order Forms

1-800-422-2075

TDD for the Hearing Impaired

1-800-282-9833

Internet Address : <http://www.state.wv.us/taxdiv>

# PUBLICATIONS AVAILABLE

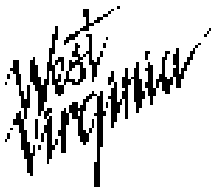
Publication	Title
TSD-2	Tax Division Telephone Listing
TSD-3	Current Mailing Addresses
TSD-100	West Virginia Business Taxes
TSD-102	Instructions For Obtaining Forms And General Tax Information
TSD-110	West Virginia Tax Credits
TSD-200	West Virginia Business Franchise Tax
TSD-210	Coal Processing And Severance Tax
TSD-211	Timber And Severance Tax
TSD-300	Sales And Use Tax Exemptions
TSD-301	Sales And Use Tax Responsibilities Of Local Governments
TSD-310	Capital Improvement Rule: Sales And Use Tax Changes Affecting The Construction Trades
TSD-312	ABCs Of Sales And Use Tax For Public Schools
TSD-312A	ABCs Of Sales And Use Tax For Private Elementary And Secondary Schools
TSD-314	Sales And Use Tax Considerations For Funeral Directors And Related Taxpayers
TSD-315	The Incidental Installation Rule: Sales And Use Tax Changes Affecting Mobile Home Dealers
TSD-316	Rental Of Private Condominiums And Other Types Of Lodging
TSD-317	Transient Vendors
TSD-320	Special Sales And Use Tax Rules For Nonprofit Organizations
TSD-321	Consumers Sales And Service Tax-Hotel And Motel Bills Charged On The West Virginia American Express Corporate Cards
TSD-325	The Incidental Installation Rule: Sales And Use Tax Changes Affecting Sellers Of Wall To Wall Carpet, Household Appliances, And Other Household Improvements
TSD-330	Non-Resident Contractors Sales And Use Tax Requirements
TSD-335	Sales And Use Tax Changes Affecting Service Businesses
TSD-345	Vendor Responsibilities: Questions And Answers About West Virginia Sales Tax Collection And Record keeping Rules
TSD-355	The Integrated Manufacturer/Contractor Rule
TSD-356	Motion Picture Theaters: Sales And Use Tax Rules
TSD-358	Direct Use Concept
TSD-360	Registration Procedures For Business
TSD-364	Auctioneers And Sales Tax
TSD-365	How Interest And Additions To Tax Are Assessed
TSD-366	Sales Tax Responsibilities: Operators Of Night Clubs, Bars, Restaurants & Similar Businesses
TSD-367	How The Accounts Receivable System Operates
TSD-368	Sales And Use Tax And Veterinarians
TSD-369	Use Tax And Your Business
TSD-370	Manufacturer/Retailer-Sales And Use Tax On Samples
TSD-371	Sales Tax Responsibilities Of Agricultural Producers
TSD-372	Radio And Television Broadcasters And Sales And Use Tax
TSD-372A	Broadcasters Notification Of Agency Relationship With Out-Of-State Advertisers
TSD-373	Sales And Use Tax And Attorneys
TSD-374	Sales And Use Tax And Dentists
TSD-375	Summer Camps And Sales Tax
TSD-376	Sales And Use Tax And Travel Agents
TSD-377	Sales And Use Tax And Doctors
TSD-379	Special Exemption For Nonprofit Organizations Providing Low-Income Housing And Shelters
TSD-380	Requirements For Rehabilitated Building Investment Credit
TSD-380A	Residential Historic Rehabilitated Buildings Investment Credit
TSD-381	Withholding Tax Information For Employers
TSD-382	Commonly Asked Questions About The New Special Tax On Coal
TSD-383	Pharmacies And Sales Tax
TSD-384	Estate Tax
TSD-385	Partial Release Of Property From State Tax Lien
TSD-387	Summary Of Tax Responsibilities Of West Virginia Residents
TSD-390	Section § 11-21-71a Income Tax Withholding By Partnerships, S Corporations, Estates And Trusts
TSD-391	General Information Regarding Income Tax Withholding Under § 11-21-71a For Nonresident Partners, S Corporation Shareholders, Or Beneficiaries Of Estates Or Trusts
TSD-392	West Virginia Corporation Net Income Tax Nonbusiness Income
TSD-394	ELF Questions & Answers
TSD-397	Taxation of Financial Organizations Under West Virginia's Business Franchise Tax And Corporation Net Income Tax
TSD-398	Reduced Severance Tax Rate For Thin Seam Coal Produced From New Mines
TSD-399	Corporate License Tax Changes
TSD-400	Consumers Sales Tax Responsibilities: Entertainers And Artists
TSD-401	Dyed Diesel Fuel And IFTA Status of Mobile Equipment
TSD-402	West Virginia Broad Based Health Care Related Taxes
TSD-403	Individual Medical Savings Account
TSD-404	Timber Severance Tax Requirements for Nonresidents
TSD-405	Consumers Sales Tax Responsibilities Regarding Coin Operated Machines or Devices
TSD-406	Taxability of Internet Sales Made by West Virginia Retailers
TSD-407	WV Sales Tax Collection Requirements
TSD-412	Voluntary Disclosure Agreements

## TO ORDER PUBLICATIONS

**WRITE TO:**  
West Virginia State Tax Department  
Taxpayer Services Division  
P. O. Box 3784  
Charleston, WV 25337-3784

**OR CALL:**

1-800-422-2075 toll free within West Virginia. TDD service for the hearing impaired 1-800-282-9833.



## GENERAL INFORMATION

Use the returns in this booklet for calendar year 2006 and for fiscal years beginning in 2006 and ending in 2007. The information in this book is intended to help you complete your returns and is not a substitute for tax laws and regulations.

**ASSISTANCE.** Address questions to the West Virginia State Tax Department, Taxpayer Services Division, P. O. Box 3784, Charleston, WV 25337-3784 or by telephone at (304) 558-3333, toll free within West Virginia and area code (614) at 1-800-982-8297, or TDD for the hearing impaired 1-800-282-9833. To order forms or publications, call (304) 344-2068 or toll free within West Virginia and area code (614) at 1-800-422-2075 or visit our internet site on the world wide web at <http://www.state.wv.us/taxdiv>.

**BUSINESS FRANCHISE TAX.** The Business Franchise Tax is a tax on the privilege of doing business in West Virginia. Any domestic corporation, any corporation that has its commercial domicile in West Virginia, and every corporation and partnership that owns or leases real or tangible personal property in West Virginia or is doing business in West Virginia is subject to the Business Franchise Tax.

The term "doing business" means any activity of a corporation or partnership which enjoys the benefits and protection of the government and laws of this state. Doing business does not include those engaged in the activity of agriculture or farming.

The term "corporation" includes any corporation, S corporation, joint stock company, and any association or other organization which is taxable as a corporation under federal income tax laws or the income tax laws of this state. The term "partnership" includes a syndicate, group, pool, joint venture, limited liability company not taxable as a corporation under federal laws or other unincorporated organization by means of which any business, financial operation or venture is carried on, and which is not a trust or estate, a corporation, or a sole owner.

For corporations, the measure of the tax is the capital of the corporation and is defined as the average of the beginning and ending balances of: 1) the value of common and preferred stock, 2) plus paid in or capital surplus, 3) plus retained earnings, 4) less treasury stock. S corporations will also include the average of the accumulated adjustment account, other adjustment account, and shareholders undistributed taxable income. For partnerships, the capital is the average of the beginning and ending balances of the partner's capital accounts. These items of capital are taken from the balance sheet of the taxpayer's federal income tax return as filed with the Internal Revenue Service. Multi-state businesses will apportion their capital to West Virginia using a four factor formula consisting of payroll, property and double weighted sales factors.

The tax rate is 70¢ per \$100 of taxable capital with a minimum tax of \$50.

**CORPORATION NET INCOME TAX.** The Corporation Net Income Tax is a tax on the West Virginia taxable income of every domestic or foreign corporation which enjoys the benefits and protection of the government and laws in the State of West Virginia or derives income from property, activity or other sources in West Virginia. The term "corporation" includes a joint-stock company and any association or other organization which is taxable as a corporation under federal income tax laws.

This is a federal conformity tax in that the starting point in computing West Virginia taxable income is the federal taxable income of the corporation. Certain increasing and decreasing adjustments, as required by state law, must be made to federal taxable income to arrive at West Virginia taxable income. Multi-state corporations must take one further step to determine West Virginia taxable income. They are required to allocate certain types of nonbusiness income to West Virginia and apportion their remaining income based on a four factor formula consisting of payroll, property and double weighted sales factors.

The Corporation Net Income Tax rate is 9.0%.

**EXEMPT ORGANIZATIONS.** Any corporation or partnership exempt from federal income tax is also exempt from West Virginia Corporation Net Income Tax and Business Franchise Tax. In addition, certain insurance companies, certain production credit associations, trusts established under 29 U.S.C. 186, and other organizations specifically exempt under the laws of West Virginia are also exempt.

**S CORPORATIONS.** Corporations that have filed a valid federal election to be taxed as an S corporation must file Form WV/CNT-112S, West Virginia S Corporation Return and Form WV/CNF-120, Combined West Virginia Income/Business Franchise Tax Return.

**UNRELATED BUSINESS INCOME.** If you are a tax exempt organization with unrelated business income that is subject to federal tax, you must pay the West Virginia Corporation Net Income Tax on that unrelated income attributable to West Virginia. Also, that portion of your capital that is used, directly or indirectly, in the generation of the unrelated business income is subject to the West Virginia Business Franchise Tax.

**PAYMENT OF TAX. DUE DATE.** A corporation's annual Combined West Virginia Income /Business Franchise Tax Return is due on or before the 15th day of the third month after the close of the taxable year. A partnership's annual Business Franchise Tax Return is due on or before the 15th day of the fourth month after the close of the taxable year. The filing of returns is required whether or not any tax is due. A tax exempt organization's annual West Virginia Combined Income/Business Franchise Tax Return is due on or before the 15th day of the fifth month after the close of the taxable year. Make your remittance payable to the West Virginia State Tax Department.

**WHERE TO FILE.** Combined WV Corporation Net Income /Business Franchise Tax Returns should be mailed to the West Virginia State Tax Department, Internal Auditing Division, P. O. Box 1202, Charleston, WV 25324-1202.

**EXTENSION OF TIME TO FILE.** An extension of time to file a federal return is automatically accepted by West Virginia as an extension of time to file the West Virginia return. A copy of the federal extension form must be attached to the West Virginia return when filed and the extended due date must be entered on the top of the return. Returns filed after the due date, without the supporting documents and extended date entered on the top of the return, will be processed as late filed and interest and penalties will be imposed.

A state extension of time to file may be obtained, even if a federal extension has not been requested, provided a written request is made to the West Virginia State Tax Department prior to the due date of the West Virginia return.

An extension of time to file does not extend the time for payment of any tax due. If you have an extension of time to file, payment of any tax due may be made by filing a tentative return. See instructions for Form WV/CNF-120T. To avoid interest and penalties, payment must be received on or before the due date of the return.

**ESTIMATED TAXES. BUSINESS FRANCHISE TAX.** If your Business Franchise Tax liability is in excess of \$12,000 per year after tax credits, estimated tax payments are required and due in four equal installments on the 15th day of the fourth, sixth, ninth and twelfth months of the tax year. Preprinted estimated payment forms (Form WV/CNF-120ES) are automatically mailed once a year to all taxpayers making estimated payments in their previous tax year.

**CORPORATION NET INCOME TAX.** Estimated tax payments are required for any corporation which can reasonably expect its West Virginia taxable income to be in excess of \$10,000 (which equals a tax liability after tax credits in excess of \$900) and are due in four equal installments on the 15th day of the fourth, sixth, ninth and twelfth months of the tax year. Preprinted estimated payment forms (Form WV/CNF-120ES) are automatically mailed once a year to all taxpayers

making estimated payments in their previous tax year.

**FILING METHOD - SEPARATE V. CONSOLIDATED.** Any corporation that files a consolidated federal income tax return as part of an affiliated group must file a separate West Virginia Income Tax Return unless all members of the affiliated group elect to file a Consolidated West Virginia Income Tax Return. The filing of a consolidated return is considered to be consent by the group. If a consolidated return is filed for a taxable year, the members of the affiliated group must continue to file a consolidated return unless the tax commissioner consents to revocation of the election. The filing method used for filing your Corporation Net Income Tax also controls the method for filing your West Virginia Business Franchise Tax. WV Code§11-24-13a(h): In order to clearly reflect the taxable income the tax commissioner may require a corporation to file a consolidated or combined return.

**TAXABLE YEAR/METHOD OF ACCOUNTING.** You must use the same taxable year and method of accounting as you use for federal tax purposes.

**SUPPORTING FEDERAL INFORMATION.** You must attach to your West Virginia return a copy of pages 1 through 4 of your signed federal income tax return as filed with the Internal Revenue Service. If you attach a pro forma federal income tax return, then the following consolidated return data is also required: a copy of pages 1 through 4 of the consolidated federal return plus supporting schedules showing the consolidation of the income statement, balance sheet, eliminations and adjustments; a copy of federal Form 851; and a signed statement explaining the differences, if any, between the income statement and balance sheet reported for federal consolidated filing and that reported for West Virginia purposes. Include Schedule M-3 when applicable.

1. Corporations subject to both the West Virginia Corporation Net Income Tax and the Business Franchise Tax attach the federal documents to the West Virginia Combined Corporation Net Income /Business Franchise Tax Return.
2. Corporations exempt from the Corporation Net Income Tax but subject to the Business Franchise Tax attach the required federal documents to the Combined WV Corporate Income/Business Franchise Tax Return.
3. S corporations attach the required documentation to both the Combined WV Corporate Income/Business Franchise Tax Return and S Corporation return.

**INTEREST.** You must pay the entire tax due on or before the due date of the tax return (determined without regard for an extension of time to file). If you do not pay the entire tax due on or before the due date, you must pay interest on the amount of the underpayment from the due date to the date paid. Interest is always due, without exception, on any underpayment of tax.

Interest is imposed at an adjusted rate established by the Tax Commissioner. The annual rate will never be less than eight percent (8%). The interest rate will be determined and in effect for periods of six months. Interest rates in effect for various periods are:

7/1/90 to 12/31/91 - 10%	1/1/98 to 12/31/98 - 9%
1/1/92 to 6/30/92 - 9%	1/1/99 to 6/30/00 - 8%
7/1/92 to 12/31/95 - 8%	7/1/00 to 12/31/01 - 9%
1/1/96 to 12/31/96 - 9%	1/1/02 to 6/30/02 - 8%
1/1/97 to 12/31/97 - 8%	7/1/02 to 12/31/06 - 9.5%

Contact the West Virginia State Tax Department, Taxpayer Services Division, for the interest rate in effect for other periods. The telephone number is (304) 558-3333 or toll free within West Virginia 1-800-422-2075. Request message number 510.

**ADDITIONS TO TAX. LATE FILING.** Additions to tax are imposed for failure to file a return on or before the due date (determined with regard to an extension of time to file). On any amount of tax shown to be due on the return, the additions to tax for late filing is five percent (.05) per month or any part of a month not to exceed twenty-five percent (.25).

**LATE PAYMENT.** Additions to tax are imposed for failure to pay all tax shown to be due on a return on or before the due date (determined without regard to an extension of time to file). The additions to tax for late payment is imposed at the rate of one half of one percent (.005) per month or part of a month not to exceed twenty-five percent (.25).

When both the five percent (.05) additions to tax for late filing and the one half of one percent (.005) additions to tax for late payment are imposed, the maximum monthly percent is five percent (.05) not to exceed forty-seven and one-half of one percent (.475) of the tax due.

**FAILURE TO PAY ESTIMATED TAX.** Corporations and partnerships that are required to make estimated payments of their tax liability are subject to additions to tax for failing to pay at least ninety percent (90%) of their annual tax liability. The additions are imposed at the same rate as interest is imposed. See Form WV/CNF-120U for more information on the additions to tax for underpayment of estimated tax.

**COMPLETION AND SIGNATURE.** All appropriate sections of the return must be completed. All required supporting documents must be attached. An incomplete return will not be accepted as timely filed.

The returns must be signed by an authorized officer or partner. If the return is prepared by someone other than the taxpayer, the preparer must also sign the return and enter his or her complete address.

**CHANGES ON FEDERAL RETURN.** Any corporation whose reported income or deductions are changed or corrected by the Internal Revenue Service or through renegotiation of a contract with the United States is required to report the change or correction to the West Virginia State Tax Department. This report must be made within 90 days of the final determination by filing an amended return and attaching a copy of the revenue agent's report detailing such adjustments.

A corporation that filed an amended return with the Internal Revenue Service must file an amended return with the West Virginia State Tax Department within 90 days of filing of the amended federal return.

**AMENDED RETURNS.** Corporations may amend their Corporation Net Income Tax Return by filing Form WV/CNF-120 marked "Amended" at the top and attaching a schedule detailing the differences in the amended and original returns. Corporations and partnerships may amend their Business Franchise Tax Return by filing a Form WV/CNF-120 marked "Amended" at the top and attaching an explanation detailing the differences in the amended and original returns.

Amended returns filed for the purpose of obtaining a refund of an overpayment of tax must be filed within three years of the due date of the return (with regard to an extension of time to file) or two years from the date the tax was paid, whichever expires later.

**CONSISTENCY IN REPORTING.** In completing your Combined WV Corporation Net Income/Business Franchise Tax Return, if you depart from or modify past procedures for classifying business income and nonbusiness income, for valuing property or including or excluding property in the property factor, for treating compensation paid in the payroll factor, for including or excluding gross receipts in the sales factor, you must disclose by separate attached schedule the nature and extent of the variance or modification.

If you make sales of tangible personal property which are shipped into a state in which you are not taxable, you must identify the state to which the property is shipped and report the total amount of sales assigned to such state.

**CONFIDENTIAL INFORMATION.** Tax information which is disclosed to the West Virginia State Tax Department, whether through returns or through department investigations, is held in strict confidence by law. The State Tax Department, the United States Internal Revenue Service and other states have agreements under which tax information is exchanged. This is to verify the accuracy and consistency of information reported on federal, other state, and West Virginia tax returns.

**WV/CNF-120 WEST VIRGINIA COMBINED CORPORATION NET INCOME/BUSINESS FRANCHISE TAX RETURN 2006**

For tax year beginning \_\_\_\_\_, 20\_\_\_\_, ending \_\_\_\_\_, 20\_\_\_\_.

Check this box if this return is filed under extension

Give extended due date: \_\_\_\_\_

**USE LABEL, PRINT, OR TYPE**

Name \_\_\_\_\_  
 Street address or post office box \_\_\_\_\_  
 City, state and ZIP code \_\_\_\_\_

WV Account ID Number \_\_\_\_\_

Check applicable boxes:

- 1 Initial return
- 2 Final return
- 3 Amended return

**BUSINESS DATA SECTION:**

Date began doing business in West Virginia \_\_\_\_\_  
 State of commercial domicile \_\_\_\_\_  
 Principal place and business activity in West Virginia \_\_\_\_\_

**Person and phone number to contact concerning this return:**

Name \_\_\_\_\_ Number \_\_\_\_\_  
 Check here if you use a software program & do not want a return sent to you.

**FILING METHOD:**

**Separate entity basis**  **Consolidated basis**  **Other Explain** \_\_\_\_\_

*Check only one box*

**If separate**, were you part of a federal consolidated return? \_\_\_\_\_

If YES, enter parent's name and FEIN: \_\_\_\_\_

**If consolidated**, does your West Virginia return include the same group that filed the consolidated federal return? \_\_\_\_\_

If NO, explain differences in filing groups. \_\_\_\_\_

**FORM OF BUSINESS: Check one:** \_\_\_\_\_ **S Corporation** \_\_\_\_\_ **Corporation** \_\_\_\_\_ **Partnership** \_\_\_\_\_ **LLC**

**MUST ATTACH FEDERAL FORM: Check one:** \_\_\_\_\_ **1120** \_\_\_\_\_ **Proforma 1120** \_\_\_\_\_ **1120S** \_\_\_\_\_ **1065**

<b>Business Franchise Tax</b>	1 West Virginia taxable capital- Schedule A, line 16.....	1	
	2 Tax Rate -0.7%.....	2	<b>0.007</b>
	3 West Virginia franchise tax - Line 1 multiplied by line 2 or \$50.00 whichever is greater.....	3	
	4 Tax Credits from Form WV/CNF-120TC, Column 1, line 22.....	4	
	5 Adjusted franchise tax - subtract line 4 from line 3.....	5	
<b>Corporate Income Tax</b>	6 West Virginia net taxable income - Schedule B, line 16,.....	6	
	7 Tax Rate -9.00%.....	7	<b>0.09</b>
	8 West Virginia net income tax - Line 6 multiplied by line 7.....	8	
	9 Tax Credits from Form WV/CNF-120TC, Column 2, line 22.....	9	
	10 Adjusted net income tax - subtract line 9 from line 8. Do not put less than zero .....	10	
<b>Combined Income and Franchise Tax</b>	11 COMBINED INCOME/FRANCHISE TAX - add line 5 and line 10. Can not subtract from line 5.....	11	
	12 Prior year carryforward credit.....	12	
	13 Estimated tax payments.....	13	
	14 Tentative payment made with Form WV/CNF-120T.....	14	
	15 Refundable credit (attach schedule WV/SRDTC-1).....	15	
	16 Total payments and refundable credit-add lines 12, 13, 14, & 15-must match total on Schedule C	16	
	17 Tax due - If line 16 is smaller than line 11, enter amount owed. If line 16 is larger than line 11, enter -0- and skip to line 22.....	17	
	18 Interest for late payment.....	18	
	19 Additions to tax for late filing and/or late payment.....	19	
	20 Penalty for underpayment of estimated tax Attach Form WV/CNF-120U - If applicable enter exception number here..... <input type="checkbox"/>	20	
21 Total due with this return - add lines 17 through 20 Make check payable to West Virginia State Tax Department .....	21		
22 Overpayment If line 16 is larger than line 11, enter amount overpaid.....	22		
23 Amount of line 22 to be credited to next year's tax.....	23		
24 Amount to be refunded - subtract line 23 from line 22.....	24		

**SIGN HERE**

Under penalties of perjury, I declare that I have examined this return (including accompanying schedules and statements) and to the best of my knowledge and belief it is true and complete. All appropriate sections of the return must be completed. An incomplete return will not be accepted as timely filed. Checking this box indicates waiver of my/our rights of confidentiality for the purpose of contacting the preparer regarding this return.

