

**West Virginia
State Tax Department
2007**

**ANNUAL TELECOMMUNICATIONS TAX
INSTRUCTIONS & FORMS**



IMPORTANT

Read the instructions in this booklet.

Complete all schedules applicable.

Mail to:

**West Virginia State Tax Department
Internal Auditing Division**

P. O. Box 425

Charleston, West Virginia 25322-0425

THIS PACKAGE CONTAINS:

**Form WV/TEL-501 Annual Return
Instructions
Return Envelope**

**WEST VIRGINIA STATE TAX DEPARTMENT
INSTRUCTIONS AND FORMS FOR FILING THE
TELECOMMUNICATIONS TAX RETURN
(WV CODE 11-13B)**

GENERAL INFORMATION

The telecommunications Tax was enacted by the 67th West Virginia Legislature. The tax is imposed on taxpayers engaged in the activity of selling or furnishing *non-competitive* telegraph, telephone or other telecommunications services in West Virginia.

TAX BASE AND RATE: The amount of the tax is determined by applying a tax rate of four percent (4%) to the gross income from all *non-competitive* telecommunications business beginning and ending in West Virginia plus the gross income apportioned to the State from all *non-competitive* telecommunications business that either begins or ends in West Virginia. The rounding of all figures to the nearest dollar is permitted and encouraged.

APPORTIONMENT OF CERTAIN INCOME: Gross revenues derived from one point business in West Virginia are apportioned to this state in the same proportion that the length of the company's communications pathways, weighted by the number of channels such pathways are capable of carrying, in West Virginia bears to the total length of communication pathways, weighted by the number of channels such pathways are capable of carrying, located everywhere in the United States, its territories and possessions.

ACCOUNTING PERIODS AND METHODS OF ACCOUNTING: The taxable year and method of accounting are the same as those used for federal income tax purposes.

DUE DATE AND EXTENSION OF TIME FOR FILING: The annual return is due on or before the expiration of one (1) month after the end of the taxable year. The Tax Commissioner may, upon written request received on or prior to the due date of the annual return, grant a reasonable extension of time for filing the tax return if good cause satisfactory to the Tax Commissioner is provided. An extension of time for filing does not extend the time for payment of tax. The filing of the return is required regardless of the amount of tax due.

PERIODIC INSTALLMENT PAYMENTS: If the estimated tax liability exceeds one thousand dollars (\$1,000.00) per month, the tax is due on or before the last day of the month following the month in which the tax accrued *except the installment payment otherwise due on or before the thirtieth day of June each year shall be remitted on or before the fifteenth day of June each year.* If the estimated tax liability is one thousand dollars (\$1,000.00) per month, or less, the tax is due and payable in quarterly installments on or before the last day of the month following the quarter in which the tax accrued.

COMPLETION, SIGNATURES AND DATES: All applicable sections of the return must be completed and substantiating documents attached when required. The Telecommunications Tax return of a corporation must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other officer authorized to act on behalf of the corporation. If the return is made for the corporation by a fiduciary, the fiduciary must sign the return. The Telecommunications Tax return of a partnership must be signed and dated by one of the partners. An individual's name signed on the return is prima facie evidence that the individual is authorized to sign the return.

For additional information, please contact the West Virginia State Tax Department, Taxpayer Services Division, P. O. Box 3784, Charleston, West Virginia 25337-3784. To call, dial toll-free 1-800-982-8297. Charleston and vicinity residents may call (304) 558-3333.

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

TELECOMMUNICATIONS TAX RETURN

Tax Year Beginning _____, 20_____, Ending _____, 20_____

	THE FIRST LINE OF THIS SECTION IS YOUR ACCOUNT IDENTIFICATION NUMBER. PLEASE REFERENCE ACCOUNT NUMBER ON CORRESPONDENCE. PLEASE CHANGE NAME AND ADDRESS IF NOT CORRECT. IF YOU QUIT BUSINESS, GIVE THE DATE, NAME AND ADDRESS OF NEW OWNER.		
	FORM OF BUSINESS (CHECK ONE)	CHECK IF:	
	S CORPORATION	CONSOLIDATED	
	CORPORATION	SEPARATE	
	PARTNERSHIP	FINAL	
	INDIVIDUAL	AMENDED	
	LLC		

SCHEDULE A - COMPUTATION OF TAX ON GROSS INCOME - INTRASTATE

1. Gross Income - Intrastate from non-competitive services (See instructions on page 3).....	1.	
2. Multiply Line 1 by \$4.00 per \$100 (.0400).....	2.	

