



STATE TAX DEPARTMENT  
CHARLESTON, WV 25305

# 2002

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

**THIS BOOKLET INCLUDES:**

**FORM WV/CNT-112T, TENTATIVE CORPORATE INCOME TAX RETURN**

**FORM WV/BFT-120T, TENTATIVE BUSINESS FRANCHISE TAX RETURN**

**FORM WV/CNT-112, WEST VIRGINIA CORPORATE INCOME TAX RETURN**

**FORM WV/BFT-120, WEST VIRGINIA BUSINESS FRANCHISE TAX RETURN**

**SUMMARY SCHEDULE TC, TAX CREDITS**

**FORM WV/CNT-112U & WV/BFT-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>

## Corporate Income Tax

**Senate Bill 114**, in effect from passage on February 22, 2002, amended West Virginia Code §11-24-3 to up-date the meaning of terms in the Corporation Net Income Tax Act by bringing them into conformity with their meaning under federal income tax law, including amendments to federal income tax law made in calendar year 2001.

**Senate Bill 1009**, in effect from passage on March 17, 2002, amended West Virginia Code §11-24-3 to update the meaning of undefined terms in the Corporation Net Income Tax Act by including amendments to federal income tax law made in calendar year 2002 prior to March 15.

Watch for the new combined Corporate Net/ Business Franchise Tax return for 2003.

**The mailing label no longer has the taxpayer identification number. Please enter your West Virginia account identification number in the proper box of each return you file.**

## Tax Credit Changes

**11-13C-16**, terminates entitlement to "Supercredit" for investment placed in service after December 31, 2002. The Business Investment and Jobs Expansion Tax Credit (Supercredit) will be replaced by the Economic Opportunity Tax Credit 11-13Q.

**11-13D-10**, terminates entitlement after December 31, 2002, to the research and development projects tax credit, the tax credit for certain housing development projects, the tax credit for investment in facilities for producing coal-based liquids used to produce synthetic fuels, the aerospace industrial facilities investment credit, and the industrial expansion and revitalization tax credit. The Strategic Research and Development Credit 11-13R will replace the Research and Development Credit.

**11-13S**, Manufacturing Investment Tax Credit replaces the Industrial Expansion and Revitalization Credit for manufacturing investment on or after January 1, 2003.

**2002**

**WHAT'S  
NEW**

**FILE  
THE  
RIGHT  
FORMS**

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

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.

If you are required to file monthly or quarterly tax returns, you must file the return even though you owe no tax. 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. When the system is accessed you will hear a brief message describing the system along with instructions for its 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 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) or push button (pulse tone) 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**

**PERSONAL INCOME TAX**

- 401 Federal Tax Questions
- 402 Who is required to file
- 403 Which form to use
- 404 General instructions - easy steps to filing a correct return
- 405 Due date and extensions of time
- 406 Instructions for part year residents
- 407 Filing requirements and instructions for military personnel
- 408 Completing Schedule M, Modifications to Federal Adjusted Gross Income
- 409 Estimated tax payments
- 410 Federal Form 1099 G
- 415 Personal Income Tax law changes
- 444 Personal Income Tax refunds