Keep a copy of this return for your records

Signature of officer \_\_\_\_\_ Name of officer - type or print \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Paid preparer's signature \_\_\_\_\_ Firm's name and address \_\_\_\_\_ Date \_\_\_\_\_

**MAIL TO: WEST VIRGINIA STATE TAX DEPARTMENT  
 INTERNAL AUDITING DIVISION  
 P. O. BOX 1202  
 CHARLESTON, WV 25324-1202**



**SCHEDULE A BUSINESS FRANCHISE TAX — CALCULATION OF WEST VIRGINIA TAXABLE CAPITAL (11-23-3 (b) (2))**

	Column 1 Beginning Balance	Column 2 Ending Balance	Column 3 — Average (Col. 1 + Col. 2) ÷ 2
1 Dollar amount of common stock & preferred stock			1
2 Paid-in or capital surplus .....			2
3 Retained earnings appropriated & unappropriated			3
4 Adjustments to shareholders equity.....			4
5 Shareholders undistributed taxable income.....			5
6 Accumulated adjustments account.....			6
7 Other adjustments accounts.....			7
8 Add lines 1 through 7 of Column 3 .....			8
9 Less: Cost of Treasury stock.....			9
10 Dollar amount of partner's capital accounts.....			10
11 Capital - subtract line 9, Column 3 from line 8, Column 3.....			11
12 Multiplier for allowance for certain obligations/investments - Schedule B-1, Line 7.....			12
13 Allowance - Line 10 or 11 multiplied by line 12.....			13
14 Adjusted capital - subtract line 13 from line 10, or 11. If taxable only in West Virginia, check here <input type="checkbox"/> and enter this amount on line 16.....			14
15 Apportionment factor - Form WV/CNF-120APT, Schedule B, Line 8 or Part 3, Column 3.....			15
16 TAXABLE CAPITAL - Line 14 multiplied by line 15 - Enter on page 1, Line 1.....			16

**SCHEDULE A-1 BUSINESS FRANCHISE TAX — SUBSIDIARY CREDIT (11-23-17 (c))**

Column 1 Account number and name of Subsidiary or Partnership	Column 2 Recomputed Business Franchise Tax Liability	Column 3 Percentage of Ownership	Column 4 Allowable Credit (Column 2 X Column 3)
No. Name			
No. Name			
No. Name			
TOTAL — (Enter here and on Form WV/CNF-120TC, line 1, Column 1).....			

**SCHEDULE A-2 BUSINESS FRANCHISE TAX — TAX CREDIT FOR PUBLIC UTILITIES AND ELECTRIC POWER GENERATORS (11-23-17 (b))**

1 Gross income in West Virginia subject to the STATE Business and Occupation Tax.....	1	
2 Total gross income of taxpayer from all activity in West Virginia.....	2	
3 Line 1 divided by line 2.....	3	
4 Business Franchise liability - From page 1, Line 3, reduced by any Subsidiary Credit.....	4	
5 Allowable credit - Line 4 multiplied by line 3 - Enter here and on Form WV/CNF-120TC, line 2, Column 1.....	5	

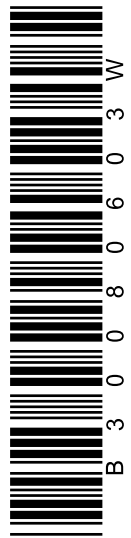
**SCHEDULE A-3 BUSINESS FRANCHISE TAX — COMMERCIALY DOMICILED FINANCIAL ORGANIZATION TAX CREDIT (11-23-27)**

1 Franchise taxes actually paid to another state(s) - attach list of states and amounts.....	1	
2 Capital subject to tax in another state(s).....	2	
3 West Virginia Business Franchise Tax rate - 0.7%.....	3	0.007
4 Adjusted franchise taxes paid to another state(s) - line 2 multiplied by line 3.....	4	
5 Allowable credit - lesser of lines 1 or 4 - Enter on Form WV/CNF-120TC, line 3, Column 1.....	5	



**SCHEDULE B CORPORATE INCOME TAX - CALCULATION OF WEST VIRGINIA TAXABLE INCOME (11-24-6 and 7)**

1 Federal Taxable Income - per attached federal return.....		1	
2a Interest or dividends from any state or local bonds or securities.....	2a		
2b U.S. Government obligation interest or dividends not exempt from state tax, less related expenses not deducted on federal return.....	2b		
2c Income taxes or taxes based upon net income, imposed by this state or any other jurisdiction, deducted on your federal return.....	2c		
2d Federal depreciation/amortization for West Virginia water/air pollution control facilities - wholly W. Va. corporations only.....	2d		
2e Unrelated business taxable income of a corporation exempt from federal tax (IRC 512).....	2e		
2f Federal net operating loss deduction.....	2f		
2g Federal deduction for charitable contributions to Neighborhood Investment Programs, if claiming the West Virginia Neighborhood Investment Programs Tax Credit.....	2g		
2h Net operating loss from sources outside the United States.....	2h		
2i Foreign taxes deducted on your federal return.....	2i		
2j Deduction taken under IRC§ 199 (WV Code §11-24-6a).....	2j		
<b>3 TOTAL INCREASING ADJUSTMENTS - add lines 2a through 2j.....</b>			
4a Gain on sale of property acquired prior to July 1, 1967 - Schedule B-2, line 4.....	4a		
4b Refund or credit of income taxes or taxes based upon net income, imposed by this state or any other jurisdiction, included in federal taxable income.....	4b		
4c Interest expense on obligations or securities of any state or its political subdivisions, disallowed in determining federal taxable income.....	4c		
4d Salary expense not allowed on federal return due to claiming the federal jobs credit.....	4d		
4e Foreign dividend gross-up (IRC Section 78).....	4e		
4f Subpart F income (IRC Section 951).....	4f		
4g Taxable income from sources outside the United States.....	4g		
4h Cost of West Virginia water/air pollution control facilities - wholly W. Va. only.....	4h		
4i Employer contributions to medical savings accounts (W. Va. Code 33-16-15) included in federal taxable income less amounts withdrawn for non-medical purposes.....	4i		
5 SUBTOTAL of decreasing adjustments - add lines 4a through 4i.....	5		
6 Schedule B-1 allowance - from Schedule B-1, line 9.....	6		
<b>7 TOTAL DECREASING ADJUSTMENTS - add line 5 and line 6.....</b>	7		
8 Adjusted federal taxable income - Line 1 plus line 3 minus line 7..... Wholly West Virginia corporations check here <input type="checkbox"/> and go to line 14, multistate corporations go to line 9		8	
9 Total nonbusiness income allocated everywhere - Form WV/CNF-120APT, Sch. A line 9, Column 5.....		9	
10 Income subject to apportionment - subtract line 9 from line 8.....		10	
11 West Virginia apportionment factor - Form WV/CNF-120APT, Sch. B line 8; Part 2, or Part 3, Column 3.....		11	●
12 West Virginia apportioned income - Line 10 multiplied by line 11.....		12	
13 Nonbusiness income allocated to West Virginia - Form WV/CNF-120APT, Sch. A line 13.....		13	
14 West Virginia taxable income - multistate corporations add lines 12 and 13, wholly West Virginia enter line 8.....		14	
15 West Virginia net operating loss carryforward - Schedule NOL, Column 5 total.....			
16 WEST VIRGINIA NET TAXABLE INCOME - subtract line 15 from line 14 - Enter on page 1, line 6.....		16	



**SCHEDULE B-1 ALLOWANCE FOR GOVERNMENTAL OBLIGATIONS/OBLIGATIONS SECURED BY RESIDENTIAL PROPERTY (11-24-6(f))**

		Average Monthly Balance
1 Federal obligations and securities.....	1	
2 Obligations of West Virginia and any political subdivision of West Virginia.....	2	
3 Investments or loans primarily secured by mortgages or deeds of trust on residential property located in West Virginia.....	3	
4 Loans primarily secured by a lien or security agreement on a mobile home or double-wide located in West Virginia.....	4	
5 TOTAL - add lines 1 through 4.....	5	
6 Total assets as shown on Schedule L, Federal Form 1120 or 1120A.....	6	
7 Divide line 5 by line 6 (round to six (6) decimal places).....	7	●
8 Adjusted income - Schedule B, line 1 plus line 3 minus line 5 plus, Form WV/CNF-120APT, Sch. A, lines 10,11, & 12.....	8	
9 ALLOWANCE - - Line 7 multiplied by line 8, disregard sign - Enter here and on Schedule B, line 6.....		

**SCHEDULE B-2 CORPORATE INCOME TAX — ADJUSTMENT FOR SALE OF PROPERTY ACQUIRED PRIOR TO JULY 1, 1967 (11-24-6(c)(1))**

	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7
Kind of property	Date acquired	Date sold	Gain per Federal return	Fair market value on 7-1-67	Adjusted federal basis on 7-1-67	Original cost or other federal basis	Adjustment Col. 4 minus Col. 5
1							
2							
3							
4 TOTAL - add lines 1 through 3 - Enter on Schedule B, line 4a (Attach a true copy of your Federal Schedule D and Form 4797).....							

**SCHEDULE B-3 CORPORATE INCOME TAX — COMMERCIALLY DOMICILED FINANCIAL ORGANIZATION TAX CREDIT (11-24-24)**

1 Income taxes actually paid to another state(s) attach list of states and amounts.....	1	
2 Income subject to tax in another state(s).....	2	
3 West Virginia Corporate Income Tax Rate - 9.00%.....	3	<b>0.09</b>
4 Adjusted income taxes paid to another state(s) - line 2 multiplied by line 3.....	4	
5 Allowable credit - lesser of lines 1 or 4 - Enter on Form WV/CNF-120TC, line 3, Column 2.....	5	

**SCHEDULE C SCHEDULE OF TAX PAYMENTS (Will be applied to Business Franchise Tax first)**

Name of business	West Virginia Account Identification Number	Date of Payment Indicate if EFT	Type: estimated, extension, prior year credit, or refundable credit	Amount of payment and/or refundable credit
TOTAL - This amount must agree with the amount on Page 1, line 16.....				

**SCHEDULE NOL CORPORATE INCOME TAX — WEST VIRGINIA NET OPERATING LOSS CARRYFORWARD CALCULATION (11-24-6 (d))**

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Year of loss	Amount of W. VA. net operating loss	Amount carried back to years prior to loss year	Amount carried forward to years prior to this year	Amount being used this year	Remaining unused net operating loss
West Virginia net operating loss carryforward for current tax year Sum of Column 5 - Enter on Schedule B, line 15					



For tax year beginning \_\_\_\_\_, 20\_\_\_\_, ending \_\_\_\_\_, 20\_\_\_\_.

Name \_\_\_\_\_  
 WV Account ID Number \_\_\_\_\_



This form is used by corporations and partnerships that are subject to tax in more than one state to allocate and apportion their income and/or capital to the State of West Virginia. Complete and attach to Form WV/CNF-120. See instructions and information for Schedule A and Schedule B, Part 1, 2, & 3, and Schedule P.

**SCHEDULE A ALLOCATION OF NONBUSINESS INCOME FOR MULTI-STATE BUSINESSES (11-24-7)**

Types of allocable income	GROSS INCOME		RELATED EXPENSES		NET INCOME	
	Column 1 Everywhere	Column 2 West Virginia	Column 3 Everywhere	Column 4 West Virginia	Column 5 Everywhere	Column 6 West Virginia
1 Rents						
2 Royalties						
3 Capital gains/losses						
4 Interest						
5 Dividends						
6 Patent/copyright royalties						
7 Gain - sale of natural resources IRC Sec. 631 (a) (b)						
8 Partnership income - From Schedule P.						
9 Nonbusiness income/loss - sum of lines 1 through 8, Col. 5 and 6. Enter Col. 5 on Form WV/CNF-120, Schedule B, line 9.						
10 Cost of West Virginia water/air pollution control facilities this year.....						[ ]
11 Federal depreciation/amortization on those facilities this year.....						
12 Federal depreciation/amortization on such facilities expensed in a prior year.....						
13 Net nonbusiness income/loss allocated to West Virginia - sum of lines 9 through 12, Column 6. Enter on Form WV/CNF-120, Schedule B, line 13						

**SCHEDULE B APPORTIONMENT FACTORS FOR MULTI-STATE BUSINESSES (11-24-7, and 11-23-5)**

PART 1 - REGULAR FACTOR		Column 1 WEST VIRGINIA	Column 2 EVERYWHERE	Column 3 PERCENTAGE
1 Total property Divide Column 1 by Column 2 and enter six (6) digit decimal in Column 3.				●
2 Total Payroll Divide Column 1 by Column 2 and enter six (6) digit decimal in Column 3.				●
3 Total Sales				
4 Sales to purchasers in a state where you are not taxable. For example, P. L. 86-272.				
5 Adjusted sales - Column 1 - enter line 3 amount. Column 2 - line 3 minus line 4. Divide Col. 1 by Col. 2 and enter six (6) digit decimal in Column 3.				●
6 Adjusted sales - enter line 5 again.				●
7 Total Add Column 3, lines 1, 2, 5, and 6				●
8 APPORTIONMENT FACTOR - Line 7 divided by the number 4, reduced by the number of factors showing zero in Column 2 lines 1, 2, 5, and 6. Express with six (6) digits after the decimal. Enter on Form WV/CNF-120, Sch. A, line 15 and Sch. B, line 11.				●
PART 2 - MOTOR CARRIER FACTOR (11-24-7a)		Column 1 WEST VIRGINIA	Column 2 EVERYWHERE	Column 3 PERCENTAGE
VEHICLE MILEAGE -Use for Corporate Income Tax only. Use Part 1 for Franchise Tax. Enter column 3 on Form WV/CNF-120, Schedule B, line 11.				
PART 3 - FINANCIAL ORGANIZATION FACTOR (11-24-7b and 11-23-5a)		Column 1 WEST VIRGINIA	Column 2 EVERYWHERE	Column 3 PERCENTAGE
GROSS RECEIPTS Enter column 3 on Form WV/CNF-120, Sch. A, line 15 and Sch. B, line 11.				

ATTACH SEPARATE SCHEDULES FOR EACH PARTNERSHIP IN WHICH YOU ARE A PARTNER

Corporate partner's name:	WV account identification number:
Name of partnership:	WV account identification number:

**Part 1 Computation of income/loss reportable to West Virginia (See Instructions)**

Corporate Partner's distributive share of:

1	Income	1	
2	Gain	2	
3	Loss	3	
4	Deductions	4	
5	Subtotal - sum of lines 1 through 4	5	
6	Increasing modifications (attach Schedule B, Form WV/CNF-120)	6	
7	Decreasing modifications (attach Schedule B, Form WV/CNF-120)	7	( )
8	Total - sum of lines 5, 6, and 7 Enter the amount from line 8 on Schedule A, line 8, Column 5, of Form WV/CNF-120APT	8	
9	Partnership income/loss subject to allocation - Part 2, line 7, Column 5	9	
10	Partnership income/loss subject to apportionment - subtract line 9 from line 8	10	
11	Apportionment factor - Part 3, line 6, Column 3	11	●
12	Partnership income/loss apportioned to West Virginia - line 10 multiplied by line 11	12	
13	Partnership income/loss allocated to West Virginia - Part 2, line 7, Column 6	13	
14	Partnership income/loss taxable in West Virginia - sum of lines 12 and 13 Enter the amount from line 14 on WV/CNF-120APT Schedule A, line 8, Column 6	14	

**Part 2 Allocation of nonbusiness income from partnership**

Note: See the instructions and information for Schedule A, Form WV/CNF-120 APT

Types of allocable income	GROSS INCOME		RELATED EXPENSES		NET INCOME	
	Column 1 Everywhere	Column 2 West Virginia	Column 3 Everywhere	Column 4 West Virginia	Column 5 Everywhere	Column 6 West Virginia
1 Rents/Royalties						
2 Capital gains/losses						
3 Gains-sale of natural resources IRC Sec. 631 (a) (b)						
4 Interest and Dividends						
5 Patent/copyright royalties						
6 Partnership income/loss						
7 Total: Enter the total of Column 5 on line 9, Part 1. Enter the total of Column 6 on line 13, Part 1.						

**Part 3 Apportionment factors for partnership income subject to apportionment**

Note: See the instructions and information for Schedule B, Form WV/CNF-120 APT

Apportionment Factors	Column 1	Column 2	Column 3
	West Virginia	Everywhere	Percentage Column 1 ÷ Column 2
1 Partnership Property			
2 Partnership Payroll			
3 Partnership Sales			
4 Partnership Sales			
5 Total - add column 3, lines 1 through 4			
6 Apportionment Factor - Line 5 divided by the number 4, reduced by the number of factors, if any, showing zero in column 2 - Enter the six (6) digit decimal from Column 3, line 6, on line 11 of Part 1			●



## INSTRUCTIONS - FORM WV/CNF-120



Enter beginning and ending tax year dates covered by this return. Attach label provided or clearly print or type your name and address. Make corrections on the label if necessary. Enter West Virginia ID number. If filing under extension, check box and enter extended due date in the space provided. Check applicable box for the return being filed.

**BUSINESS DATA SECTION:** You must complete the questions asked in this section before going to line 1.

### ATTACHMENTS AND STATEMENTS REQUIRED

Attach the additional information and statements required as part of your form WV/CNF-120 if they apply to your filing method.

Attach a copy of pages 1 through 4 of your signed federal return (Form 1120), and schedule M-3 if applicable. If filing separate West Virginia and consolidated federal, attach your pro forma federal, consolidated federal, Form 851 (Affiliation Schedule), plus spreadsheets of the income and expense, and balance sheet entries for EVERY corporation included in the consolidated federal return.

Attach a schedule of other states in which you have property or paid salaries during the taxable year; indicate those states in which you are filing corporate tax returns based on or measured by net income for this taxable year.

Attach a schedule of other states in which you have sales of tangible personal property during the taxable year and in which you are not taxed (e.g. P.L. 86-272); indicate, by state, the amount of sales not subject to tax.

### INSTRUCTIONS

Line 1. Enter West Virginia taxable capital from completed Schedule A, Form WV/CNF-120, line 16.

Line 3. Multiply line 1 by tax rate on line 2 and enter result or \$50.00 whichever is greater.

When your federal taxable year is a short taxable year, the tax is prorated based on the number of months that are in the short taxable year divided by the number 12.

When your first taxable year for Business Franchise Tax purposes includes a period of time during which you were not subject to the West Virginia Business Franchise Tax, the tax is prorated based on the number of months during the taxable year that you did business in West Virginia divided by the number 12.

Neither the minimum tax of \$50.00 nor the capital base can be prorated.

Line 4. Enter result from column 1 line 22 from completed form WV/CNF-120TC. Total amount of credit cannot exceed the tax on line 3.

Line 5. Subtract line 4 from line 3 and enter result on line 5.

Line 6. Enter West Virginia net income from completed Schedule B line 16 form WV/CNF-120.

Line 8. Multiply line 6 by line 7 and enter result. If a negative result enter 0 (zero).

Line 9. Enter result from column 2 line 22 of completed form WV/CNF-120TC. The total amount of credits cannot exceed the net income tax on line 8.

Line 10. Subtract line 9 from line 8 and enter the adjusted net income tax on line 10.

Line 11. Add line 5 and line 10. This is your combined Corporate and Business Franchise Tax liability.

Line 12. Enter combined total of prior year carry forward credits from Corporate Income and Business Franchise Tax returns.