SCHEDULE B - COMPUTATION OF GROSS TAX - INTERSTATE

3. Total gross income of taxpayer from non-competitive services (See instructions on page 3).....	3.	
4. Deduct gross income attributable from non-competitive services from all business beginning and ending entirely in West Virginia.....	4.	
5. Gross Income - Interstate (Line 3 less Line 4).....	5.	
6. Total length of communication pathways in West Virginia weighted by the number of channels such pathways are capable of carrying.....	6.	
7. Total length of communication pathways in the U. S., its territories, and possessions weighted by the number of channels such pathways are capable of carrying.....	7.	
8. Gross Income - Interstate earned in West Virginia (Divide Line 6 by Line 7 and multiply the resulting amount by Line 5).....	8.	
9. Multiply Line 8 by \$4.00 per \$100 (.0400).....	9.	

SCHEDULE C. COMPUTATION OF TAX

10. Total Tax (Add Line 2, Schedule A and Line 9, Schedule B).....	10.	
11a. Telephone Utility Credit.....	11a.	
b. West Virginia Capital Company Credit.....	b.	
12. Total Credits (Line 11a and 11b) (Attach appropriate schedule).....	12.	
13. Adjusted Tax (Line 10 less Line 12).....	13.	
14. Total Estimated Payments made for the period covered by this return.....	14.	
15. Balance of Tax Due (Line 13 less Line 14).....	15.	
16. NON-WAIVABLE INTEREST.....	16.	
17. ADDITIONS TO TAX.....	17.	
18. PENALTY FOR UNDERPAYMENT OF ESTIMATED TAX.....	18.	
19. TOTAL TAX AND LATE FILING CHARGES DUE (Add Lines 15 through 18).....	19.	
20. If Line 14 is larger than Line 13, enter amount overpaid..... Please check one: Refund <input type="checkbox"/> Credit <input type="checkbox"/> NOTE: If you fail to designate credit or refund, the overpayment will be credited.	20.	

Make check payable to and mail to:
West Virginia State Tax Department
PO Box 425
Charleston, WV 25322-0425
For assistance call (304) 558-3333
or toll free 1-800-WVA-TAXS (982-8297)



INSTRUCTIONS FOR QUESTIONS ONE THROUGH SEVEN

Please answer all questions:

1. If you purchased this business during the last twelve (12) months, give the name and last known address of the previous owner. A successor in business could become liable for outstanding taxes owed by a previous owner. If you did not purchase this business during the last twelve (12) months, write "non applicable". _____

2. If you quit business during the last twelve (12) months, write "yes" in the space provided and give the exact date you quit. If you did not, write "no" in the space. If you sold your business during the last twelve (12) months, write "yes" in the space provided, give the date of the sale, and provide the full name and address of the new owner. If you did not sell this business, write "no" in the space.
 - a. Quit Business? _____ Sell or otherwise dispose of your business? _____ Exact date _____
 - b. If business was sold, give exact name and address of new owner _____

3. Give the mailing address where you keep your records. If it is the same as the address where we sent this return, write "same" in the space. _____
4. Principal place of business in West Virginia. Write the name of the city or town in West Virginia where you conduct the majority of your business. _____
5. Nature of business conducted. Describe in detail the type of business you are engaged in. _____

6. Print or type the full name and telephone number of the person preparing this return. It is much easier to discuss and correct irregularities found on returns over the telephone than by correspondence. _____

7. If you operate any other businesses in West Virginia, give the name and account number for each. If you operate no other businesses, write "none". _____

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

(Signature of Taxpayer)

(Name of Taxpayer - Type or Print)

(Title)

(Date)

(Person to Contact concerning this Return)

(Telephone Number)

(Signature of preparer other than taxpayer)

(Address)

(Date)

TELECOMMUNICATIONS TAX RETURN INSTRUCTIONS

PLEASE NOTE: *These instructions are to assist you in the preparation of the tax return and are not a substitute for the tax law regulations.*

The law provides that a tax be imposed on telecommunications businesses. The term telecommunications includes all telephone, radio, light, light wave, radio telephone, telegraph and other communication, or means of communication whether using voice communication, computer data transmission, or other encoded symbolic information transfers. The term shall not include commercial broadcast radio or television, cable television, or amateur or citizen's band radio.

GROSS INCOME FROM TELECOMMUNICATION SERVICES SUBJECT TO COMPETITION ARE NOT SUBJECT TO THE TELECOMMUNICATIONS TAX.

SCHEDULE A: COMPUTATION OF TAX ON GROSS INCOME-INTRASTATE

Line 1. Enter on this line gross income from **non-competitive** telecommunications business beginning and ending entirely within West Virginia. This amount should include gross income from the provision of local exchange or long distance voice or data communications services beginning and ending entirely within West Virginia. It should not include gross income from the provision of network access, billing, or similar services provided to end users, other telephone companies or communications carriers.

Line 2. Multiply the amount shown on Line 1 by \$4.00 per \$100 (four percent) to compute the amount of tax on gross income-intrastate.