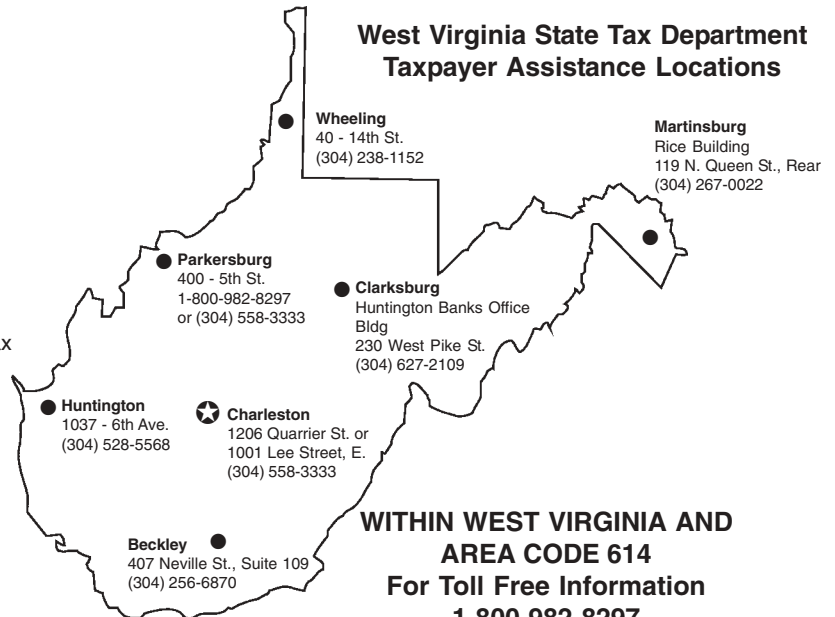
**BUSINESS TAXES**

- 100 Registering a business
- 110 The West Virginia consumers sales and service tax
- 115 Sales and use tax for contractors
- 120 The West Virginia use tax
- 125 Exemptions to consumer sales and use tax
- 130 The West Virginia business & occupation tax
- 135 The West Virginia business franchise tax
- 137 The West Virginia severance tax
- 145 The West Virginia telecommunications tax
- 150 The West Virginia corporation net income tax
- 160 West Virginia business taxes
- 170 Tax Credits for industrial and commercial development

**TOPIC # SUBJECT**

**GENERAL INFORMATION**

- 500 Form orders
- 180 How to contact our regional field offices
- 190 Delinquent notices
- 200 Bulletin board
- 300 Homestead Property Tax Exemption
- 400 Message listing
- 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



**WITHIN WEST VIRGINIA AND  
AREA CODE 614**

**For 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 Recordkeeping 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-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-393	West Virginia Estate Tax And Intestate Succession Law
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 Mobil 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

## TO ORDER PUBLICATIONS

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

**OR CALL:** The Automated Information System and request  
Message #500 at (304) 344-2068 or 1-800-422-  
2075 toll free within West Virginia. TDD Service  
for the hearing impaired 1-800-282-9833.

**OR VISIT OUR INTERNET SITE ON THE WORLD WIDE WEB:** <http://www.state.wv.us/taxdiv>





## GENERAL INFORMATION

Use the returns in this booklet for calendar year 2002 and for fiscal years beginning in 2002 and ending in 2003. 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.

For taxable years beginning on or after July 1, 1997, the tax rate is 70¢ per \$100 of taxable capital with a minimum tax of \$50. For prior taxable years the tax rate is 75¢ 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/BFT-120, West Virginia 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 West Virginia Income Tax Return and Business Franchise Tax Return are 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 Income Tax Return and Business Franchise Tax Return are due on or before the 15th day of the fifth month after the close of the taxable year.

**WHERE TO FILE.** Corporation Net Income Tax Returns should be mailed to the West Virginia State Tax Department, Internal Auditing Division, P. O. Box 1202, Charleston, WV 25324-1202. Business Franchise Tax Returns should be mailed to the West Virginia State Tax Department, Internal Auditing Division, P. O. Box 3694, Charleston, WV 25336-3694.

**SEPARATE PAYMENT.** Separate checks for payment of the Corporation Net Income Tax and Business Franchise Tax are required. Attach your separate payment to the appropriate return. Make your remittance payable to the West Virginia State Tax Department.

**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(s) 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/CNT-112T or WV/BFT-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/BFT-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/CNT-112ES) 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 Return also controls the method for filing your West Virginia Business Franchise Tax 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.

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 Corporation Net Income Tax Return. If you are requesting a refund of an overpayment of tax, copies of the federal documents must be attached to each return requesting a refund.
2. Corporations exempt from the Corporation Net Income Tax but subject to the Business Franchise Tax attach the required federal documents to the Business Franchise Tax Return.
3. S corporations attach the required documentation to both the Business Franchise Tax 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 12/31/02 - 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/CNT-112U and WV/BFT-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/CNT-112X or by filing a Form WV/CNT-112 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/BFT-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 Corporation Net Income Tax Return and/or 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.