Line 13. Enter Total estimated tax payments.

Line 14. Enter tentative payment(s) made with form WV/CNF-120T.

Line 15. Enter amount from line 26 of the Strategic Research and Development Credit WV/SRDTC-1 and attach schedule to this return.

Line 16. Add lines 12,13,14, and 15; must match total on Schedule C.

Line 17. If line 16 is smaller than line 11 enter amount of tax owed. If line 16 is larger than line 11 enter 0 (zero) and skip to line 22.

Line 18. Determine interest due. For information regarding interest, see the general information on page 8 of this booklet.

Line 19. Determine additions to tax due. For information regarding additions to tax, see the general information on page 8 of this booklet.

Line 20. Enter amount of penalty of estimated tax from form WV/CNF-120U. If exceptions apply enter number in box.

Line 21. Add lines 17 through 20. This is the balance due. Make check payable to West Virginia State Tax Department.

Line 22. If line 16 is larger than line 11, enter amount overpaid. An overpayment may be credited to next year's tax or refunded, either whole or in part.

Line 23. Enter the amount of overpayment to be credited to next year's tax.

Line 24. Enter amount to be refunded.

## SCHEDULE - A - COMPUTATION OF CAPITAL

Corporations, Partnerships, and S Corporations must complete this section to determine their capital base subject to the West Virginia Business Franchise Tax. The capital base is the average of the dollar amounts of the beginning and ending balances of certain entries from the balance sheet of your Federal Tax Return as filed or as would have been filed with the Internal Revenue Service for the taxable year.

Corporations and Partnerships not required by Federal law to complete and file a balance sheet are required to complete a pro forma balance sheet in order to calculate their Business Franchise Tax liability. A pro forma balance sheet is the balance sheet that the corporation or partnership would have filed with the Internal Revenue Service had they been required to file one. Corporations complete lines 1 – 4 and lines 8, 9, and 11. S Corporations complete lines 1 – 9 and line 11. Partnerships complete line 10 only. Adding the amounts in column 1 and column 2 and dividing the result by the number 2 determine the average capital in column 3.

**EXEMPT ORGANIZATIONS.** Corporations and organizations that are exempt from federal tax must pay the Business Franchise Tax on that portion of their capital, which is used, directly or indirectly, in the generation of unrelated business income, as defined by section 512 of the Internal Revenue Code. To determine the amount of your capital that is subject to tax, multiply your capital by the percentage that your total gross unrelated business income is to your total gross income from all activities.

### COMPUTATION OF BUSINESS FRANCHISE TAX

Line 12. Taxpayers that own certain tax exempt government obligations and obligations secured by certain residential property located in West Virginia can take an allowance that reduces their capital. See the instructions for Schedule B-1, form WV/CNF-120 to determine if you qualify to take the special allowance. Corporations that qualify for this allowance will have already completed Schedule B-1, for WV/CNF-120. If you do not qualify for the special allowance skip lines 12 and 13 Schedule A form WV/CNF-120. Instead enter the amount from line 11 on line 14.

Line 15. Generally, the apportionment factor used to apportion your income for Corporate Income Tax purposes is used to apportion your capital base for Business Franchise Tax purposes. There are two (2) exceptions. 1) The

special apportionment rules for certain motor carriers cannot be used for the Business Franchise Tax. Motor Carriers will need to complete Schedule B, Form WV/CNF-120 APT to determine their apportionment factor for Business Franchise Tax purposes. 2) Taxpayers, exempt from, or not subject to, the West Virginia Corporate Net Income Tax must complete Schedule B form WV/CNF-120APT to determine their apportionment factor for Business Franchise Tax.

**APPORTIONMENT FACTOR:** Complete form WV/CNF-120APT Schedule B apportionment factors for multi-state corporations. Enter part 1 line 8 or part 3 column 3.

Line 16. Line 14 multiplied by line 15. Enter result here and on line 1, page 1.

**SCHEDULE A-1 - SUBSIDIARY CREDIT**

A parent taxpayer that filed a separate Business Franchise Tax Return is allowed a credit against its Business Franchise Tax liability for the Business Franchise Tax paid by a subsidiary corporation or by a partnership in which it owns an interest. A corporation that owns 50% or more of the stock of all classes of another corporation is defined to be the parent and the corporation so owned is defined to be a subsidiary corporation. The tax liability of the subsidiary corporation or partnership is first recomputed by determining the tax base of the subsidiary or partnership without the allowance for certain government obligations and obligations secured by certain residential property. The amount of credit is determined by multiplying the recomputed tax liability by the percentage of ownership by the parent. Enter the total from column 4 Schedule A-1 on summary Schedule WV/CNF-120TC line 1 column 1.

**SCHEDULE A-2 - TAX CREDIT FOR PUBLIC UTILITIES AND ELECTRIC POWER GENERATORS**

**IMPORTANT. PLEASE READ.** Only public service or utility businesses and taxpayers who generate electric power are eligible for this credit. This credit cannot be taken for taxes paid to municipalities in West Virginia. You must have actually paid Business and Occupation Tax to the West Virginia State Tax Department and be one of the taxpayers mentioned above to be eligible to claim this credit. Line 4. Enter the Business Franchise Tax liability from page 1, line 3 form WV/CNF-120, minus the subsidiary credit claimed on Schedule A-1. Line 5. Enter the total on summary Schedule WV/CNF-120TC, line 2, column 1.

**SCHEDULE A-3 - COMMERCIALY DOMICILED FINANCIAL ORGANIZATION TAX CREDIT**

Financial organizations whose business activities take place, or are deemed to take place, entirely in West Virginia are allowed a credit against the West Virginia Business Franchise tax for taxes paid to another state or political subdivision thereof. The credit is the lesser of:

- 1) The taxes actually paid on or before the filing date of the annual Business Franchise Tax Return to any other state or political subdivision thereof, and which were based upon or measured by the financial organization's capital and paid for the same taxable year; or
- 2) The tax that would have been paid if the West Virginia Business Franchise Tax rate is applied to the tax base determined under the law of the other state or political subdivision. Any additional payments to other states or political subdivisions and any refunds of such tax made or received with respect to the taxable year, but after the due date of the West Virginia Tax Return for the taxable year (including any extension), shall be accounted for in the taxable year in which such additional payment or refund is made or received.

If line 1 and 2 consist of capital and taxes paid to more than one state, you must attach a schedule detailing, by state, the capital that was subject to tax and the amount of taxes actually paid.

A separate computation of the adjusted Franchise Taxes paid to another state(s) must be made for each state and the combined total transferred to line 4. Attach a supporting schedule of your computations.

Line 5. The lesser of line 1 or line 4, enter here and on form WV/CNF-120TC, line 3 column 1.

**SCHEDULE B - ADJUSTMENTS TO FEDERAL TAXABLE INCOME**

**LINE 1.** Enter total taxable income from your federal income tax return form 1120 line 30 or pro forma return. A "pro forma return" is the return that you would have filed if you had filed your federal return on a separate return basis.

**LINE 2a.** Enter exempt interest or dividends from any state or local bonds or securities from your federal return form 1120 Schedule K or Schedule M-1.

**LINE 2b.** Attach supporting documentation.

**LINE 2c.** Attach an itemized schedule of taxes and licenses from line 17 of your federal income tax return form 1120 or pro forma.

**LINE 2d.** Taxpayers can elect to expense the cost of certain air and water pollution control facilities located in West Virginia in the year in which the cost of acquisition, construction or development was paid or incurred. Eligible air and water pollution control facilities are those located in West Virginia that are "certified pollution control facilities" as defined by Section 169 (d) of the Internal Revenue Code. If this election is made, the total amount of any federal deduction for depreciation or amortization of such facilities is disallowed. The election is made on the return for the year in which the cost is paid or incurred. Once made, the election or non-election is irrevocable.

A taxpayer who reports all income to this state will make the adjustment for the cost of the facilities **on Schedule B line 4h**. The depreciation or amortization on the facilities, including that attributable to cost expensed this year as well as prior years, deducted on the federal return, is entered on **Schedule B line 2d**. A taxpayer who is subject to allocation and apportionment makes the adjustment for the cost of the facilities on Schedule A form WV/CNF-120APT line 10, column 6. The depreciation or amortization on the facilities, deducted on the federal return for this year as well as previous years, is entered on **Schedule A form WV/CNF-120APT lines 11 and 12, column 6**.

**LINE 2e.** Corporations, which are exempt from federal income tax, are exempt from West Virginia Corporation Net Income Tax. If such corporation has unrelated business taxable income, as defined by Section 512 of the Internal Revenue Code, they must pay West Virginia Corporation Net Income Tax on the unrelated business taxable income. Enter the unrelated business taxable income as reported on Federal Form 990T.

**LINE 2f.** Enter amount from Federal Form 1120 line 29a.

**LINE 2g.** If you claim the West Virginia Neighborhood Investment Program Tax Credit, any deduction, decreasing adjustment, or decreasing modification taken on your federal return for any charitable contribution made to such Neighborhood Investment Program and for which the West Virginia credit is claimed, must be added back on line 2g.

**LINE 2h.** Taxpayers with foreign source income must adjust their federal taxable income by the amount of their taxable income or loss from sources outside the United States. In determining foreign source income, the provisions of Sections 861, 862, and 863 of the Internal Revenue Code apply. Complete the following work sheet.

**Foreign Source Income Work sheet**

1. Taxable Income from sources outside the United States..... \_\_\_\_\_
2. LESS: Foreign dividend gross-up..... \_\_\_\_\_
3. LESS: Subpart F income..... \_\_\_\_\_
4. West Virginia adjustment..... \_\_\_\_\_

If the amount on line 4 of the work sheet is a positive figure, enter it on Schedule B, line 4g. If it is a negative figure, enter the amount of the loss on Schedule B, line 2h without the negative sign.

Attach copies of Federal Form 1118 to support your calculation. If you did not file Federal Form 1118, you must prepare and file a pro forma Federal Form 1118 to support your adjustment. If you filed a consolidated Federal Form 1118 and file separate or unitary West Virginia returns, attach both the true consolidated and a pro forma Federal Form 1118 to support your adjustment.

**LINE 2i.** Enter amount of foreign taxes as deducted on your Federal Form 1120.

**LINE 2j.** Enter Qualified Production Activity Deduction taken under IRC §199.

**LINE 4a.** Determine the adjustment by completing Schedule B-2. Enter the total amount from line 4.

**LINE 4b.** Attach supporting documentation.

**LINE 4c.** Attach supporting documentation.

**LINE 4d.** Enter total and include copy of Federal Form 3800 or 5884 and/or other as applicable.

**LINE 4e.** Enter total Schedule C line 15 Federal Form 1120.

**LINE 4f.** Enter total Schedule C line 14 Federal Form 1120.

**LINE 4g.** See instructions for Schedule B line 2h.

**LINE 4h.** See the instructions for line 2d.

**LINE 4i.** A decreasing adjustment to federal taxable income is allowed for employer contributions to a medical savings account established pursuant to W VA Code § 33-16-15, to the extent included in federal taxable income, less any portion of the employer's contributions withdrawn for purposes other than payment of medical expenses. The amount taken as a decreasing adjustment may not exceed the maximum amount that would have been deductible from the corporation's federal taxable income if the aggregate amount of the corporation's contributions to individual medical savings accounts established under W VA §Code 33-16-15 had been contributions to a qualified plan as defined under the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

**LINE 6.** Taxpayers that own certain tax-exempt government obligations and obligations secured by certain residential property located in West Virginia can take a special allowance that further reduces federal taxable income. Complete Schedule B-1 to determine the amount of the allowance.

**LINE 7.** Total line 5 and line 6.

**LINE 8.** Line 1 plus line 3 minus line 7.

**LINE 9.** Form WV/CNF-120APT; Schedule A, line 9, column 5.

**LINE 10.** Subtract line 9 from line 8.

**LINE 11.** Complete Schedule B on form WV/CNF-120APT and enter result of part 1 line 8, part 2, or part 3 column 3.

**LINE 13.** Complete Schedule A on form WV/CNF-120APT; enter result on line 13 here.

**LINE 15.** Complete Schedule NOL. Enter total of column 5.

**SCHEDULE B-1 - ALLOWANCE FOR GOVERNMENTAL OBLIGATIONS/OBLIGATIONS SECURED BY RESIDENTIAL PROPERTY (11-24-6(f))**

Taxpayers that own certain tax exempt government obligations and obligations secured by certain residential property located in West Virginia can take a special allowance that further reduces federal taxable income. Complete WV/CNF-120 Schedule B-1 to determine the amount of the allowance.

The value of these obligations and loans is determined using the average of the monthly beginning and ending account balances. These account balances are determined at cost in the same manner that such obligations, investments and loans are reported on the balance sheet of your federal income tax return.

**SCHEDULE B-1**

**LINE 1, 2, 3, and 4.** Attach copy of work sheets supporting the calculation of average monthly balance.

**LINE 6.** Average of beginning and ending balance of line 15 Schedule L federal form 1120.

**LINE 8.** Adjusted income Schedule B line 1 plus line 3 minus line 5 plus Schedule A form WV/CNF-120APT lines 10, 11, and 12.

**SCHEDULE B-2 - MODIFICATION FOR GAINS FROM SALE OR EXCHANGE OF PROPERTY ACQUIRED PRIOR TO JULY 1, 1967**

Gain from the sale or other disposition of property acquired prior to July 1, 1967 is allowed as a decreasing adjustment to federal taxable income. The adjustment cannot exceed the lesser of either:

- (1) The gain reported on the federal return; or
- (2) The difference between the fair market value of the property and the adjusted basis of the property for federal income tax purpose on July 1, 1967.

No adjustment is allowed for property acquired after June 30, 1967 or where a loss occurs. This adjustment must be calculated separately for each asset sold.

Determine the adjustment by completing Schedule B-2. Enter the total amount from line 4 on Schedule B line 4a.

**SCHEDULE B-3- CORPORATE INCOME TAX-COMMERCIALLY DOMICILED FINANCIAL ORGANIZATIONS TAX CREDIT (11-24-24)**

Financial organizations whose business activities take place, or are deemed to take place, entirely in West Virginia, are allowed a credit against the West Virginia Corporation Net Income Tax for taxes paid to another state or political subdivision thereof. The credit is the lesser of:

- (1) The taxes actually paid on or before the filing date of the annual Corporation Net Income Tax Return to any other state or political subdivision thereof, and which were based upon or measured by the financial organization's net income and paid for the same taxable year; or
- (2) The tax that would have been paid if the West Virginia Corporation Net Income Tax rate is applied to the tax base determined under the law of the other state or political subdivision.

Any additional payments to other states or political subdivisions and any refunds of such taxes made or received with respect to the taxable year, but after the due date of the West Virginia Corporation Net Income Tax Return for the taxable year (including an extension), shall be accounted for in the taxable year in which such additional payment or refund is received.

If line 1 and line 2 consist of income and taxes paid to more than one state, you must attach a schedule detailing, by state the income that was subject to tax and the amount of taxes actually paid.

A separate computation of the adjusted income taxes paid to another state(s) must be made for each state and the combined total transferred to line 4. Attach a supporting schedule of your computations.

**SCHEDULE C – SCHEDULE OF TAX PAYMENTS (WILL BE APPLIED TO BUSINESS FRANCHISE TAX FIRST)**

Use this schedule to list any corporation net income/business franchise tax payments made which the taxpayer is applying to this return. List the following for each payment: name of corporation making payment; West Virginia Account Identification Number; date of payment; type of payment (estimated payment, including application of overpayment from prior year, and extension payments made with a tentative return); amount of payment. Attach an additional sheet listing payments if the taxpayer paid more than nine payments. Also, use this schedule to list the refundable credit. The total amount of payments, and/or refundable credit must equal the amount reported on page 1, line 16.

NOTE: The total application of prior year credit must equal the amount on page 1, line 12. The total estimate payments must equal the amount on page 1, line 13 and the total extension payments made on a tentative return must equal the amount on page 1, line 14.

**SCHEDULE NOL – CORPORATE INCOME TAX – WEST VIRGINIA NET OPERATING LOSS CARRY FORWARD CALCULATION (11-24-6 (d))**

**Who should complete Schedule NOL.** All corporations claiming a net operating loss carry forward deduction on Schedule B line 15 of their West Virginia Corporate Income Tax Return (Form WV/CNF-120), must complete this schedule to support their net operating loss deduction. Schedule NOL is not a claim for refund, but is merely a calculation schedule to support the net operating loss carry forward deduction.

**For taxable years ending prior to June 30, 1988** a net operating loss deduction could be claimed by a corporation entitled to claim a net operating loss deduction on its federal income tax return. The amount of the federal net operating loss deduction had to be adjusted to determine the amount of the allowable West Virginia net operating loss deduction.

**For taxable years ending after June 30, 1988** West Virginia Corporation Net Income tax law was revised to provide for a West Virginia net operating loss deduction to be used to reduce West Virginia taxable income of a corporation. The revision is effective for all taxable years ending after June 30, 1988 and applied to all loss carry over from the taxable year ending on or before June 30, 1988.

Any amount claimed as a federal net operating loss deduction must be added back to federal taxable income on West Virginia Schedule B, line 2f of Form WV/CNF-120. The West Virginia net operating loss carry forward deduction is entered on Schedule B line 15.

**Taxpayers now have a West Virginia election as to the carry back or carry forward of the West Virginia net operating loss deduction.** For losses incurred in taxable years beginning after August 5, 1997, the carry back period is 2 years and the carry forward period is 20 years. If the election is made to not carry back any part of the loss, the carry forward period is 20 years. For losses incurred in taxable years beginning on or before August 5, 1997, the carry back period is 3 years and the carry forward period is 15 years.

A net operating loss deduction of a multi-state corporation is subject to West Virginia allocation and apportionment rules.

The West Virginia net operating loss deduction is limited to net operating losses incurred by a corporation which did business in West Virginia and filed Corporation Net Income Tax Returns in prior taxable years.

The amount of net operating loss deduction available to an affiliated group, which elects for the first time to file a consolidated West Virginia Corporation Net Income Tax Return, for a taxable year ending after July 1, 1988, is limited to the net operating losses incurred by members of the affiliated group which did business in West Virginia and filed separate West Virginia returns in prior years.

A West Virginia net operating loss deduction will not be allowed for net operating losses of those members of the affiliated group which did no business in West Virginia in prior taxable years and were not required to file West Virginia Corporate Income Tax Returns.

**SRLY RULES.** The separate return limitation years (SRLY) rules set forth in Treasury Regulation §1.1502 apply in determining the allowable West Virginia net operating loss deduction.

When the SRLY rules apply, a member of an affiliated group's net operating loss carried forward from its separate return year can only offset that portion of the taxable income attributable to that member of the group.

**Schedule NOL** is designed to support the claiming of a West Virginia net operating loss carry forward deduction by providing information on the year of the loss and how the loss was/is being used. Enter on Schedule NOL only those loss years that give rise to the current taxable years net operating loss carry forward deduction.

**Column 1 Year of loss.** Enter in column 1 the applicable tax year ending date(s) for the year(s) that you had net operating loss(es).

**Column 2 Amount of West Virginia net operating loss.** Enter the amount of West Virginia net operating loss that corresponds to the year of the loss shown in column 1.

**Column 3 Amount carried back to years prior to loss year.** Enter the total amount of loss for the taxable year entered in column 1 that was carried back to a year or years prior to the year of the actual loss.

**Column 4 Amount carried forward to years prior to this year.** Enter the total amount of loss for the taxable year entered in column 1 that was carried forward to a year or years prior to the current taxable year.

**Column 5 Amount being used this year.** Enter the amount of loss for the taxable year entered in column 1 that is being used to offset West Virginia taxable income for the current taxable year.

**Column 6 remaining unused net operating loss.** Enter the amount of loss for the taxable year entered in Column 1 that remains to be carried to a taxable year subsequent to the current taxable year.

**Total Net Operating Loss Carry Forward Deduction for Current Taxable Year.** The amount of the West Virginia net operating loss carry forward deduction claimed on Schedule B line 15 form WV/CNF-120 of the current year's tax return must equal the sum of column 5 Schedule NOL. In no instance may the West Virginia net operating loss carry forward deduction reduce West Virginia taxable income below zero.

**Net operating loss carry backs.** Generally, a taxpayer having a net operating loss must first carry back that loss to the two (2) preceding tax years before carrying the loss forward. A refund initiated by a net operating loss carry back must be claimed within 3 years from the original due date of the return for the loss year (with regard to an extension) by the filing of Form WV/CNF-139.

**Special legislative changes made during 1993 have limited the amount of net operating loss that can be carried back when the loss is incurred in a taxable year beginning after December 31, 1992. No more than \$300,000 of net operating loss from any taxable year beginning after December 31, 1992 may be carried back to any previous taxable year. No change was made in the loss carry forward rules or the amount of loss that can be carried back from a taxable year beginning before December 31, 1992.**

**FORM WV/CNF-120APT – ALLOCATION AND APPORTIONMENT FOR MULTI STATE CORPORATIONS**

Enter beginning and ending tax year dates covered by this return. Print or type your name, and West Virginia ID number.