SCHEDULE B: COMPUTATION OF TAX ON GROSS INCOME-INTERSTATE

Line 3. Enter on this line gross income received from the provision of local exchange or long distance voice or data communications services. Do not include gross income from the provision of network access, billing or similar services provided to end users, other telephone companies, or communications carriers.

Line 4. Enter the gross income from all business beginning and ending entirely in West Virginia. This is the amount shown on Line 1 of Schedule A above.

Line 5. Deduct the gross income from all business beginning and ending entirely in West Virginia shown on line 4 from the total gross income shown on Line 3 to arrive at the amount of gross income-interstate. Enter this amount on Line 5. If this amount is zero, proceed to Schedule C.

Line 6. Enter on this line the length of communication pathways in West Virginia, weighted by the number of channels such pathways are capable of carrying. The term "communications pathway" means any conduit, wire, cable, microwave signal path, radio signal path or other pathway over which telecommunications can be carried. The length of the communications pathway of satellite repeater facili-

ties or other satellite communications facilities is deemed to be the shortest distance over the surface of the earth between the point on the earth from which signals are sent to the satellite and the point on the earth where such signals are received from the satellite. The term "communications channel" or "channel" means the smallest discrete circuit or other means whereby a message, conversation, data set or signal may be communicated, which cannot be subdivided without destroying or diminishing its capacity to carry such communications.

Line 7. Enter on this line the total length of communication pathways in the United States, its territories and possessions, weighted by the number of channels such pathways are capable of carrying.

Line 8. In order to determine the portion of total gross income-interstate attributable to activity in West Virginia, divide the amount shown on Line 6 by the amount shown on Line 7. Multiply the amount shown on Line 5 by the result.

Line 9. Multiply the amount shown on Line 8 by \$4.00 per \$100 (four percent) to compute the amount of tax on gross income-interstate attributable to activity in West Virginia.

SCHEDULE C: COMPUTATION OF TOTAL TAX

Line 10. Enter total of Schedule A, Line 2 and Schedule B, Line 9.

CREDITS AVAILABLE:

NOTE: Appropriate credit forms and documentation must be attached for processing of return. Forms may be obtained from:

State Tax Department
Taxpayer Services Division
P. O. Box 3784
Charleston, WV 25337-3784
(304) 558-3333 or toll-free
1-800-WVA-TAXS (1-800-982-8297)

Line 11a. TELEPHONE UTILITY CREDIT (11-13B-10a)

A credit for the cost of providing telephone service at reduced rates to qualified low-income residential customers may be claimed by certain eligible taxpayers against corporation net income tax and telecommunications tax. Eligible taxpayers are telephone utilities which have provided telephone service to qualified low-income residential customers at special reduced rates. The cost of providing telephone service at special reduced rates must be certified by the Public Service Commission. The credit is limited to the utilities' cost of providing the service at special reduced rates as certified by the Public Service Commission. A copy of the certification must be attached to the return; otherwise the credit will be disallowed.

Line 11b. WEST VIRGINIA CAPITAL COMPANY CREDIT

The purpose of the West Virginia Capital Company Credit

is to stimulate the formation of venture and risk capital companies. The Board of Directors of the West Virginia Economic Development Authority can certify that a West Virginia capital company is qualified to receive investments for which the investor may claim tax credits. A "certified West Virginia capital company" is a West Virginia development corporation created pursuant to W. Va. Code 31-14 or a profit or nonprofit entity organized and existing under the laws of this State created for the purpose of making venture or risk capital available to qualified investments that have been certified by the Board of Directors of the West Virginia Economic Development Authority.

Any investor, whether it be an individual, partnership, or corporation, who makes a capital investment in a qualified West Virginia capital company, is entitled to a tax credit equal to 50 percent of the investment. This credit may be taken against the investor's liability for Business and Occupation Tax, Business Franchise Tax, Severance Tax, Telecommunications Tax, Personal Income Tax or Corporation Net Income Tax. If the investment is made by a partnership or corporation electing to be treated as a small business corporation for federal income tax purposes, this credit may be divided pursuant to the election of the partners or shareholders therein. The tax credit allowable is to be credited against the taxpayer's tax liability for the taxable year in which the investment was made in a qualified capital company. If the amount of tax credit exceeds the taxpayer's liability for the taxable year, the amount of the credit which exceeds the tax liability may be carried forward. This tax credit is available only to taxpayers who invest in a qualified West Virginia capital company on or after July 1, 1986.

Line 12. Enter total amount of credits shown on Lines 11a and 11b.

Line 13. Deduct the amount shown on Line 12 from the amount shown on Line 10.

Line 14. Enter the amount of estimated payments made for period covered by this return.

Line 15. Deduct the amount shown on Line 14 from the amount shown on Line 13. This is the balance of tax due.