**SCHEDULE A - ALLOCATION OF NON BUSINESS INCOME**

If your business activities take place both within and without West Virginia and you are also taxable in another state, certain items of nonbusiness income that are included in federal taxable income are directly allocated. All other income must be apportioned.

Business income arises from transactions and activities in the regular course of the corporation's trade or business, and includes income from tangible and intangible property if the acquisition, management or disposition of the property constitutes integral parts of the corporation's trade or business.

Nonbusiness income includes all income that is not properly classified as business income less all expenses attributable to the production of this income. Nonbusiness income is allocated to West Virginia if (1) the corporation's commercial domicile, the principal place from which the trade or business is managed, is located in West Virginia, or (2) property creating the nonbusiness income is utilized in West Virginia. Nonbusiness income from real property is allocated to West Virginia if the property is located in West Virginia. Nonbusiness income from tangible personal property is allocated to West Virginia if the property is utilized in this state or the property was located in West Virginia at the time of its sale. Nonbusiness income from intangible personal property is allocated to West Virginia if the corporation's commercial domicile is located in West Virginia, or, in the case of patents and copyrights, if they are used in West Virginia.

For a detailed discussion of allocation of nonbusiness income, you may request a copy of Publication TSD-392, "Corporation Net Income Tax Nonbusiness Income", by contacting our taxpayer services division.

Determine nonbusiness income allocated to West Virginia and outside West Virginia by completing form WV/CNF-120APT Schedule A. Only those types of nonbusiness income listed on Schedule A-APT can be allocated. Any other types of income that the corporation classifies as nonbusiness must be apportioned.

**LINE 8.** To determine the amount of partnership income/loss allocable to West Virginia, complete Schedule P. Separate schedules must be completed for each partnership in which you have an interest. Combine the amounts from each schedule, and enter the appropriate amounts here.

**LINE 9.** Enter the amount from Column 5, Line 9, Schedule A on Schedule B Line 9 Form WV/CNF-120.

**LINE 13.** Enter the amount from Column 6, Line 13, Schedule A on Schedule B Line 13 Form WV/CNF-120.

### SCHEDULE B - APPORTIONMENT FORMULA

If your business activities take place both within and without West Virginia and you are also taxable in another state, all net income, after deducting those items of nonbusiness income allocated on Schedule A form WV/CNF-120APT must be apportioned to West Virginia by using the appropriate apportionment formula.

**Special apportionment formulas apply to motor carriers and to financial organizations.** If you are filing for a financial organization, follow the apportionment instructions for Schedule B-APT, part 3. If you are filing for a motor carrier, follow the apportionment instructions for Schedule B-APT, part 2.

Multi-state corporations will use the standard apportionment formula of payroll, property and sales, with the sales factor double weighted, and will complete Schedule B-APT parts 1, 2, and 3 as applicable.

**Petitioning for an alternate method of apportionment.** To use an alternate method of allocation and apportionment, you must petition the Tax Commissioner to use some other basis to determine your taxable net income. Your petition for an alternate method must be filed by no later than the normal due date of your return.

You must receive written permission to use an alternate apportionment method before filing your return. Permission will only be granted if you can show that the statutory formula does not properly reflect your taxable income, and if the alternate method properly and fairly shows your West Virginia taxable income.

Your petition should include your name and address; your state of incorporation and principal place of business; a description of the kind(s) of business in which you are engaged; a detailed statement of how sales are made in West Virginia; a computation of your West Virginia taxable income using the statutory apportionment formula and using your proposed alternate formula; and a summary of the facts that support your position.

Send your petition to West Virginia State Tax Department, Internal Auditing Division, Corporate & Franchise Tax Unit, PO Box 1202, Charleston, WV 25324-1202.

### MULTI-STATE CORPORATIONS – FOUR FACTOR FORMULA

To determine your West Virginia apportionment percentage, first determine the following factors.

**Property Factor.** Property includes all real and tangible personal property owned or rented and used during the taxable year to produce business income. Property used in connection with the items of nonbusiness income allocated in Schedule A shall be excluded from the factor.

Property must be included in the property factor if it is actually used or is available for or capable of being used during the taxable year. Property held as reserves, standby facilities or reserve sources of materials must be included. Property or equipment under construction (except goods in process that can be inventoried) must be excluded until it is actually used to generate

business income. Movable property, such as tools, construction equipment and trucks, used both within and without West Virginia, shall be included in the numerator of the fraction on the basis of total time within the state during the taxable year.

Property owned is valued at original cost. Property rented is valued at eight times the net annual rental rate. Leasehold improvements are considered property owned and are included at their original cost. Generally, original cost is the basis of the property for federal income tax purposes at the time of acquisition and adjusted by subsequent capital additions or improvements and partial dispositions by reason of sale, exchange, abandonment, etc. As a general rule, property is included in the factor by averaging its values at the beginning and ending of the taxable period. However, the Tax Commissioner may require or allow averaging by monthly values if such method is required to properly reflect the average value of the taxpayer's property for the taxable year.

Determine the property factor by entering the appropriate amounts in line 1. Enter West Virginia property in column 1 and property everywhere in column 2.

**LINE 1. Divide column 1 by column 2 enter result in column 3. State the result as a decimal and round to six (6) places after decimal.**

**LINE 2. Payroll Factor.** The payroll factor shall include the total amount of compensation paid to employees during the taxable year. The total amount paid is determined upon the basis of the taxpayer's accounting method for federal income tax purposes. If you have adopted the accrual method of accounting for federal purposes, all compensation shall be deemed to have been paid. Compensation may be included in the payroll factor by use of the cash basis only if you have permission from the Tax Commissioner for an alternate method of apportionment. Compensation means wages, salaries, commissions and other forms of remuneration paid to employees for personal services. Payments made to an independent contractor or any other person not properly classified as an employee are excluded. Only amounts paid directly to employees are included in the payroll factor. Do not include compensation paid to employees engaged exclusively in an activity that generates nonbusiness income that you allocated in Schedule A Form WV/CNF-120APT.

The **denominator** of the payroll factor is the total compensation paid by the taxpayer during the taxable year, as shown on the federal income tax return filed with the Internal Revenue Service and as reflected in the schedule of wages and salaries and that portion of the cost of goods sold which reflect compensation.

The **numerator** of the payroll factor is the total amount paid in this state during the taxable year by the taxpayer for compensation. Compensation is paid in this state if any of the following tests, applied consecutively, are met: (A) The employee's service is performed entirely within this state; (B) The employee's service is performed both within and without this state, but the service performed without this state is "incidental" to the employee's service within this state (the word incidental means any service which is temporary or transitory in nature, or which is rendered in connection with an isolated transaction); (C) If the employee's services are performed both within and without this state, the employee's compensation will be attributed to this state: (1) If the employee's base of operations is in this state; or (2) If there is no base of operations in any state in which part of the service is performed, but the place from which the service is directed or controlled is in this state; or (3) If the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the employee's residence is in this state. Base of operation is the place from which the employee starts their work and to which they customarily return in order to receive instructions or communications from customers or others, or to replenish stock or other materials, repair equipment, or perform any other functions necessary to the exercise of their trade or profession at some other point or points.

Determine the payroll factor by entering the appropriate amounts on line 2. Enter West Virginia payroll in column 1 and payroll everywhere in column 2.

**LINE 2. Divide column 1 by column 2 enter the result in column 3. Round to six (6) places after the decimal.**

\$ \_\_\_\_\_ Equals line 3, column 2, Schedule B.

**Sales Factor.** The term "sales" means all gross receipts of the taxpayer that are business income. Thus, the sales factor includes all gross receipts derived from transactions and activity in the regular course of your trade or business, less returns and allowances. Do not include interest or dividends from obligations of the United States government, which are exempt from taxation in West Virginia, or gross receipts from an activity that produced nonbusiness income that you allocated in Schedule A Form WV/CNF-120APT.

The **denominator (column 2)** of the sales factor includes all gross receipts derived from transactions and activity in the regular course of your trade or business that was reflected in your gross income reported and as appearing on your federal income tax return unless otherwise excluded. Sales of tangible personal property delivered or shipped to a purchaser within a state in which you are not taxed (e.g. under Public Law 86-272) are to be excluded from the denominator.

The **numerator (column 1)** of the sales factor includes all gross receipts attributable to West Virginia and derived from transactions and activity in the regular course of your trade or business. All interest income, service charges or time-price differential charges incidental to such gross receipts must be included regardless of the place where the accounting records are maintained or the location of the contract or other evidence of indebtedness.

**SALES OF TANGIBLE PERSONAL PROPERTY.** Gross receipts from sales of tangible personal property are in West Virginia: (1) If the property is received in West Virginia by the purchaser (except sales to the United States government) regardless of the F.O.B. point or other conditions of sales; or (2) If the property is shipped from an office, store, warehouse, factory or other place of storage in West Virginia and the purchaser is the United States government.

Sales within West Virginia are generally determined on a destination basis. If the purchaser picks up or otherwise receives the property in West Virginia, the sale is treated as taking place in this state. If the property is delivered by common carrier or other means of transportation, the place at which the property is received after all transportation is completed is the place where the sale took place. Direct delivery in West Virginia, other than for purposes of transportation, to a person or firm designated by a purchaser, constitutes delivery to the purchaser in West Virginia regardless of where title passes or other conditions of sale. Direct delivery outside West Virginia, to a person or firm designated by a purchaser, does not constitute delivery to a person in this state.

**OTHER SALES.** Gross receipts from transactions other than sales of tangible personal property are attributable to West Virginia: (1) If the income producing activity which gives rise to the receipts is performed entirely in West Virginia; or (2) If the income producing activity is performed both in and outside West Virginia and a greater portion of the income producing activity is performed in this state than in any other state, based on cost of performance; or (3) If the sale constitutes business income to the taxpayer, or the taxpayer is a financial organization subject to the special apportionment rules. Refer to West Virginia Code § 11-24-7 for a discussion of income producing activity and cost of performance.

Gross receipts from the sale, lease, rental or licensing of real property are in West Virginia if the real property is located in this state. Gross receipts from the rental, lease or licensing of tangible personal property are in West Virginia if the property is located in this state. If such property is both within and without West Virginia during the rental, lease or licensing period, gross receipts attributable to West Virginia shall be determined based upon the total time within the state during the taxable year. Gross receipts for the performance of personal services are in West Virginia if such services are performed in this state.

Determine the sales factor by entering the appropriate amount on line 3. Enter West Virginia sales in column 1 and sales everywhere in column 2.

**Line 3 Column 2. TOTAL SALES.** This amount, when added to the total gross nonbusiness income, as shown on Schedule A, column 1, must equal the sum of your items of gross income as reported on your federal income tax return. Any differences must be noted and explained in an attachment to your return.

\$ \_\_\_\_\_ Sum of gross income items on federal return.

\$ \_\_\_\_\_ Minus total allocated income (Schedule A, column 1 ).

**Line 4.** Enter the total gross receipts from sales of tangible personal property delivered or shipped to a purchaser within a state in which you are not taxed (e.g. Public Law 86-272). This is the throw out rule per W.Va. Code §11-24-7(e)(11)(B) and §11-23-5(l)(2).

**Line 5.** In Column 1, enter the amount from line 3. In Column 2, subtract line 4 from line 3 and enter the difference. Then divide Column 1, line 5 by Column 2, line 5 and enter the result in Column 3, line 5. State the result as a decimal and round to six (6) places after the decimal.

**Line 6.** Enter Column 3, line 5 again.

**Line 7.** Add Column 3, lines 1, 2, 5, and 6 and enter the sum in Column 3.

**Line 8.** Divide the six (6) digits decimal from Column 3, line 7 by the number 4, reduced by the number of factors, if any, showing zero in Column 2, lines 1, 2, 5, or 6. Enter the six-digit decimal fraction from Column 3, line 8 on WV/CNF-120 Schedule A line 14 and Schedule B line 11.

#### MOTOR CARRIERS — SPECIAL SINGLE FACTOR FORMULA

**Part 2. Vehicle Miles.** Motor carriers of property or passengers are subject to special apportionment rules. Motor carriers must apportion their business income by using a single factor formula of vehicle miles.

The special apportionment formula for motor carriers is to be used for the Corporation Net Income Tax only. The special rules do not apply to the West Virginia Business Franchise Tax.

A motor carrier is any person engaged in the transportation of passengers and/or property for compensation by a motor propelled vehicle over roads in West Virginia, whether on a scheduled route or otherwise. The term "vehicle miles" means the operations of a motor carrier over a distance of one mile.

The special apportionment formula for motor carriers does not apply if: (A) The motor carrier neither owns nor rents any real or tangible personal property located in this state, has made no pick ups or deliveries within this state, and has traveled less than 50,000 miles in this state during the taxable year; or (B) The motor carrier neither owns nor rents any real or tangible personal property located in West Virginia, except vehicles, and made no more than 12 trips into or through this state during the taxable year. Under either (A) or (B), the mileage traveled in West Virginia may not be more than five percent (5%) of the total vehicle miles traveled in all states during the taxable year.

Determine the apportionment factor by entering the appropriate vehicle miles for West Virginia in Column 1, and vehicle miles everywhere in Column 2.

Divide Column 1 by Column 2, and enter the result in Column 3. State the result as a decimal fraction and round to six (6) places after the decimal. Enter the six (6)-digit decimal fraction from column 3 on Schedule B line 11 of Form WV/CNF-120

#### FINANCIAL ORGANIZATIONS – SPECIAL SINGLE FACTOR FORMULA SCHEDULE B FORM WV/CNF-120APT

**PART 3. Gross Receipts.** Financial organizations subject to apportionment must apportion their business income by using a single factor gross receipts formula. This special apportionment rule applies to both the West Virginia Corporation Net Income Tax and Business Franchise Tax.

A financial organization is any holding company or regulated financial corporation or subsidiary thereof, or any corporation deriving more than 50% of its gross receipts from one or more of the following:

(1) Making, acquiring, selling or servicing loans or extensions of credit.

(2) Leasing or acting as an agent, broker or advisor in connection with leasing real and personal property that is the economic equivalent of an extension of credit.

- (3) Operating a credit card business.
- (4) Rendering estate or trust services.
- (5) Receiving, maintaining or otherwise handling deposits.
- (6) Engaging in any other activity with an economic effect comparable to any of the above.

- B. The pro forma West Virginia taxable capital, or income as the case may be, of all financial organizations not having their commercial domicile in West Virginia; plus,
- C. The pro forma West Virginia taxable capital, or income, as the case may be, of any member of the federal affiliated group that is subject to special industry apportionment, such as motor carriers; plus
- D. The pro forma West Virginia taxable capital, or income, as the case may be, of all other members included in the federal consolidated income tax return, except any member that is specifically exempt from taxation under the business franchise tax law or the corporation net income tax law.

**Commercially domiciled financial organizations.** Financial organizations with their commercial domicile in West Virginia may not apportion their capital or business income when they engage in multi-state activities. All of their capital or business income shall be allocated to West Virginia without apportionment. Financial organizations with their commercial domicile in West Virginia will instead be allowed a credit against their tax liability for corresponding taxes actually paid to other states. See form WV/CNF-120APT, Schedule B, part 3.

The commercial domicile of a financial organization is the place designated as its principal office with its regulating authority.

**Financial organizations not commercially domiciled in West Virginia.** A financial organization not commercially domiciled in West Virginia shall apportion their capital and business income by means of a single factor gross receipts apportionment formula if it regularly engages in business in West Virginia. A financial organization not having its commercial domicile in West Virginia is presumed to be regularly engaging in business in West Virginia if during any year it obtains or solicits business with 20 or more persons within West Virginia, or the sum of its gross receipts attributable to sources in West Virginia equals or exceeds \$100,000.00.

Gross receipts from the following ownership interest (and certain related activities) will not be considered in determining whether a financial organization is subject to taxation.

- (1) An interest in a real estate mortgage investment conduit, a real estate investment or a regulated investment company.
- (2) An interest in a loan backed security representing ownership or participation in a pool of promissory notes or certificates or interest that provide for payments in relation to payments or reasonable projections of payments on the notes or certificates.
- (3) An interest in a loan or other asset from which the interest is attributed to a consumer loan, a commercial loan or a secured commercial loan, and in which the payment obligation were solicited and entered into by a person that is independent and not acting on behalf of the owner; or an interest in the right to service or collect income from such a loan or asset; or
- (4) An amount held in an escrow or trust account with respect to property described above.

However, if a financial organization is subject to taxation when gross receipts from these interests are not considered, such receipts must then be included when determining the amount of taxes owed.

Neither the numerator nor the denominator of the gross receipts factor should include gross receipts from obligations and certain loans on which you claimed the special allowance in Schedule B-1 Form WV/CNF-120.

**Methods of filing.** Both the West Virginia business franchise tax and the corporation net income tax are separately imposed upon business entities. The law presumes that each taxpayer subject to tax will file a separate return. However, an affiliated group that includes one or more financial organizations may file a consolidated return as long as it complies with the following rules.

- 1. The affiliated group of which the financial organization is a member must file a federal consolidated income tax return for the taxable year.
- 2. All members of the affiliated group included in the federal consolidated return must consent to being included in the consolidated return. The filing of a consolidated return is proof of consent.
- 3. The West Virginia taxable capital or income of the group is the sum of:
  - A. The pro forma West Virginia taxable capital, or income as the case may be, of all financial organizations having their commercial domicile in West Virginia; plus,

When filing a consolidated return that includes pro forma calculations for financial organizations and other statutory groups, the following supporting documentation shall be included to substantiate the filing.

- 1. A copy of pages 1 through 4 of the Federal Consolidated Income Tax Return, Form 851, and Form 7004, filed for the taxable year by the affiliated group,
- 2. A consolidated balance sheet in columnar form for both the beginning and end of the taxable year, showing the inclusions and eliminations, whether they are positive or negative, for each member of the affiliated group included in the federal consolidated return,
- 3. A consolidated income and expense statement, in columnar form, showing for each corporation included in the federal consolidated return its portion of the income and deductions and any eliminations or adjustments necessary to properly reflect the consolidated federal taxable income,
- 4. A schedule listing, by statutory groups, i.e. commercially domiciled financial organizations, non-commercially domiciled financial organizations, special industries, exempt member(s), and all others, the names and federal employers identification numbers of each member of that group.
- 5. A pro forma combined balance sheet, in columnar form for both the beginning and end of the taxable year, showing the inclusions and eliminations, for each member, for each statutory group,
- 6. A pro forma income and expense statement, in columnar form, showing for each member included in the statutory group, its portion of the income and deductions and any eliminations or adjustments necessary to properly state the statutory groups federal taxable income,
- 7. Supplemental schedules, in columnar form, showing, by statutory grouping, and each member included in the statutory group, the following information:
  - A. Itemization of the adjustments increasing and decreasing federal taxable income,
  - B. Itemization of the allocation of nonbusiness income,
  - C. Itemization of the apportionment factor(s),
  - D. Itemization of the amount of taxes paid to another state or political subdivision for which the commercially domiciled financial organization tax credit is claimed,
  - E. Itemization of the amount of net operating loss deductions claimed, and
  - F. Itemization of the numerator and denominator of the allowance for certain government obligations and obligations secured by residential property, and the amount of interest giving rise to the allowance; and,
- 8. A summary schedule showing the combination of the various statutory groups to establish the consolidated group's West Virginia taxable capital and taxable income.

**Tax credits claimed on the special consolidated return.** If any member of the consolidated return is allowed to claim a tax credit against its tax liability for payment of any other tax, the amount of the credit allowed may not exceed that member's proportionate share of the affiliated groups tax liability, as shown on a pro forma tax return for that member of the group.

Corporations who have a non-domiciled financial organization filing requirement in addition to the regular filing requirement are required to file two completely separate CNF-120 form schedules, one for their total non-financial business activities and one for their non-domiciled financial activities. The results of these separate filings can then be added and summarized on the front page of the tax return. A return absent these completed schedules would not be accepted as valid filing.

**Part 3. Apportionment.** See the information and instructions for completing West Virginia Schedule B, WV/CNF-120APT. The figures to be entered in columns 1 and 2 are for the partnership not the corporation's proportionate share. The property factor includes the property of the partnership owned, leased or rented and used in the production of business income. The payroll factor includes salaries, wages, commissions and any other form of remuneration paid to partnership employees and reflected on the partnership's Federal Form 1065. The sales factor includes all gross receipts of the partnership except those subject to allocation that were reflected in the partnership's federal gross income and reported on the partnership's Federal Form 1065.

## SCHEDULE-PARTNERSHIP INCOME LOSS

Use this schedule to determine the amount of taxable income or loss received from one or more partnerships in which you are an investor.

A corporation's share of partnership income, gain, loss, and deduction is allocable to West Virginia to the extent it was derived from partnership activity in West Virginia. The corporation's share of the partnership income/loss must be modified by the increasing and decreasing adjustments shown on West Virginia Schedule B.

If the partnership is active only in West Virginia, the corporate partner's entire share of the partnership income, gain, loss, and deductions, after the required modifications shown on West Virginia Schedule B, is allocated to West Virginia.

If the partnership has activity in more than one state, the corporate partner's share of the partnership income, gain, loss, and deductions, after modification, is subject to the allocation and apportionment provisions of West Virginia Code § 11-24-7. Apportionment is made by using the partnership's property, payroll, and sales factors.

If the partnership is eligible to claim West Virginia tax credits that flow through the partnership to the partners, attach a statement identifying the credit(s) and the amount of the corporation's share of the credit(s).

A separate schedule must be completed for each partnership in which you are a partner. Income, gain, loss, and deductions from more than one partnership may not be combined on a single schedule. However, the partnership income/loss from each separate Schedule P is combined into a single entry on West Virginia Schedule P, line 8, part 1.

Copies of your federal Schedule K-1 from each partnership must be attached to substantiate the distribution.

### Part 1. Computation of Income/Loss Reportable to West Virginia.

**Lines 1 through 4.** Enter only the corporation's share of these items.

**Lines 6 and 7.** See the instructions for West Virginia Schedule B, WV/CNF-120.

**Line 8.** If the partnership is active only in West Virginia, enter this amount also on line 14 and skip lines 9 through 13.

**Complete Parts 2 and 3 only if the partnership is active in more than one state.**

**Part 2. Allocation.** See the information and instructions for completing West Virginia Schedule A, WV/CNF-120APT. The amount entered in Part 2 should only include the corporation's share of these items of nonbusiness income and related expenses.



**MAKE CHECK PAYABLE TO AND MAIL TO: WEST VIRGINIA STATE TAX DEPARTMENT  
INTERNAL AUDITING DIVISION  
P.O. BOX 1202  
CHARLESTON, WV 25324-1202**

For tax year beginning \_\_\_\_\_, 20\_\_\_\_, ending \_\_\_\_\_, 20\_\_\_\_.

Name	WV Account ID Number
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This form is used by corporations to summarize the tax credits that they claim against their corporate income tax and/or business franchise tax liability. In addition to completing this summary form, each tax credit has a schedule or form that is used to determine the amount of credit that can be claimed. Both this summary form and the appropriate credit calculation schedule(s) or form(s) must be attached to your return in order to claim a tax credit.

<b>TAX CREDITS</b> THE TOTAL AMOUNT OF CREDIT FOR EITHER TAX CANNOT EXCEED THE TAX LIABILITY FOR THAT TAX	COLUMN 1	COLUMN 2
	APPLICABLE TO BUSINESS FRANCHISE TAX	APPLICABLE TO CORPORATE INCOME TAX
1 Subsidiary Credit (11-23-17(c)) - Schedule A-1, Form WV/CNF-120		
2 Business & Occupation Tax Credit (11-23-17(b)) - Schedule A-2, Form WV/CNF-120		
3 Commercially Domiciled Financial Organization Tax Credit Franchise Tax (11-23-27) - Schedule A-3, Form WV/CNF-120 Income Tax (11-24-24) - Schedule B-3, Form WV/CNF-120		
4 Research and Development Projects Credit (11-13D-3(f))-Schedule R&D *		
5 Strategic Research and Development Tax Credit (11-13R)-Schedule WV/SRDTC-1 Begins 1/1/2003		
6 High-Growth Business Investment Tax Credit (11-13U-4)-Schedule WV/HGBITC-1		
7 Business Investment & Job Expansion Credit (11-13C), Form WV/BCS-A, and WV/BCS-1 or WV/BCS-Small **,**		
8 Economic Opportunity Tax Credit (11-13Q)- Schedule WV/EOTC-1 Begins 1/1/2003		
9 Industrial Expansion/Revitalization Credit (11-13D) - Schedule I *		
10 Manufacturing Investment Tax Credit (11-13S)- Schedule WV/MITC-1 Begins 1/1/2003		
11 Residential Housing Development Projects Credit (11-13D) - Schedule O *		
12 Coal Loading Facilities Credit (11-13E) - Schedule C		
13 Capital Company Investment Credit (5E-1-8) - Schedule CCP		
14 Historic Rehabilitated Buildings Investment Credit (11-24-23a) - Schedule RBIC		
15 West Virginia Neighborhood Investment Program Credit (11-13J) - Form WV/NIPA-2		
16 Alternative-Fuel Motor Vehicle Tax Credit (11-6D) - Form WV/AFMV-1		
17 Environmental Agricultural Equipment Tax Credit (11-13K) - Form WV/AG-1		
18 Electric and Gas Utilities Rate Reduction Credit (11-24-11) - Schedule L		
19 Telephone Utilities Rate Reduction Credit (11-24-11a) - Schedule K		
20 West Virginia Military Incentive Credit (11-24-12) - Schedule J		
21 Aerospace Industrial Facility Investment Credit (11-13D-3f) - Form WV/AIF-1*		
22 TOTAL CREDITS - add lines 1 through 21.....		
Attach this form and the appropriate computation schedules/forms and documentation to your return to support the credits claimed.	Enter on Form WV/CNF-120 Page 1, line 4	Enter on Form WV/CNF-120 Page 1, line 9

\* No credit is available to any taxpayer for investment placed in service or use after December 31, 2002. Taxpayers who gained entitlement to the tax credit prior to January 1, 2003, retain that entitlement and may apply the credit in due course pursuant to the requirements and limitations of the original credit entitlement period.

\*\* Transition rules may apply.



## TAX CREDITS

Descriptions of several West Virginia tax credits that can be used to offset Corporation Net Income Tax and/or Business Franchise Tax liabilities are given below. A credit schedule order form is on page 43 of this tax booklet. Computation schedules must be attached to your tax return, otherwise the credit(s) will not be allowed. For information about tax credits not described here, obtain a copy of Publication TSD-110, West Virginia Economic Development Tax Credits, from our Taxpayer Services Division or our home page on the World Wide Web.

### CREDIT FOR RESEARCH AND DEVELOPMENT PROJECTS (11-13D)

A research and development projects credit is available to manufacturers, natural resource producers, and electric power generators making eligible investments in land and depreciable property for their qualified research projects, and for their qualified research expenses. "Qualified research" is research and development conducted in this State, for purposes relating to the technical, economic, financial, engineering, or marketing aspects of expanding markets for, and increasing sales of, West Virginia natural resources products or industrial products, or both. The credit may be claimed against up to 50% of adjusted corporation net income tax liability (i. e. tax computed following add back of 10% of qualified expenses to federal taxable income). This credit may also be claimed in combination with the industrial expansion and revitalization and residential housing development project credits against up to 50% of business franchise tax liability remaining after subtractions of subsidiary and business and occupation tax credits. **CREDIT EXPIRED 12/31/02 EXCEPT GRANDFATHER PROJECTS.**

**STRATEGIC RESEARCH AND DEVELOPMENT TAX CREDIT (11-13R)** This credit is available to a Taxpayer engaging in qualified research and development activities (on or after January 1, 2003) within West Virginia.

The credit equals the higher of 3% of all qualified expenses and qualified investment, or 10% of the excess of qualified expenses and qualified investment for the taxable year over the average for a base period. The base period is generally the three-year period prior to the taxable year.

Research and Development includes, but is not limited to, design, refinement and testing of prototypes of new or improved products, and of manufacturing processes before commercial sales relating thereto have begun. Research and development does not include market research; sales research; efficiency surveys; consumer surveys; product market testing; product testing by product consumers; quality control testing; management studies; advertising; promotions; the acquisition of another's patent, model, production or process or investigation or evaluation of the value or investment potential related thereto; research in connection with literary or historical topics or similar activities; research in social sciences, economics, humanities or psychology and other nontechnical activities; and the providing of sales services or other services.

**All Taxpayers wishing to qualify for the Strategic Research and Development Tax Credit must first file an application for credit certification (Form WV/SRDTC-A) with the Tax Commissioner. No tax credit may be claimed until the Tax Commissioner affirmatively certifies the project. The application must set forth a written research and development program plan generally describing the nature of the research and development to be undertaken and the projected time frame for the project. The application for credit certification is due by no later than the due date, including lawful extensions of time to file, of the Taxpayer's Annual State Income Tax Return for the tax year in which the qualified research and development activity occurred. Any taxpayer failing to timely file the credit application form will automatically lose 100% of the value of any Strategic Research and Development Tax Credit sought for the time periods during which the failure to file the application continues. Note that one application (Form WVSRDTC-A) must be filed for each separate project undertaken. The Tax Commissioner may require the filing of separate yearly applications for certifications.**

Strategic Research and Development Tax Credit may be used to offset up to 100% of the Taxpayer's annual liability for Business Franchise Tax, Corporation Net Income Tax, and Personal Income Tax [tax on flow through business profits only] in the order stated. Excess credit may be carried forward for a period not to exceed 10 tax years. Effective 7/1/04 certain small qualified research and development companies may be eligible for the refundable credit as described in WV Code §11-13R-6. Taxpayers claiming the Strategic Research and Development Tax Credit must complete and file Schedule SRDTC-1 when claiming this credit against tax liabilities on an annual return.



### HIGH-GROWTH BUSINESS INVESTMENT TAX CREDIT (11-13U-4)

Beginning July 1, 2005, eligible Taxpayers that have made a qualified investment in a qualified research and development company that maintains its corporate headquarters in West Virginia may take a tax credit based on that investment. An eligible Taxpayer is a person subject to the West Virginia Business Franchise Tax or West Virginia Income tax that has received certification from the Economic Development Authority allocating a portion of the annual available credit to the Taxpayer as a result of the eligible Taxpayer's qualified investment in the qualified research and development company. A qualified research and development company is an entity which has been certified by the Tax Commissioner as eligible for the West Virginia Strategic Research and Development Credit under West Virginia Code Chapter 11, Article 13R, and which has annual gross receipts of less than \$20 million and annual payroll of less than \$2.5 million on a controlled group basis. The High-Growth Business Investment Tax Credit is equal to 50 percent of the total value of the qualified investment made in the taxable year. No credit is allowed for investment made after June 13, 2008.

The High-Growth Business Investment Tax Credit is first applied in the taxable year the investment was made, to offset the Taxpayer's Business Franchise Tax liability. Any unused credit is next applied against the Taxpayer's Corporation Net Income Tax liability. If the eligible Taxpayer is an LLC, electing small business corporation, or a partnership, the unused remaining credit is then applied against the Corporation Net Income Tax liability of the eligible Taxpayer's owners. Following the application of the credit against Business Franchise Tax and Corporation Net Income Tax liability, any remaining credit is next applied against the eligible Taxpayer's Personal Income Tax liability. If the eligible Taxpayer is an LLC, electing small business corporation or a partnership, the unused credit is applied against the Personal Income Tax liability of the eligible Taxpayer's owners. The total amount of credit that may be used in any taxable year by an eligible Taxpayer in combination with its owners may not exceed \$50,000. Any unused remaining credit may be carried forward for four taxable years until the remaining amount is used. Any unused remaining credit at the end of the fourth taxable year is forfeited. Taxpayers must complete and file Schedule HGBITC-1 when claiming this credit on their tax returns.

The Economic Development Authority may allocate no more than \$1 million in tax credits in any fiscal year, and allocation is to be made in the order the applications are received. The EDA has responsibility for determining eligibility for the credit. The application for the credit must be made and filed with that agency, not the Tax Commissioner.

### CREDITS FOR BUSINESS INVESTMENT AND JOBS EXPANSION (11-13C), HEADQUARTERS RELOCATION (11-13C-4a), OR SMALL BUSINESS (11-13C-7a) - SUPER CREDITS

— These super credits are available to any taxpayer making qualified investments in a new or expanded manufacturing, information processing, warehousing, goods distribution, or destination oriented recreation business in West Virginia resulting in the creation of at least 50, 15, or 10 new jobs, respectively.

Any taxpayer placing qualified investment into service or use must file an application for super credit (Form WV/BCS-A) for such investment and receive an affirmative written response from the Tax Division prior to claiming the credit. The application must be received by the due date of the taxpayer's annual State Income Tax Return (corporate or personal) for the tax year the investment was placed into service or use without regard to any extension of time to file. Failure to timely file the credit application form will result in the loss of 50% of the value of any super credit sought for the time period in question. Form BCS-A must be filed for each year qualified investment creates new credit.

Super credits can be used to offset a portion of the amount of taxes attributable to the new investment for the following West Virginia taxes in the order stated: 80% of business and occupation taxes, 80% of severance taxes (generally for investment placed into service prior to January 1, 1990 only), 80% of telecommunication taxes, 80% of business franchise taxes, 80% of corporation net income taxes, and 80% of personal income taxes. Any remaining credit may be applied as a rebate of 80% of ad valorem property taxes, 80% of unemployment taxes, and 20% of worker's compensation premium taxes. The rebate amounts may only be used to offset the remaining 20% of the other taxes. If any rebate remains it may be carried forward from year to year until used in the twelfth year subsequent to the tax year the qualified investment was first placed in service in West Virginia. The amount of taxes attributable to the new investment are determined by multiplying the total tax liability by a fraction, the numerator of which is the compensation paid to the employees hired as a result of the new investment and the denominator of which is the compensation paid to all West

Virginia employees of the taxpayer. The Tax Commissioner may require methods other than payroll apportionment to determine the taxes attributable to the qualified investment. Taxpayers must defer 20% of the value of their annual credit applications until tax years eleven (11) through thirteen (13). Taxpayers paying the minimum coal severance tax may "free-up" any super credit value lost as the result of the additional 25 cent minimum coal severance tax for use against other current year tax liabilities attributable to the qualified investment. **CREDIT EXPIRES 12/31/02 EXCEPT GRANDFATHER PROJECTS.**

Form WV/BCS-1 is used by all taxpayers claiming either the regular super credit or the corporate headquarters relocation super credit. Form WV/BCS-Small is used to claim the small business super credit. Along with Publication TSD-110, West Virginia Tax Credits, these forms provide the necessary information and instructions regarding credit constraints.

**ECONOMIC OPPORTUNITY TAX CREDIT (11-13Q)**—These credits are to qualified businesses that make a qualified investment (on or after January 1, 2003) in a new or expanded business in West Virginia and, as a result of this investment, create at least twenty (20) new jobs. Qualified businesses include only those engaged in the activities of manufacturing, information processing, warehousing, non-retail goods distribution, qualified research and development, the relocation of a corporate headquarters, or destination-oriented recreation and tourism.

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

The amount of tax attributable to qualified investment is generally determined by use of a payroll factor. The Taxpayer multiplies total tax liability by a fraction, the numerator of which is the compensation paid to the employees hired as a result of the new qualified investment, and the denominator of which is the compensation paid to all West Virginia employees of the Taxpayer. The result of this computation is tax attributable to qualified investment.

Excess credit remaining after application of the credit against current year taxes may be carried forward for up to twelve years following the year of initial credit claim attributable to the placement of qualified investment into service. The year of initial credit claim is either the tax year qualified investment was first placed into service, or, at the election of the Taxpayer, the next succeeding tax year.

**All Taxpayers wishing to qualify for the Economic Opportunity Tax Credit must file an application for such credit (Form WV/EOTC-A). This application is due by no later than the due date of the Taxpayer's Annual State Income Tax Return (corporate or personal) for the tax year the investment was placed into service or use, including lawful extensions of time to file. Any taxpayer failing to timely file the credit application form will automatically lose up to 50% of the value of any Economic Opportunity Tax Credit sought for the time periods during which the failure to file the application continues. Note that one application (Form WV/EOTC-A) must be filed for each year during which qualified investment is placed in service or use. Taxpayers must also complete and file Schedule EOTC-1 when claiming this credit on annual tax returns.**

A Taxpayer that moves its corporate headquarters to West Virginia from a location outside of West Virginia may be entitled to an Economic Opportunity Tax Credit, if the relocation creates at least fifteen (15) new West Virginia jobs. If the relocation creates at least 15, but less than 20 new jobs, then the amount of credit is equal to 10% of the Taxpayer's adjusted qualified investment. The "adjusted qualified investment" means the qualified investment of the Taxpayer in real and tangible personal property purchased for the corporate headquarters, plus the cost of the reasonable and necessary expenses incurred by the taxpayer to relocate the corporate headquarters from its out of state location to West Virginia. Generally, the credit may be used to offset tax liabilities in the same manner as described above for the general Economic Opportunity Tax Credit. The only significant difference concerns a slightly different application against the Corporation Net Income Tax. At a minimum, the Economic Opportunity Tax Credit for a corporate headquarters relocation may be used to offset the sum of 100 percent of tax on allocated corporate net income and 80 percent of the tax attributable to qualified investment on apportioned corporate net income.

Certain small businesses may also be entitled to an Economic Opportunity Tax Credit. The term "small business" means a business or a controlled group of foreign and domestic affiliated businesses with annual gross sales of not more than \$7,000,000. Beginning on January 1, 2004, the maximum gross sales qualification is increased each year by a percentage reflecting the cost of living increase for the prior year. The ceiling on gross

sales is \$7,159,600 in 2004 and \$7,324,500 in 2005 and \$7,552,050 in 2006. This constraint must be met by the small business only during the year qualified investment is first placed into service or use.

The small business must create at least 10 new West Virginia jobs within twelve months, rather than 20 new jobs. If the qualified small business creates at least 10 qualified new jobs, the small business may receive a credit equal to 10% of its qualified investment.

**CREDIT FOR INDUSTRIAL EXPANSION AND/OR REVITALIZATION (11-13D)** — A credit is allowed against business and occupation tax, severance tax, and business franchise tax to certain industrial taxpayers who make capital investment in a new or expanded industrial facility in this State or who replace or modernize buildings, equipment, machinery and other tangible personal property used in the operation of an industrial facility located in this State, including the acquisition of any real property necessary to the expansion or revitalization. The amount of industrial expansion and revitalization credit claimed may not exceed 50% of the pre-credit tax remaining after the subtraction of both the Subsidiary Credit and the Business and Occupation Tax Credit. Note that the 50% limitation also applies to the sum of all industrial expansion, industrial revitalization, research and development, and residential housing development credits claimed by the taxpayer. **CREDIT EXPIRED 12/31/02 EXCEPT GRANDFATHER PROJECTS.**

**MANUFACTURING INVESTMENT TAX CREDIT (11-13S) - Manufacturers** that make qualified investments for industrial expansion or industrial revitalization in West Virginia may be eligible for the Manufacturing Investment Tax Credit for qualified investment made on or after January 1, 2003. The term "manufacturing" means any business activity classified as having a sector identifier, consisting of the first two digits of the six-digit North America Industry Classification System code number, of thirty-one, thirty-two, or thirty-three. Eligible investments include real property and improvements thereto and tangible personal property constructed or purchased for use as part of a new or expanded business of a qualified industrial taxpayer. Eligible investments may also include replaced or refurbished buildings, equipment, machinery, and other tangible personal property used in the operation of a qualified facility located in West Virginia. Eligible investment may also include real tangible personal property acquired by written lease for a primary term of ten years or longer, if used as a component part of a new, expanded or revitalized industrial facility. The credit is equal to 5% of the taxpayer's qualified investment prorated over a ten-year period at a rate of 10% per year.

**All Taxpayers wishing to qualify for the Manufacturing Investment Tax Credit must file an application for such credit (Form WV/MITC-A) on or before the due date of the personal income tax return or corporation net income tax return filed for the tax year the investment was placed in service or use, including lawful extensions of time to file. Any taxpayer failing to timely file the credit application form will automatically lose up to 50% of the value of any Manufacturing Investment Tax Credit sought for the time period in question. Note that one application (Form WV/MITC-A) must be filed for each year during which qualified investment is placed in service or use.**

Manufacturing Investment Tax Credit may be used to offset up to 50% of the Taxpayers's annual liability for Business Franchise Tax, Severance Tax and Corporation Net Income Tax for a period of 10 years. Any portion of a particular year's annual credit that remains after application against these taxes for the taxable year is forfeited. Taxpayers must complete and file Schedule MITC-1 when claiming this credit.

**CREDIT FOR RESIDENTIAL HOUSING DEVELOPMENT PROJECTS (11-13D)** — A credit has been enacted, equal to ten percent (10%) of the cost of a qualified residential housing development project for property purchased after June 30, 1986. A qualified residential housing development project is one which is composed of at least 5 single family units, whether such units are five or more single-family residential houses, five or more apartments units, or five or more town houses. The amount of the credit is applied over a ten year period at the rate of one percent per year. The amount of residential housing development projects credit claimed may not exceed 50% of pre-credit tax remaining after the subtraction of both the Subsidiary Credit and the Business and Occupation Tax Credit. Note that the 50% limitation also applies to the sum of all industrial expansion, industrial revitalization, research and development, and residential housing development credits claimed by the taxpayer. **CREDIT EXPIRED 12/31/02 EXCEPT GRANDFATHER PROJECTS.**

**CREDIT FOR COAL LOADING FACILITIES (11-13E)** - This credit is available to taxpayers subject to severance tax, and business franchise tax who purchase real or personal property or a combination thereof, for the purpose of building or constructing a new or expanded coal loading facility or who revitalize an existing coal loading facility. The facility is to be used solely for the purpose of transferring coal from a coal processing or

preparation facility, or from a coal storage facility, or both, or from any means of transportation, to any means of rail or barge transportation used to move coal, including such land as is directly associated with and solely used for the coal loading facility. This definition applies only when the transfer is to any means of rail or barge transportation and specifically excludes the transfer to any other form of transportation. The amount of coal loading facilities credit claimed may not exceed 50% of the pre-credit tax remaining after the subtraction of both the Subsidiary Credit and the Business and Occupation Tax Credit.