Line 16. On any amount of tax that is not paid by the due date of the tax return (determined without regard for an extension of time for filing or before expiration of an authorized extension of time for paying 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. For example, the rate established in October for a calendar year will be in effect from the first day January through the thirtieth day of June of the succeeding year. For the interest rate in effect for the current period contact the West Virginia State Tax Department, Taxpayer Services Division at (304) 344-2068 or toll free 1-800-422-2075. Request Message number 510. Determine the amount of interest due for late payment of tax and enter on this line.

Line 17. Additions to tax are imposed for failure to file the return, on or before the due date (determined with regard to an extension of time to file), and for failure to pay all tax due, on or before the due date of the tax return. The rate for late filing is five percent (.05) per month or any part of a month, the rate for late payment of tax is one half of one percent (.005) per month or any part of a month. **An extension of time for filing does not extend the time for payment of tax.** Where both the five percent (.05) penalty for late filing and the one half of one percent (.005) penalty for late payment of tax are imposed the maximum monthly penalty is five percent (5%); the maximum amount of additions to tax imposed under either penalty is twenty-five percent (25%); the maximum amount under both penalties is fifty percent (50%) of the tax due. Determine the amount of additions to tax due and enter on this line.

Line 18. Any person required to make monthly or quarterly payments of an annual tax and who fails to make a timely payment or remits less than the required amount is subject to additions to tax as calculated above. No additions are imposed if a quarterly taxpayer timely pays estimated tax equal to three-fourths (75%) or more of the actual tax liability. No additions are imposed if a monthly taxpayer timely pays estimated tax equal to eleven-twelfths (92%) of the actual tax liability. The amount of the underpayment is determined to be the difference between the amount that should have been paid and that which was actually paid. The period of underpayment of an installment is from the due date of the installment payment to the earlier of either the due date of the annual return for that taxable year or the date upon which such portion is paid. Underpayment of estimated tax schedule may be obtained from Taxpayer Services at 1-800-982-8297 or (304) 558-3333.

Line 19. Add lines 15, 16, 17 and 18. This is the balance due with this tax return. Make check payable to the West Virginia State Tax Department and attach it to the return.

Line 20. If Line 14 is greater than Line 13, enter the amount of overpayment. Indicate whether the amount of overpayment is to be refunded or credited to next year's tax. If you fail to designate credit or refund, the overpayment will be credited.

TAX CREDIT SCHEDULE ORDER FORM

Credit

Number Needed

- | | |
|---|-------|
| 1. Telephone Utilities Rate Reduction (Schedule K)..... | _____ |
| 2. West Virginia Capital Company Credit
(from July 1, 1986) (Schedule CCP) | _____ |

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 ENVELOPE TO MAIL THIS REQUEST AS IT IS SPECIFICALLY CODED FOR PROPER PROCESSING OF THE WEST VIRGINIA TAX RETURN.

NAME AND ADDRESS WHERE SCHEDULES

ARE TO BE MAILED:

Telephone: _____

Attn: _____

INSTRUCTIONS FOR OBTAINING FORMS AND GENERAL TAX 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 West Virginia State Tax Department. When the system is accessed, you will hear a brief message describing the system along with instructions for use. If you are calling from a touch tone telephone, you will then be asked to enter the three digit code of 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 and ask for the message you wish to hear. The operator will then access the message and connect you to the system. 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. You can hear up to three messages each time you call. The service is 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 4:30 p.m., Monday through Friday. If you are calling from within West Virginia you can call our toll-free number, 1-800-422-2075, or from the Charleston area, 344-2068 to request the service.

The following comprises a listing of topics available:

Topic #	Subject	Topic #	Subject
PERSONAL INCOME TAX		125	Exemptions to consumers sales and use tax
401	Federal tax questions	130	The West Virginia business and occupation tax
402	Who is required to file	135	The West Virginia business franchise tax
403	Which form to use	137	The West Virginia severance tax
404	General instructions—easy steps to filing a correct return	140	The West Virginia income tax on certain carriers
405	Due dates and extensions of time	145	The West Virginia telecommunications tax
406	Instructions for part year residents	150	The West Virginia corporation net income tax
407	Filing requirements and instructions for military personnel	160	West Virginia business tax reform
408	Completing Schedule "M" modifications to federal adjusted gross income	170	Tax credits for industrial and commercial development
409	Estimated tax payments	GENERAL	
410	Federal form 1099 G	500	Form orders
444	Personal income tax refunds	180	How to contact our regional field offices
WEST VIRGINIA BUSINESS TAXES		190	Delinquency notices
100	Registering a business	200	Bulletin board
110	The West Virginia consumers sales and service tax	400	Message listing
120	The West Virginia use tax	501	Personal income tax forms—listing
		502	Business tax forms—listing
		503	Excise and license tax forms—listing
		504	Corporation net income tax forms—listing
		510	Interest and additions to tax