**WV CAPITAL COMPANY CREDIT (5E-1-8)** — The West Virginia Capital Company Act is designed to increase the availability of development capital to encourage and assist in the creation, development, and expansion of businesses based in West Virginia. A capital company must be certified as such by the Board of Directors of the West Virginia Economic Development Authority.

Any investor, including individuals, partnerships, and corporations, who makes a capital investment in a qualified West Virginia capital company, may claim a tax credit equal to 50% of the investment. The credit is taken after all other credits allowed by Chapter Eleven of the West Virginia Code. The credit is applied against the following West Virginia taxes, in the order shown: West Virginia Business and Occupation Tax, Severance Tax, Telecommunications Tax, Business Franchise Tax, Corporation Net Income Tax, and Personal Income Tax. The credit is claimed for the taxable year in which the investment is made in a certified company. These credits shall be allocated by the authority in the order that the companies are qualified. The amount of the credit that exceeds the tax liabilities may be carried forward fifteen (15) years. Taxpayers that qualify for this credit will receive certification from the capital company authorizing the amount of the credit available. A true copy of that certification must be attached to the tax return. The credit for investments made by a partnership or Subchapter S corporation may be divided pursuant to election of the partners or shareholders, as specified in the West Virginia Capital Companies application to the West Virginia Economic Development Authority.

**HISTORIC REHABILITATED BUILDINGS INVESTMENT CREDIT (11-24)**

A credit of 10% of qualified expenditures for the rehabilitation of residential and nonresidential buildings designated by the National Park Service as "certified historic structures", and further defined as a "qualified rehabilitated structure", may be claimed against the corporation net income tax. The building must be located in West Virginia to be eligible for the investment credit. Only certified projects approved by both the National Park Service and by the West Virginia Division of Culture and History qualify for this credit. Excess credits may be carried back for three years and carried forward for fifteen years.

**WEST VIRGINIA NEIGHBORHOOD INVESTMENT CREDIT (11-13J)**

A credit is available to private sector businesses which make eligible contributions to community based nonprofit organizations that establish projects to assist neighborhoods and local communities. The allowed credit is 50 percent of the eligible contribution to a qualified charitable organization that has received approval from the Neighborhood Investment Advisory Board and has been certified by the West Virginia Development Office. The credit is taken within a 5 year period, beginning with the tax year in which the taxpayer irrevocably transfers its eligible contribution to the project. The aggregate annual credit allowance for the current tax year is an amount equal to the sum of the part allowed for eligible contributions placed in service or use during a prior year, plus the part allowed for an eligible contribution placed in service or use during the current tax year. No taxpayer is allowed more than \$100,000 of tax credits during any taxable year, whether the contributions are made pursuant to one or more certified project plans. The minimum contribution of a taxpayer that would qualify for the credit during a tax year is \$500 and the maximum contribution is \$200,000. The total amount of tax credits allowed pursuant to project plans certified by the Development Office during any fiscal year is limited to \$2 million. Additional entitlement to the Neighborhood Investment Program Credit pursuant to eligible contributions made to certified projects expires on July 1, 2008. Taxpayers which have gained entitlement to the credit prior to the expiration date retain that entitlement and may apply the credit in due course.

**CREDIT FOR ALTERNATIVE-FUEL MOTOR VEHICLES (11-6D)**

—This credit is available to taxpayers that buy, convert or retrofit a motor vehicle to operate on alternative fuels. The credit is available for tax years beginning after June 30, 1997 and is claimed against state income taxes. Alternative Fuels include compressed natural gas, liquefied natural gas, liquefied petroleum (LPG), methanol, ethanol, coal-derived liquid fuels, electricity (including solar energy) and fuel mixtures containing at least 85% alcohol.

An alternative-fuel motor vehicle is one that can operate solely on one alternative fuel, operate on one or more alternative fuels either singularly or in combination, or operate on an alternative fuel and also be capable of operating on gasoline or diesel fuel. It must be either a new, retrofitted, or converted vehicle that has a valid West Virginia registration.

The credit is based upon the cost of the conversion or retrofitting, or the difference between the cost of a new alternative-fuel vehicle and a comparably equipped vehicle that uses traditional fuel. There are maximum credit limits depending upon the weight and type of vehicle involved. Only 5 vehicles can be used each year to determine the annual credit and the amount of credit is claimed over a 3 year period by claiming 1/3 rd. of the credit each year. **This tax credit expires on June 5, 2006.**

**ENVIRONMENTAL AGRICULTURAL EQUIPMENT TAX CREDIT (11-13K)**

Taxpayers purchasing and installing qualified agricultural equipment for use in agricultural operations in this state may be eligible for this credit. The credit is available for taxable years beginning on or after July 1, 1997 and can be claimed against corporation net income tax or personal income tax. To claim the credit the taxpayer must submit proof of purchase and installation and written certification by the Commissioner of Agriculture that each item purchased is in fact qualified agricultural equipment. Certain items require certification by the Office of Air Quality or the Division of Environmental Protection. The credit can only be claimed against that portion of the tax liability that is attributable to the agricultural operations in this state. The credit is equal to 25% of the price of all certified expenditures for qualified agricultural equipment during the taxable year. The amount of credit claimed in any one given year may not exceed \$2,500.00. If the amount of the credit exceeds the tax liability attributable to agricultural activity for the taxable year, the excess amount may be carried over and applied as a credit in each of the next five (5) taxable years unless used sooner.

**WEST VIRGINIA MILITARY INCENTIVE CREDIT (11-24-12)**

— A credit is available for private sector employers who employ economically disadvantaged Vietnam era and Korean conflict veterans, any disabled veteran, or unemployed members of the West Virginia national guard or the United States reserve forces. The qualified individual must have been certified as eligible by the West Virginia Department of Employment Security and have been employed for a continuous period of one year. For economically disadvantaged veterans hired, the credit available to the employer is 30% of the first \$5,000 in wages or compensation actually paid the employee. For disabled veterans, the credit percentage is equal to the percentage of disability. For qualified members of the national guard and reserve forces, the credit is 25% of the first \$5,000 in wages.

2006 UNDERPAYMENT OF ESTIMATED TAX



Name
WV Account ID Number

**PART 1 FIGURING YOUR UNDERPAYMENT**

1 BUSINESS FRANCHISE Tax liability.....	1				
2 Tax credits - do not include estimated tax payments.....	2				
3 Net tax liability - subtract line 2 from line 1.....	3				
4 Tax required to be prepaid - 90% of line 3 - if line 3 is less than \$12,000, enter -0-.....	4				
5 CORPORATE INCOME Tax liability.....	5				
6 Tax credits - do not include estimated tax payments.....	6				
7 Net tax liability - subtract line 6 from line 5.....	7				
8 Tax required to be prepaid - 90% of line 7 - if line 7 is less than \$900, enter -0-.....	8				
9 Combined Franchise/income Tax required to be prepaid - add line 4 and line 8.....	9				
		<b>Column A</b>	<b>Column B</b>	<b>Column C</b>	<b>Column D</b>
10 Installment due dates - Enter in Columns A through D the 15th day of the 4th, 6th, 9th, and 12th months of your tax year.....	10				
11 Required installments - Enter 25% of line 9 in each column.....	11				
12 Enter amount paid or credited for each period on or before the due date of the installment payment - for Column A only, enter the amount from line 12 on line 16.....	12				
<b>Complete lines 13 through 19 of one column before going to the next column.</b>					
13 Enter amount, if any, from line 19 of the preceding column.....	13				
14 Add lines 12 and 13.....	14				
15 Add amounts on lines 17 and 18 of the preceding column.....	15				
16 Subtract line 15 from line 14 - if zero or less, enter -0-. For column A only, enter the amount from line 12.....	16				
17 If the amount on line 16 is zero, subtract line 14 from line 15. Otherwise, enter -0-.....	17				
18 <b>Underpayment</b> - if line 16 is less than or equal to line 11, subtract line 16 from line 11. Then go to line 13 of the next column. Otherwise, go to line 19.....	18				
19 <b>Overpayment</b> - if line 11 is less than line 16, subtract line 11 from line 16. Then go to line 13 of the next column.....	19				

**PART 2 EXCEPTIONS**

20 Total paid or credited from the beginning of the tax year through the installment dates that correspond to the 15th day of the 4th, 6th, 9th, and 12th months of your tax year.....	20				
		25% of Tax	50% of Tax	75% of Tax	100% of Tax
21 Exception 1 - Prior years tax.....	21				
		22.5% of Tax	45% of Tax	67.5% of Tax	90% of Tax
22 Exception 2 - Tax on annualized income or annualized tax base (attach worksheet).....	22				

**PART 3 FIGURING THE ADDITIONS TO TAX**

23 Enter the date of payment or the unextended due date of your annual return, whichever is earlier.....	23				
24 Number of days from the due date of installment on line 10 to the date shown on line 23.....	24				
25 Number of days on line 24 before 7/1/06.....	25				
26 Number of days on line 24 after 6/30/06 and before 1/1/07.....	26				
27 Number of days on line 24 after 12/31/06 and before 7/1/07.....	27				
28 Number of days on line 24 after 6/30/07 and before 1/1/2008.....	28				
29 Underpayment on line 18 X $\frac{\text{Number of days on line 25}}{\text{Number of days in the tax year}}$ X 9.5%.....	29				
30 Underpayment on line 18 X $\frac{\text{Number of days on line 26}}{\text{Number of days in the tax year}}$ X 9.5%.....	30				
31 Underpayment on line 18 X $\frac{\text{Number of days on line 27}}{\text{Number of days in the tax year}}$ X *%.....	31				
32 Underpayment on line 18 X $\frac{\text{Number of days on line 28}}{\text{Number of days in the tax year}}$ X *%.....	32				
33 Add lines 29 through 32.....	33				
34 Addition to tax - add columns A through D, line 33. Enter here and on the appropriate line of your tax return.....	34				

Use this form for both the West Virginia Corporation Net Income Tax and Business Franchise Tax to determine if you are subject to the additions to tax for underpayment of estimated tax and, if so, the amount of the additions.

**WHO MUST PAY THE ADDITIONS TO TAX** — A corporation is required to file a Declaration of Estimated Corporation Net Income Tax and make estimated tax payments if its West Virginia taxable income can reasonably be expected to exceed \$10,000.00, which equals a tax liability after tax credits of more than \$900.00. (Code §11-24-16) Estimated tax is a corporation's expected income tax liability minus its tax credits. A taxpayer is required to remit, in equal installments on the 15th day of the 4th, 6th, 9th and 12th months of their taxable year, at least 90% of the tax due for the filing period.

Corporations and partnerships subject to the West Virginia Business Franchise Tax are required to file a Declaration of Estimated Business Franchise Tax and make estimated tax payments if their liability for tax for the taxable year can reasonably be expected to exceed \$12,000.00. (Code §11-23-13) Estimated tax is the amount the taxpayer estimates to be their liability, minus allowable tax credits. A taxpayer is required to remit, in equal installments on the 15th day of the 4th, 6th, 9th and 12th months of their taxable year, at least 90% of the tax liability.

If a corporation or partnership did not pay enough estimated tax by any of the due dates, it may be charged the additions to tax. This is true even if the corporation is due a refund when its return is filed. The additions to tax are figured separately for each installment due date. Therefore, the corporation or partnership may owe the additions to tax for an earlier installment due date, even if it paid enough tax later to make up the underpayment.

**HOW TO USE THIS FORM** — Complete Part 1 of this form to determine the underpayment for any of the four installment due dates. If there is an underpayment on line 13 (Column A, B, C, or D) go to Part 2, Exceptions. If you cannot meet any of the exceptions for an installment period, go to Part 3, Figuring the Additions to Tax, to calculate the amount of the additions.

If you are using the underpayment form to figure the additions to tax or to show that you qualify for one of the exceptions for Corporation Net Income Tax, or Business Franchise Tax, attach the form to your Business Franchise Tax Return (Form WV/CNF-120).

## SPECIFIC INSTRUCTIONS

### PART 1. FIGURING YOUR UNDERPAYMENT

#### BUSINESS FRANCHISE TAX

**Line 1.** Enter your Business Franchise Tax liability from Form WV/CNF-120, Line 3

**Line 2.** Enter your tax credits (not including estimated tax payments) from WV/CNF-120, Line 4.

**Line 3.** Subtract Line 2 from Line 1. Enter result here. If the amount shown here is less than \$12,000.00 stop here. You are not required to have made estimated tax payments for this filing period.

**Line 4.** Multiply the amount on Line 3 by 90% and enter the result. This is the amount you should have paid in estimated tax for this taxable year.

#### CORPORATION NET INCOME TAX

**Line 5.** Enter your Corporation Net Income Tax liability from Form WV/CNF-120, Line 8.

**Line 6.** Enter your tax credits (not including estimated tax payments) from WV/CNF-120, Line 9.

**Line 7.** Subtract Line 6 from Line 5. Enter result here. If the amount shown here is less than \$900.00 stop here. You are not required to have made estimated tax payments for this filing period.

**Line 8.** Multiply the amount on Line 7 by 90% and enter the result. This is the amount you should have paid in estimated tax for this taxable year.

### COMBINED BUSINESS FRANCHISE AND CORPORATION NET INCOME TAX

**Line 9.** Add Line 4 and Line 8. Enter result here.

**Line 12.** In Column A, enter the estimated tax payments deposited by the 15th day of the 4th month of your tax year; in Column B, enter payments made after the 15th day of the 4th month through the 15th day of the 6th month of your tax year; in Column C, enter payments made after the 15th day of the 6th month through the 15th day of the 9th month of your tax year; in Column D, enter payments made after the 15th day of the 9th month through the 15th day of the 12th month of the tax year.

**Line 18.** If any of the columns in line 18 shows an underpayment, complete Part 2 to determine if you meet an exception for the installment period. If you do not meet an exception for an installment period, complete Part 3 to figure the additions to tax for that period.

### PART 2. EXCEPTIONS

You will not have to pay additions to tax if all of your tax payments (Part 2, line 20) are equal to or greater than any one of the amounts figured under either Exception 1 or Exception 2 (lines 21 or 22) for the same installment period.

**Line 20.** Enter the total amount paid or credited from the beginning of the tax year through the installment due dates that correspond to the 15th day of the 4th, 6th, 9th, and 12th months of your tax year.

**Line 21. EXCEPTION 1, PRIOR YEAR'S TAX.** Generally, this exception applies if the taxpayer paid an amount equal to or more than the tax shown on their return for the preceding year if they filed a return showing a tax liability for at least some amount of tax for the preceding year and the preceding year covered a full twelve months.

Enter, in Column A, 25% of the preceding year's tax liability; in Column B, 50%; in Column C, 75%; in Column D, 100% of the preceding year's tax liability.

If the amount on line 20, Columns A, B, C, or D, is equal to or greater than the amount on line 21, Column A, B, C, or D, Exception 1 is applicable and there are no additions to tax imposed for that installment period.

**Line 22. EXCEPTION 2, TAX ON ANNUALIZED INCOME (FOR CORPORATION NET INCOME TAX PURPOSES) AND ANNUALIZED TAX BASE (FOR BUSINESS FRANCHISE TAX PURPOSES).** If the taxpayer's income (capital in the case of the business franchise tax) varied during the year because, for example, they operated the business on a seasonal basis or received most of their income (capital) for the year during only a portion of the tax year, they may be able to avoid the underpayment penalty for an installment period by using the annualized exception. The annualized income (capital) installment may be less than the required installment under the regular method for one or more of the due dates. This will eliminate the additions to tax for those due dates.

To use the annualized exception, complete the work sheet on page 32 and attach it to your return along with this form. Make additional copies of the work sheet as needed.

If you qualify for one of the above exceptions, you do not need to complete the rest of the form for the installment period that you have met an exception. However, you must attach the form to your tax return and enter the number of the exception you are claiming (i. e. 1 or 2) in the block provided on line 20 of Form WV/CNF-120.

If you do not qualify for one of the above exceptions, determine the additions to tax for underpayment of estimated tax by completing Part 3 - Figuring the Additions to Tax.

### PART 3. FIGURING THE ADDITIONS TO TAX

Complete lines 23 through 34 to determine the amount of the additions to tax. The additions to tax are figured for the period of underpayment determined under West Virginia Code §11-10-18a using the rate of interest determined under West Virginia Code § 11-10-17 or 17a, whichever is appropriate for the taxable year. For underpayments involving periods after January 1, 2006, see the instructions for lines 31 and 32.

**Line 23.** Enter the date on which the installment payment was made or the original due date of the annual return whichever is earlier. The due date of the return is the 15th day of the 3rd month following the close of the taxable year for corporations and the 15th day of the 4th month for partnerships. The due date of the annual return of an exempt organization with unrelated business taxable income is the 15th day of the 5th month following the close of the taxable year. The payment of estimated tax is applied against underpayments of required installments in the order that installments are required to be paid, regardless of which installment the payment pertains to.

For example, a corporation has an underpayment for the April 15 installment of \$1,000. The June 15 installment requires a payment of \$2,500. On June 10, the corporation deposits \$2,500 to cover the June 15 installment. However, \$1,000 of this payment is considered to be for the April 15 installment. The penalty for the April 15 installment is figured to June 10 (56 days). The payment to be applied to the June 15 installment will then be \$1,500.

If you have made more than one payment for a required installment, attach a separate computation for each payment.

**Lines 31 and 32.** For underpayments involving periods after January 1, 2006, use the interest rate established biannually by the State Tax Commissioner. You can contact the West Virginia State Tax Department, Taxpayer Services Division, at (304) 344-2068 or toll free within West Virginia 1-800-422-2075 to get rate information. Request message #510.

**Line 34.** If you have completed this form to determine your additions to tax for underpaying your estimated Corporation Net Income and/or Business Franchise Tax, enter the amount on Form WV/CNF-120, Line 20.

# ANNUALIZED INSTALLMENT WORKSHEET rev-01/07

**ANNUALIZED INCOME INSTALLMENT** - Complete Part 1 and Part 3 if line 4 on Form WV/CNF-120U is zero and you have an amount on line 8 of Form WV/CNF-120U and want to see if you are eligible to claim the annualized installment exception.

**ANNUALIZED FRANCHISE INSTALLMENT** - Complete Part 2 and Part 3 if line 8 on Form WV/CNF-120U is zero and you have an amount on line 4 of Form WV/CNF-120U and want to see if you are eligible to claim the annualized installment exception.

**COMBINED ANNUALIZED INSTALLMENT** - Complete Parts 1, 2, and 3 if you have amounts on both line 4 and line 8 on Form WV/CNF-120U and want to see if you are eligible to claim the annualized installment exception.



<b>PART 1 ANNUALIZED INCOME INSTALLMENT</b>		Column A	Column B	Column C	Column D
		<b>Period</b>			
			First 3 months	First 6 months	First 9 months
1 Enter West Virginia taxable income for each period. (Multistate taxpayers use apportioned figures)	1				
2 Annualization amounts.	2		4	2	1.3333
3 Multiply line 1 by line 2.	3				
		<b>Period</b>			
		First 3 months	First 5 months	First 8 months	First 11 months
4 Enter West Virginia taxable income for each period. (Multistate taxpayers use apportioned figures)	4				
5 Annualization amounts.	5	4	2.4	1.5	1.09091
6 Multiply line 4 by line 5.	6				
7 Annualized taxable income. In Column A, enter the amount from line 6 Column A. In Columns B, C, and D, enter the smaller of the amounts in each column on line 3 or line 6.	7				
8 Tax rate. Enter the tax rate from the appropriate tax return.	8				
9 Total tax. Multiply line 7 by line 8.	9				
10 Tax credits. Enter the same type of credits allowed on your tax return.	10				
11 Total tax after credit. Line 9 minus line 10. If zero or less, enter -0-.	11				
12 Applicable percentage.	12	0.225	0.45	0.675	0.9
13 Annualized income installment. Multiply line 11 by line 12. Enter this amount below on line 27, Part 3.	13				

<b>PART 2 ANNUALIZED FRANCHISE INSTALLMENT</b>		Column A	Column B	Column C	Column D
		<b>Period</b>			
			First 3 months	First 6 months	First 9 months
14 Enter West Virginia taxable capital for each period. (Multistate taxpayers use apportioned figures)	14				
15 Annualization amounts.	15		4	2	1.3333
16 Multiply line 14 by line 15.	16				
		<b>Period</b>			
		First 3 months	First 5 months	First 8 months	First 11 months
17 Enter West Virginia taxable capital for each period. (Multistate taxpayers use apportioned figures)	17				
18 Annualization amounts.	18	4	2.4	1.5	1.09091
19 Multiply line 17 by line 18.	19				
20 Annualized taxable capital. In Column A, enter the amount from line 19 Column A. In Columns B, C, and D, enter the smaller of the amounts in each column on line 16 or line 19.	20				
21 Tax rate. Enter the tax rate from the appropriate tax return.	21				
22 Total tax. Multiply line 20 by line 21.	22				
23 Tax credits. Enter the same type of credits allowed on your tax return.	23				
24 Total tax after credit. Line 22 minus line 23. If zero or less, enter -0-.	24				
25 Applicable percentage.	25	0.225	0.45	0.675	0.9
26 Annualized installment. Multiply line 24 by line 25. Enter this amount below on line 28, Part 3.	26				

<b>PART 3 COMBINED ANNUALIZED INSTALLMENT</b>		Column A	Column B	Column C	Column D
27 Annualized Corporate Income Tax Installment. Enter amounts from line 13, Columns A, B, C, and D.	27				
28 Annualized Business Franchise Tax Installment. Enter amounts from line 26, Columns A, B, C, and D.	28				
29 Combined Annualized Income/Franchise Installment. Line 27 plus line 28. Enter on Form WV/CNF-120U, line 22.	29				

For tax year beginning \_\_\_\_\_, ending \_\_\_\_\_.

Form header section with fields: CHECK THIS BOX IF THIS RETURN IS FILED UNDER EXTENSION, USE LABEL, PRINT, OR TYPE, Business name, Street address or post office box, City, state and ZIP code, WV Account ID Number, State/Date of Incorporation, Date of Election as S Corporation, Number of Shareholders.

PART 1 — S CORPORATION INCOME (LOSS)

Form section for Part 1: S Corporation Income (Loss). Lines 1-13. Includes instructions: 'Wholly West Virginia corporations go to line 13, multistate corporations go to Line 8.' and 'If line 13 shows a loss, omit Lines 14 through 25. However, you must complete Schedule S on the reverse side.'

PART 2 — NONRESIDENT SHAREHOLDER WITHHOLDING — COMPLETE SCHEDULE S BEFORE COMPLETING PART 2

Form section for Part 2: Nonresident Shareholder Withholding. Lines 14-25. Includes instructions: 'Make check payable to West Virginia State Tax Department.'

SIGN HERE Under penalties of perjury, I declare that I have examined this return (including accompanying schedules and statements) and to the best of my knowledge and belief it is true and complete.

Signature lines for officer and paid preparer. Fields: Signature of officer, Name of officer - type or print, Title, Date, Paid preparer's signature, Firm's name and address, Date.

MAIL TO: WEST VIRGINIA STATE TAX DEPARTMENT
INTERNAL AUDITING DIVISION
P O. BOX 1202
CHARLESTON, WV 25324-1202



**SCHEDULE S — SHAREHOLDER INFORMATION AND  
NONRESIDENT WITHHOLDING**



BUSINESS NAME  
WV ACCOUNT ID NUMBER

**NAME AND ADDRESS OF EACH SHAREHOLDER**

NAME	STREET OR OTHER MAILING ADDRESS	CITY	STATE	ZIP CODE
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				

**SHAREHOLDERS OWNERSHIP AND COMPUTATION OF WEST VIRGINIA NONRESIDENT SHAREHOLDERS WITHHOLDING TAX**

(A) SOCIAL SECURITY NUMBER or FEIN	PERCENT OF OWNERSHIP/WV FILING METHOD			(E) WV/NRW-4 ATTACHED OR FILED	(F) S CORPORATION WV INCOME	(G) COLUMN D TIMES COLUMN F	(H) RATE	(I) TAX WITHHELD
	(B) RESIDENT	(C) COMPOSITE	(D) NONRESIDENT					
1							4%	
2							4%	
3							4%	
4							4%	
5							4%	
6							4%	
7							4%	
8							4%	
9							4%	
10							4%	
11							4%	
12							4%	
<b>13 TOTALS</b>								
<b>TRANSFER TOTALS TO</b> ➡	<b>PAGE 1 LINE 15</b>	<b>PAGE 1 LINE 14</b>			<b>PAGE 1 LINE 16</b>		<b>PAGE 1 LINE 17</b>	

ATTACH ADDITIONAL COPIES OF SCHEDULE AS NEEDED



## INSTRUCTIONS — FORM WV/CNT-112S

**Who Must File.** Every corporation electing to be taxed under subchapter S of the Internal Revenue Code that engages in business in this State or that derives income from property, activity, or other sources in this State must file a West Virginia S Corporation Return (Form WV/CNT-112S).

**When to File.** The West Virginia S Corporation Return is due on or before the 15th day of the 3rd month following the close of the taxable year. A federal extension of time to file will automatically extend the time for filing the West Virginia return. Be sure to attach a copy of your federal extension to each tax return to avoid any penalty for late filing.

**Penalty for Late Filing and Failure to Include Correct Information.** Any corporation that fails to file and/or include all the correct information on the S Corporation Return, and Form WV/NRW-2 or Form WV/NRW-4 when applicable, by the required filing date is subject to a penalty of \$50.00 for each information return that they failed to file or include correct information on, not to exceed \$100,000.00.

If the failure is corrected within 30 days of the required filing date, the penalty is reduced to \$15.00 for each failure, not to exceed \$25,000.00. If the failure is corrected after the 30th day following the required filing date but before August 1st of the calendar year of the required filing date, the penalty is \$30.00 for each failure, not to exceed \$50,000.00.

If the S Corporation fails to include all the information required on the return or includes incorrect information and corrects the failure or error by August 1st of the calendar year of the required filing date, no penalty for failure to include correct information will be imposed. The number of information returns to which this exception applies shall not exceed the greater of ten (10) or one-half of one percent (0.5%) of the total number of information returns required to be filed.

**INTENTIONAL DISREGARD.** If the failure is due to intentional disregard of the filing requirements or the correct information reporting requirement, the penalty is \$100.00 or ten percent (10%) of the aggregate amount of the items required to be reported correctly, whichever is greater.

**Federal Return Information.** A signed, true copy of Federal Form 1120S, Schedule K, and any support documents must be attached to the return when filed.

**Changes on Federal Return.** Any corporation whose reported income or deductions are changed or corrected by the Internal Revenue Service or through renegotiation of a contract with the United States is required to report the change or correction to the West Virginia Department of Tax and Revenue. The report must be made within 90 days of the final determination by filing a West Virginia S Corporation Return, Form WV/CNT-112S, marked "Amended" at the top. A schedule detailing the differences in the amended and original returns must be attached.

Any corporation which files an amended return with the Internal Revenue Service must file an amended return with the West Virginia Department of Tax and Revenue within 90 days of the filing of the amended federal return.

**Corporation Income. Part 1** of West Virginia Form WV/CNT-112S is used to report all income (loss) from all activity of the S Corporation, but only to the extent that it is taxable and allocable to the shareholders. If the S Corporation has income (loss) from activity in more than one state, West Virginia Schedule B from Form WV/CNF-120APT, which is included in this booklet, must also be completed.

**Shareholder Information. Part 2** of West Virginia Form WV/CNT-112S plus Schedule S are used to identify all shareholders and to account for each shareholder's share of the S Corporation's income. Part 2 is also used to calculate the amount of withholding that is required on the nonresident shareholder's share of the S Corporation's income. All shareholders are subject to West Virginia Personal Income Tax under the provisions of West Virginia Code Chapter 11, Article 21. Also,

the S Corporation is required to withhold Income Tax on the nonresident shareholder's share of the S Corporation's West Virginia source income under the provisions of West Virginia Code Chapter 11, Article 21, Section 71a.

**Nonresident Shareholder Withholding.** S Corporations are required to withhold West Virginia Income Tax from each nonresident shareholder that has not given to the S Corporation a West Virginia Nonresident Income Tax Agreement, Form WV/NRW-4. (Reproducible copy included in this packet.) The amount to be withheld is four percent (4%) of the nonresident shareholder's share of the S Corporation's Federal Taxable Income or portion thereof that is derived from or attributable to West Virginia sources, whether such amount is actually distributed or is deemed to have been distributed for Federal Income Tax purposes.

The individual nonresident shareholders may claim the amount withheld as a credit against his or her West Virginia Personal Income Tax liability by attaching a copy of the information statement provided by the S Corporation to their West Virginia Nonresident Personal Income Tax Return, Form IT-140NR.

**Payment of Tax Withheld.** The entire tax withheld from the nonresident shareholder is required to be paid on or before the 15th day of the 3rd month following the close of the taxable year and must accompany the corporation's West Virginia S Corporation Return. Make check payable to the West Virginia State Tax Department. An extension of time to file does not extend the date for payment of tax.

**Information Statement of Tax Withheld.** Every S Corporation required to deduct and withhold tax on nonresident shareholders, must provide an information statement to each nonresident shareholder on or before the date it files its West Virginia Income Tax Return. The information statement shall show the amount of West Virginia income subject to withholding and the amount of West Virginia Income Tax withheld. The S Corporation may satisfy this requirement by indicating this information on Form WV/NRW-2, Statement of West Virginia Income Tax Withheld for Nonresident Individual or Organization (reproducible copy included in this packet) or in the supplemental information area of the nonresident shareholder's copy of Federal Schedule K-1 or by an attachment to the Federal Schedule K-1 listing the same information. The nonresident shareholder must attach their copy of Form WV/NRW-2 or Federal Schedule K-1 including the information statement of West Virginia Income Tax Withheld to their West Virginia Nonresident Income Tax Return to claim credit for the tax withheld.

**Composite Return.** An S Corporation, instead of withholding tax on distributions of West Virginia source income to its nonresident shareholders, may opt instead to satisfy the nonresident withholding requirements by filing a West Virginia Nonresident COMPOSITE Income Tax Return (Form IT-140NRC) for one or more of its nonresident shareholders. A composite return is a return filed on a group basis as though there was only one taxpayer. A list setting forth the name, address, taxpayer identification number, and percent of ownership of each nonresident shareholder included in the return must be maintained. The list should NOT be submitted with the composite return, but should be made available to the Department upon request. The return does not have to be signed by each nonresident shareholder provided it is signed by a corporate officer. When filing a composite return, no personal exemptions may be utilized and the rate of tax is 6 1/2% of the taxable income. The S Corporation is responsible for collecting and remitting all income tax due at the time the return is filed. The due date for a composite return is the 15th day of the 4th month following the close of the taxable year. A \$50.00 processing fee must also accompany the composite return.

Any nonresident shareholder included in a composite return that has income from any other West Virginia source, must file a separate Nonresident Personal Income Tax Return for the taxable year to report and pay Personal Income Tax on all of their West Virginia source income. The nonresident may claim credit for their share of West Virginia income tax remitted with the composite return.

# FORM WV/CNT-112S — INSTRUCTIONS

## SPECIFIC INSTRUCTIONS

**All S Corporations** must complete lines 1 through 13 and Schedule S through Column D. All S Corporations must also complete and attach Schedule B from Form WV/CNF-120 (found on page 11 of this booklet) to properly determine their West Virginia income. If the S Corporation has income from sources both within and without West Virginia, they must complete Schedule A and Schedule B from Form WV/CNF-120APT to determine how much of their income is from a West Virginia source.

**S Corporations with nonresident shareholders** must complete lines 1 through 25 and all applicable parts of Schedule S.

**Line 1.** Enter the ordinary income (loss) as shown on Federal Form 1120S.

**Line 2.** Enter the amount of all other gross income (loss) of the S Corporation as shown on Federal Form 1120S, Schedule K, and K-1, that is not included on line 1. Only include amounts that constitute taxable income to the shareholders.

**Line 3.** Enter the amount of any expenses or deductions as shown on Federal Form 1120S, Schedule K, that are not included on line 1. Only include amounts that constitute a reduction to taxable income to the shareholders.

**Line 5.** Enter the total increasing adjustments as shown on Line 3 of Schedule B, Form WV/CNF-120. Attach Schedule B to your S Corporation Return.

**Line 6.** Enter the total decreasing adjustments as shown on Line 7 of Schedule B, Form WV/CNF-120. Attach Schedule B to your S Corporation Return. If you have claimed the decreasing adjustment for gain on sale of property acquired prior to July 1, 1967 or the allowance for governmental obligations/obligations secured by residential property, also attach Schedule B-1 and/or Schedule B-2 from Form WV/CNF-120 to support your figures.

**Line 8.** If the S Corporation has income derived from sources within and without West Virginia, and some of it can be classified as nonbusiness income, complete Schedule A from Form WV/CNF-120APT to properly determine how much of the nonbusiness income is from West Virginia. See the instructions for Schedule A, Form WV/CNF-120APT found in this booklet for how to classify income as nonbusiness income. Attach Schedule A to your S Corporation Return to support your figures.

**Line 10.** If all income is derived from sources within West Virginia, enter one (1). If income is derived from sources within and without West Virginia enter the apportionment factor from Schedule B of Form WV/CNF-120APT found in this booklet. Attach Schedule B to your S Corporation Return.

### **S CORPORATIONS WITH NONRESIDENT SHAREHOLDERS MUST COMPLETE SCHEDULE S BEFORE COMPLETING LINES 14 THROUGH 25.**

**Line 14.** Enter the total percentage from line 13, column D, Schedule S.

**Line 15.** Enter the total percentage from line 13, column C, Schedule S.

**Line 16.** Enter the total dollar amount from line 13, column G, Schedule S.

**Line 17.** Enter the total dollar amount from line 13, column I, Schedule S.

**Line 18.** Enter any previous payments made or if this is an amended return, enter the amount of tax due and paid from the original return.

**Line 20.** Determine interest due. See the general information on page 8 of this booklet for additional information regarding interest.

**Line 21.** Determine additions to tax due. See the general information on page 8 of this booklet for additional information regarding additions to tax.

**Line 22.** Remit this amount by check made payable to the West Virginia State Tax Department.

**Line 23.** An overpayment may be credited to next years Nonresident Withholding Tax or refunded, either in whole or in part. Enter on line 24 the amount of overpayment to be credited to next years tax. Enter on line 25 the amount of overpayment to be

refunded. An overpayment may not be applied to any other tax.

## SCHEDULES - SHAREHOLDER INFORMATION AND NONRESIDENT WITHHOLDING

Enter the name, address, city, state, and zip code of each shareholder that the S Corporation had during its taxable year. If additional space is needed, attach additional copies of Schedule S.

**Column A.** Enter the social security number or federal employers identification number of the shareholder listed on the same numbered line in the top part of Schedule S.

**Column B.** If the shareholder is a resident of West Virginia, enter their percent of ownership in this column. **Do not complete columns C through I for West Virginia resident shareholders.**

**Column C.** If the shareholder is a nonresident of West Virginia and the S Corporation will satisfy the nonresident withholding requirements by filing a composite return for its shareholders, enter their percent of ownership in this column. **Do not complete columns D through I if you are filing a composite return for your nonresident shareholders.**

**Column D.** If the shareholder is a nonresident of West Virginia and the S Corporation is not filing a composite return for its nonresident shareholders, enter the percent of ownership in this column. **Do not complete columns F through I if you have received Form WV/NRW-4 from the nonresident shareholder.** Instead, attach a copy of Form WV/NRW-4 to your S Corporation Return when filed and check the box in Column E.

**Column E.** If you have received Form WV/NRW-4 from the nonresident shareholder, check this box and attach the agreement to your return when filed. Also, if you received Form WV/NRW-4 from the nonresident shareholder during a prior tax year and previously filed the agreement with your return for that year and it has not been revoked, check this box. If the agreement was previously filed with the Department, and it has not been revoked, it is not necessary to file additional copies with your return for subsequent years.

**Column F.** Enter your West Virginia Income from line 13, Part 1 on the front of the return.

**Column G.** Multiply the dollar amount in column F by the percent of ownership (stated as a decimal) from column D and enter the result in column G.

**Column I.** Multiply the dollar amount in column G by the tax rate (stated as a decimal -.04) in column H and enter the result in column I.

**Line 13.** Total the columns. If you have attached additional copies of Schedule S enter the grand total of the columns from all the copies of Schedule S on the first Schedule S and label the figures as "grand total". Transfer the appropriate column totals to part 2 on the front of the return.

**SPECIAL NOTE.** S Corporations with nonresident shareholders are strongly encouraged to review the following forms which are included in this packet.

**WV/NRW-4** — Nonresident Income Tax Agreement.

**WV/NRW-2** — Statement of West Virginia Income Tax Withheld for Nonresident Individual or Organization.

**WV/NRW-1** — Extension of Time to File Information Returns

These forms contain important information about the nonresident withholding requirements. You may copy or make facsimiles of these forms as your needs require.

**EXTENSION PAYMENTS.** Extension requests and tentative payments of the nonresident withholding tax for S Corporations are to be submitted on Form WV/NRW-1. There is a detachable copy of Form WV/NRW-1 on page 37 of this booklet.

**EXTENSION OF TIME  
TO FILE  
INFORMATION RETURNS**

**NOTE:** This form is to be used for requesting an extension of time to file the S Corporation return and for making tentative nonresident withholding tax payments. This form is not a substitute for filing the annual S Corporation return (Form WV/CNT-112S).

**WHO MAY FILE** — Any taxpayer who needs an extension of time to file the West Virginia S Corporation return (Form WV/CNT-112S) and/or expects to owe West Virginia nonresident withholding tax for the tax year. Any taxpayer granted an extension of time to file a federal return is granted the same extension of time to file their West Virginia return. An extension of time for filing does not extend the time for payment. To avoid interest and additions to tax for late payment, use this return to make a tentative payment pending the filing of your annual return.

**PAYMENT OF NONRESIDENT WITHHOLDING TAX** — West Virginia tax law (Code §11-21-71a) requires S Corporations to withhold income tax on distributions of West Virginia source income (whether actual or deemed distributions) to nonresident shareholders. The withholding tax rate is 4%.

The nonresident withholding tax is due and payable with this request. You must remit by the unextended due date, 90% of the nonresident withholding tax due for the taxable year or 100% of the tax paid for the prior taxable year, if the prior tax year was a full 12 months and tax was paid. If the balance due on your annual return is paid by the last day of your extension and the amount due is 10% or less of the tax due for the taxable year, no additions to tax will be imposed on the balance remitted. Overpayments may be refunded or credited to next year's withholding.

**WHEN TO FILE** — An S Corporation's annual West Virginia S Corporation return is due on or before the fifteenth day of the third month following the close of the taxable year.

**HOW AND WHERE TO FILE** — Payment of any tax balance due may be made by completing form WV/NRW-1 below, detaching and mailing to:

**West Virginia State Tax Department  
Internal Auditing Division – PITPU  
P. O. Box 2585  
Charleston, West Virginia 25329-2585**

Make check payable to: West Virginia State Tax Department

**CLAIMING OF TENTATIVE PAYMENT** — A tentative payment of the nonresident withholding tax made by filing Form WV/NRW-1 must be claimed on line 18 of your West Virginia S Corporation return (Form WV/CNT-112S).

WV/NRW-1 (1/07)	EXTENSION OF TIME TO FILE INFORMATION RETURNS	
<p>1. TYPE OF ORGANIZATION: (CHECK <input checked="" type="checkbox"/> ONLY ONE)</p> <p><input type="checkbox"/> PARTNERSHIP FILING FORM IT-165    <input type="checkbox"/> ESTATE OR TRUST FILING FORM IT-141    <input type="checkbox"/> S CORPORATION FILING FORM WV/CNT-112S</p> <p>2. TAXABLE YEAR ENDING: _____</p> <p>WEST VIRGINIA ACCOUNT IDENTIFICATION NUMBER, NAME &amp; ADDRESS</p> <p>_____ _____ _____</p>	<p>REASON FOR FILING THIS RETURN: (CHECK <input checked="" type="checkbox"/> ONLY ONE)</p> <p>3. <input type="checkbox"/> FEDERAL EXTENSION REQUESTED - AUTOMATIC WEST VIRGINIA EXTENSION (IF TAX IS DUE ENTER BELOW; IF NOT ENTER ZERO)</p> <p>4. <input type="checkbox"/> WEST VIRGINIA EXTENSION OF TIME TO FILE - NO NONRESIDENT WITHHOLDING AND/OR FIDUCIARY INCOME TAX DUE (ENTER EXTENSION PERIOD REQUESTED BELOW)</p> <p>5. <input type="checkbox"/> WEST VIRGINIA EXTENSION OF TIME TO FILE - NONRESIDENT WITHHOLDING AND/OR FIDUCIARY INCOME TAX DUE (ENTER EXTENSION PERIOD REQUESTED AND TAX DUE BELOW)</p>	
	6. ENTER EXTENSION PERIOD REQUESTED	
	7. FIDUCIARY INCOME TAX DUE	\$
	8. NONRESIDENT WITHHOLDING TAX DUE	\$
	9. TOTAL TAX DUE (LINE 7 + LINE 8)	\$
SIGNATURE ▼	DATE ▼	



B 4 8 0 1 0 7 0 1 W

**MAKE CHECK PAYABLE TO AND MAIL TO: WEST VIRGINIA STATE TAX DEPARTMENT  
INTERNAL AUDITING DIVISION - PITPU  
P. O. BOX 2585  
CHARLESTON, WV 25329-2585**

WV/NRW-2  
(Rev. 1/07)

**Statement Of West Virginia Income Tax  
Withheld For Nonresident  
Individual or Organization**  
Read Instructions On Reverse Side



ORGANIZATION NAME AND MAILING ADDRESS		NONRESIDENT'S NAME AND MAILING ADDRESS	
Name (please type or print)		Name (please type or print)	
Street or Post Office Box		Street or Post Office Box	
City/Town	State	City/Town	State
	Zip Code		Zip Code
West Virginia Identification Number	Federal Identification Number	Social Security Number	West Virginia Identification Number
Check One: <input type="checkbox"/> Trust <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Estate <input type="checkbox"/> Limited Liability Company		1. Income subject to withholding for nonresident as reported on organization's S Corporation, Partnership or Fiduciary Return	\$
		2. Amount of West Virginia income tax withheld and remitted (See instructions) .....	\$
Taxable Year of Organization Beginning _____, _____ and Ending _____, _____			

TO BE FILED IN THE ABSENCE OF FORM WV/NRW-4, WEST VIRGINIA NONRESIDENT INCOME TAX AGREEMENT

WV/NRW-2  
(Rev. 1/07)

**Statement Of West Virginia Income Tax  
Withheld For Nonresident  
Individual or Organization**  
Read Instructions On Reverse Side



ORGANIZATION NAME AND MAILING ADDRESS		NONRESIDENT'S NAME AND MAILING ADDRESS	
Name (please type or print)		Name (please type or print)	
Street or Post Office Box		Street or Post Office Box	
City/Town	State	City/Town	State
	Zip Code		Zip Code
West Virginia Identification Number	Federal Identification Number	Social Security Number	West Virginia Identification Number
Check One: <input type="checkbox"/> Trust <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Estate <input type="checkbox"/> Limited Liability Company		1. Income subject to withholding for nonresident as reported on organization's S Corporation, Partnership or Fiduciary Return	\$
		2. Amount of West Virginia income tax withheld and remitted (See instructions) .....	\$
Taxable Year of Organization Beginning _____, _____ and Ending _____, _____			

TO BE FILED IN THE ABSENCE OF FORM WV/NRW-4, WEST VIRGINIA NONRESIDENT INCOME TAX AGREEMENT

## INSTRUCTIONS

**Who Must File:** Every partnership, S corporation, estate or trust ("Organization") deriving income or gain from West Virginia sources must complete Form WV/NRW-2 for each NONRESIDENT partner, shareholder, or beneficiary, ("Nonresident Distributee") who received distributions (actual or deemed) of West Virginia source income or gain from such Organization unless the Organization shows on its Schedule K-1's for Nonresident Distributees (or as an attachment thereto) the information required by the Tax Commissioner. A corporate partner or beneficiary is a nonresident when its commercial domicile is located outside West Virginia.

**When and Where to File:** Form WV/NRW-2 and remittance must accompany the Organization's West Virginia income tax return when it is filed. Partnerships and trusts mail returns to West Virginia State Tax Department, P.O. Box 1071, Charleston, W.Va. 25324-1071; S corporations mail returns to West Virginia State Tax Department, P.O. Box 1202, Charleston, W.Va. 25324-1202. This form may be copied or a facsimile made and distributed as follows: (1) one copy to be attached to the Organization's West Virginia tax return, (2) one copy for the Organization's records, and (3) two copies must be furnished to each nonresident distributee from whom West Virginia income tax is withheld.

**Amount of Withholding:** The withholding tax rate is 4% of the amount subject to withholding.

**Nonresident Distributees:** The Nonresident individual named on this Form WV/NRW-2 is required to file a West Virginia Nonresident Personal Income Tax Return (Form IT-140NR) with this Department by mailing it to P.O. Box 1071, Charleston, W.Va. 25324-1071. The amount entered on Line 2, Form WV/NRW-2, is allowed as a credit against the individual's West Virginia personal income tax liability for the taxable year and should be claimed as West Virginia income tax withheld. Attach a copy of Form WV/NRW-2 to the Form IT-140NR in the space provided for attaching the Federal withholding form, Federal Form W-2.

If the Nonresident is an entity taxable as a corporation, it is required to file a Combined West Virginia Corporation Net Income/Business Franchise Tax Return (WV/CNF-120) with the Department by mailing it to P.O. Box 1202, Charleston, W.Va. 25324-1202. The amount entered on Line 2, Form WV/NRW-2, is allowed as a credit against the corporation's West Virginia corporation net income tax liability and should be claimed as estimated tax paid under the "other" category. Attach a copy of WV/NRW-2 to the Form WV/CNF-120.

**Taxable Years:** If the Nonresident Distributee's taxable year is the same as the taxable year of the Organization, the Distributee is required to report the income and claim withholding on the Distributee's annual West Virginia income tax return for that taxable year. If the taxable years are different, the Distributee reports the income and claims withholding tax credit on the Distributee's annual West Virginia income tax return filed for the taxable year during which the Organization's taxable year ended. A copy of this Form must be attached to the Distributee's annual return.

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## INSTRUCTIONS

**Who Must File:** Every partnership, S corporation, estate or trust ("Organization") deriving income or gain from West Virginia sources must complete Form WV/NRW-2 for each NONRESIDENT partner, shareholder, or beneficiary, ("Nonresident Distributee") who received distributions (actual or deemed) of West Virginia source income or gain from such Organization unless the Organization shows on its Schedule K-1's for Nonresident Distributees (or as an attachment thereto) the information required by the Tax Commissioner. A corporate partner or beneficiary is a nonresident when its commercial domicile is located outside West Virginia.

**When and Where to File:** Form WV/NRW-2 and remittance must accompany the Organization's West Virginia income tax return when it is filed. Partnerships and trusts mail returns to West Virginia State Tax Department, P.O. Box 1071, Charleston, W.Va. 25324-1071; S corporations mail returns to West Virginia State Tax Department, P.O. Box 1202, Charleston, W.Va. 25324-1202. This form may be copied or a facsimile made and distributed as follows: (1) one copy to be attached to the Organization's West Virginia tax return, (2) one copy for the Organization's records, and (3) two copies must be furnished to each nonresident distributee from whom West Virginia income tax is withheld.

**Amount of Withholding:** The withholding tax rate is 4% of the amount subject to withholding.

**Nonresident Distributees:** The Nonresident individual named on this Form WV/NRW-2 is required to file a West Virginia Nonresident Personal Income Tax Return (Form IT-140NR) with this Department by mailing it to P.O. Box 1071, Charleston, W.Va. 25324-1071. The amount entered on Line 2, Form WV/NRW-2, is allowed as a credit against the individual's West Virginia personal income tax liability for the taxable year and should be claimed as West Virginia income tax withheld. Attach a copy of Form WV/NRW-2 to the Form IT-140NR in the space provided for attaching the Federal withholding form, Federal Form W-2.

If the Nonresident is an entity taxable as a corporation, it is required to file a Combined West Virginia Corporation Net Income/Business Franchise Tax Return (WV/CNF-120) with the Department by mailing it to P.O. Box 1202, Charleston, W.Va. 25324-1202. The amount entered on Line 2, Form WV/NRW-2, is allowed as a credit against the corporation's West Virginia corporation net income tax liability and should be claimed as estimated tax paid under the "other" category. Attach a copy of WV/NRW-2 to the Form WV/CNF-120.

**Taxable Years:** If the Nonresident Distributee's taxable year is the same as the taxable year of the Organization, the Distributee is required to report the income and claim withholding on the Distributee's annual West Virginia income tax return for that taxable year. If the taxable years are different, the Distributee reports the income and claims withholding tax credit on the Distributee's annual West Virginia income tax return filed for the taxable year during which the Organization's taxable year ended. A copy of this Form must be attached to the Distributee's annual return.

## INSTRUCTIONS

**Who Must File:** Every partnership, S corporation, estate or trust ("Organization") deriving income or gain from West Virginia sources must complete Form WV/NRW-2 for each NONRESIDENT partner, shareholder, or beneficiary, ("Nonresident Distributee") who received distributions (actual or deemed) of West Virginia source income or gain from such Organization unless the Organization shows on its Schedule K-1's for Nonresident Distributees (or as an attachment thereto) the information required by the Tax Commissioner. A corporate partner or beneficiary is a nonresident when its commercial domicile is located outside West Virginia.

**When and Where to File:** Form WV/NRW-2 and remittance must accompany the Organization's West Virginia income tax return when it is filed. Partnerships and trusts mail returns to West Virginia State Tax Department, P.O. Box 1071, Charleston, W.Va. 25324-1071; S corporations mail returns to West Virginia State Tax Department, P.O. Box 1202, Charleston, W.Va. 25324-1202. This form may be copied or a facsimile made and distributed as follows: (1) one copy to be attached to the Organization's West Virginia tax return, (2) one copy for the Organization's records, and (3) two copies must be furnished to each nonresident distributee from whom West Virginia income tax is withheld.

**Amount of Withholding:** The withholding tax rate is 4% of the amount subject to withholding.

**Nonresident Distributees:** The Nonresident individual named on this Form WV/NRW-2 is required to file a West Virginia Nonresident Personal Income Tax Return (Form IT-140NR) with this Department by mailing it to P.O. Box 1071, Charleston, W.Va. 25324-1071. The amount entered on Line 2, Form WV/NRW-2, is allowed as a credit against the individual's West Virginia personal income tax liability for the taxable year and should be claimed as West Virginia income tax withheld. Attach a copy of Form WV/NRW-2 to the Form IT-140NR in the space provided for attaching the Federal withholding form, Federal Form W-2.

If the Nonresident is an entity taxable as a corporation, it is required to file a Combined West Virginia Corporation Net Income/Business Franchise Tax Return (WV/CNF-120) with the Department by mailing it to P.O. Box 1202, Charleston, W.Va. 25324-1202. The amount entered on Line 2, Form WV/NRW-2, is allowed as a credit against the corporation's West Virginia corporation net income tax liability and should be claimed as estimated tax paid under the "other" category. Attach a copy of WV/NRW-2 to the Form WV/CNF-120.

**Taxable Years:** If the Nonresident Distributee's taxable year is the same as the taxable year of the Organization, the Distributee is required to report the income and claim withholding on the Distributee's annual West Virginia income tax return for that taxable year. If the taxable years are different, the Distributee reports the income and claims withholding tax credit on the Distributee's annual West Virginia income tax return filed for the taxable year during which the Organization's taxable year ended. A copy of this Form must be attached to the Distributee's annual return.

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## INSTRUCTIONS

**Who Must File:** Every partnership, S corporation, estate or trust ("Organization") deriving income or gain from West Virginia sources must complete Form WV/NRW-2 for each NONRESIDENT partner, shareholder, or beneficiary, ("Nonresident Distributee") who received distributions (actual or deemed) of West Virginia source income or gain from such Organization unless the Organization shows on its Schedule K-1's for Nonresident Distributees (or as an attachment thereto) the information required by the Tax Commissioner. A corporate partner or beneficiary is a nonresident when its commercial domicile is located outside West Virginia.

**When and Where to File:** Form WV/NRW-2 and remittance must accompany the Organization's West Virginia income tax return when it is filed. Partnerships and trusts mail returns to West Virginia State Tax Department, P.O. Box 1071, Charleston, W.Va. 25324-1071; S corporations mail returns to West Virginia State Tax Department, P.O. Box 1202, Charleston, W.Va. 25324-1202. This form may be copied or a facsimile made and distributed as follows: (1) one copy to be attached to the Organization's West Virginia tax return, (2) one copy for the Organization's records, and (3) two copies must be furnished to each nonresident distributee from whom West Virginia income tax is withheld.

**Amount of Withholding:** The withholding tax rate is 4% of the amount subject to withholding.

**Nonresident Distributees:** The Nonresident individual named on this Form WV/NRW-2 is required to file a West Virginia Nonresident Personal Income Tax Return (Form IT-140NR) with this Department by mailing it to P.O. Box 1071, Charleston, W.Va. 25324-1071. The amount entered on Line 2, Form WV/NRW-2, is allowed as a credit against the individual's West Virginia personal income tax liability for the taxable year and should be claimed as West Virginia income tax withheld. Attach a copy of Form WV/NRW-2 to the Form IT-140NR in the space provided for attaching the Federal withholding form, Federal Form W-2.

If the Nonresident is an entity taxable as a corporation, it is required to file a Combined West Virginia Corporation Net Income/Business Franchise Tax Return (WV/CNF-120) with the Department by mailing it to P.O. Box 1202, Charleston, W.Va. 25324-1202. The amount entered on Line 2, Form WV/NRW-2, is allowed as a credit against the corporation's West Virginia corporation net income tax liability and should be claimed as estimated tax paid under the "other" category. Attach a copy of WV/NRW-2 to the Form WV/CNF-120.

**Taxable Years:** If the Nonresident Distributee's taxable year is the same as the taxable year of the Organization, the Distributee is required to report the income and claim withholding on the Distributee's annual West Virginia income tax return for that taxable year. If the taxable years are different, the Distributee reports the income and claims withholding tax credit on the Distributee's annual West Virginia income tax return filed for the taxable year during which the Organization's taxable year ended. A copy of this Form must be attached to the Distributee's annual return.

**Part I:**  
**ORGANIZATION NAME AND MAILING ADDRESS**

---

Name (please type or print)

---

Post Office or Street Address

---

City/Town State Zip Code

**NONRESIDENT NAME AND MAILING ADDRESS**

---

Name (please type or print)

---

Post Office or Street Address

---

City/Town State Zip Code

West Virginia Identification Number Federal Identification Number

Social Security Number or Federal Identification Number Spouse's Social Security Number

Type of Organization: (check only one)

Partnership  S Corporation  Estate

Trust  Limited Liability Company

Taxable Year of Organization:

Calendar Year

Fiscal Year Ending \_\_\_\_\_

State of Commercial Domicile:

---

Type of Nonresident:

Individual  Corporation

Nonresident's Taxable Year:

Calendar Year

Fiscal Year Ending \_\_\_\_\_

State of Residence or Commercial Domicile:

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Internal Revenue Service Center Where Organization's Federal Return is Filed:

City \_\_\_\_\_ State \_\_\_\_\_

Internal Revenue Service Center Where Nonresident's Federal Return Is Filed:

City \_\_\_\_\_ State \_\_\_\_\_

**Part II:**

I declare that the above-named Distributee is a nonresident of West Virginia and that the nonresident Distributee hereby agrees to timely file West Virginia Income Tax Returns (Form IT-140NR or WV/CNF-120) and pay any income tax due; that the Distributee will include in that return the portion of the above-named Organization's West Virginia income or gain attributable to the nonresident Distributee's interest in such Organization for the taxable year of the Distributee during which this Form is filed with the Organization and for each succeeding taxable year for which the Distributee receives actual or deemed distributions of West Virginia source income or gain; and that this Agreement remains in effect until it is revoked by either the Distributee or the Tax Commissioner.

**SIGN**

**HERE** \_\_\_\_\_  
(Signature of Nonresident Partner, Shareholder, or Beneficiary, or of Authorized Corporate Officer)

\_\_\_\_\_  
(Print Name Signed Above)

\_\_\_\_\_  
(Mailing Address if Different from Above)

\_\_\_\_\_  
(Date)



**Part III: NOTICE OF REVOCATION OF NONRESIDENT INCOME TAX AGREEMENT**

**WARNING: COMPLETE ONLY IF REVOKING AGREEMENT**

Notice is hereby given that the West Virginia Nonresident Income Tax Agreement (Form WV/NRW-4) previously executed by or on behalf of the above-named Nonresident is revoked for taxable years of the above-named Organization (Pass-through entity) that begins after today's date.

**SIGN**

**HERE** \_\_\_\_\_  
(Signature of Nonresident Partner, Shareholder, or Beneficiary, or of Authorized Corporate Officer)

\_\_\_\_\_  
(Print Name Signed Above)

\_\_\_\_\_  
(Mailing Address if Different from Above)

\_\_\_\_\_  
(Date)



# WEST VIRGINIA NONRESIDENT INCOME TAX AGREEMENT

## INSTRUCTIONS

**Who May File:** Any Nonresident individual or C corporation who has West Virginia source income derived from a partnership, S corporation, estate, trust, or limited liability company (“Organization”) who desires to not have West Virginia income tax withheld by that Organization as provided in W.Va. Code § 11-21-71a, must complete a West Virginia Nonresident Income Tax Agreement (Form WV/NRW-4) and timely file it with the Organization. A corporation is a nonresident if its commercial domicile is located in another State.

**When and Where to File:** This Form must be completed and filed with the Organization on or before the last day of the Organization’s taxable year. If the Distributee receives West Virginia source income from more than one such Organization, a separate Form WV/NRW-4 must be filed with each Organization in order to avoid withholding by that Organization. The Organization may copy this form or use a facsimile to distribute as follows: (1) one copy to be filed with the Organization’s West Virginia income tax return, (2) one copy to be retained by the pass-through entity, and (3) one copy for the nonresident distributee.

**West Virginia Income Tax Withholding for Nonresidents:** Every Organization distributing West Virginia source income to a nonresident distributee is required to withhold West Virginia income tax on the amount thereof distributed to Nonresident Distributee unless the Nonresident Distributee timely files this Form with the Organization and the Organization attaches a copy of it to its West Virginia income tax return filed for the taxable year of its receipt. The withholding tax rate is 4% of distributions of West Virginia source income (whether actual or deemed distributions). The amount of tax withheld and remitted by the Organization is allowed as a credit against the Distributee’s West Virginia income tax liability for that taxable year.

**Nonresident Agreement:** Once this agreement is executed, it must be filed with the Organization to avoid having withholding tax deducted from further distributions (actual or deemed). This agreement first applies to the taxable year of the Organization during which the Organization receives a properly executed agreement from the Nonresident Distributee.

**Duration of Agreement:** Once this Agreement is filed with the Organization, it remains in effect until it is revoked by the Nonresident Distributee, or by the Tax Commissioner.

### Revocation:

1. A Nonresident Distributee may revoke this Agreement by completing this Form and filing it with the Organization through which it receives West Virginia source income. Revocation applies prospectively, meaning that it first applies to taxable years of the Organization which begin after revocation is filed with that Organization.

2. The Tax Commissioner may revoke this Agreement if the Nonresident Distributee fails to file a West Virginia income tax return (IT-140NR or WV/CNF-120) for more than 60 days after the due date of the return (determined by including any authorized extension(s) of time for filing such return, or to timely pay West Virginia income tax for any taxable year covered by this agreement).



**West Virginia Department of Tax and Revenue**  
**REQUEST FOR TAX CREDIT SCHEDULES**



Type of Credit	Computation Schedule	Quantity
Aerospace Industrial Facility Investment Credit	Form WV/AIF-1	_____
Alternative-Fuel Motor Vehicles Credit	Form WV/AFMV-1	_____
Application for Economic Opportunity Tax Credit	Form WV/EOTC-A	_____
Application for Manufacturing Investment Tax Credit	Form WV/MITC-A	_____
Application for Strategic Research and Development Credit	Form WV/SRDTC-A	_____
Business Investment and Jobs Expansion Credit	Form WV/BCS-1	_____
Capital Company Investment Credit	Schedule CCP	_____
Coal Loading Facilities Credit	Schedule C	_____
Economic Opportunity Tax Credit	Schedule EOTC-1	_____
Electric and Gas Utilities Rate Reduction Credit	Schedule L	_____
Environmental Agricultural Equipment Credit	Form WV/AG-1	_____
High-Growth Business Investment Tax Credit	Schedule WV/HGBITC-1	_____
Historic Rehabilitated Buildings Investment Credit	Schedule RBIC	_____
Industrial Expansion/Revitalization Credit	Schedule I	_____
Manufacturing Investment Tax Credit	Schedule MITC-1	_____
Research and Development Projects Credit	Schedule R&D	_____
Residential Housing Development Projects Credit	Schedule O	_____
Strategic Research and Development Credit	Schedule SRDTC-1	_____
Telephone Utilities Rate Reduction Credit	Schedule K	_____
West Virginia Military Incentive Credit	Schedule J	_____
West Virginia Neighborhood Investment Program Credit	Form WV/NIPA-2	_____

**Mail to: West Virginia State Tax Department**  
**Taxpayer Services Division**  
**P. O. Box 3784**  
**Charleston, West Virginia 25337-3784**

**NOTE:** Do not use the enclosed postage labels to mail this request. They are specially coded for proper processing of the tax returns.

**Mail forms to:** (please print or type)

Business name:	Person Requesting Forms:
Attention:	Telephone Number:
Address:	Signature:
City, State, Zip Code:	Date: