

## ADMINISTRATIVE NOTICE 2008-23

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**SUBJECT: ECONOMIC OPPORTUNITY TAX CREDIT --- Small Business  
Economic Opportunity Tax Credit (Small Business Credit) -  
Notice of Inflation Adjustments for Tax Years Beginning in 2009**

A "**small business**" may claim the small business economic opportunity tax credit allowed under W. Va. Code § 11-13Q-10, when its qualified investment in real or tangible personal property purchased or leased for business expansion in this State, as defined in W. Va. Code § 11-13Q-8, results in the small business hiring new employees to fill at least ten (10) "**new jobs**" it created in this State as a direct result of the purchase or lease of the qualified investment property.

The law defined "**small business**," as of June 11, 2002, to mean a business which has annual gross receipts of not more than seven million dollars (including the gross receipts of all affiliates in its controlled group) W. Va. Code § 11-13Q-10(a) (emphasis added).

"**New job**" was defined by incorporating the definition of "**new job**" in subsection 11-13Q-3(b)(15).

Dollar amounts stated in the definition of "**small business**" are subject to annual adjustment for inflation. This adjustment is determined by the State Tax Commissioner using the methodology described in subsection 11-13Q-10(a)(1) through (4). The 2009 inflation adjustment factor is based on the percentage by which the Consumer Price Index (CPI) for calendar year 2008 exceeds the CPI for calendar year 2002. For this purpose, the CPI for any calendar year is the average of the Federal Consumer Price Index for the twelve-month period ending on August 31st of such calendar year (W. Va. Code § 11-13Q-10(a)(2)). The CPI for 2008 is 213.605 and the CPI for 2002 is 178.675. Based on these figures, the inflation adjustment factor, for purposes of W. Va. Code § 11-13Q-10, for tax years beginning in calendar year 2009, is 1.1954946131.

Accordingly, for tax years beginning during calendar year 2009:

"**Small business**" means a business which has annual gross receipts of not more than eight million, three hundred sixty-eight thousand, four hundred fifty dollars (\$8,368,450). The inflation increase is rounded to the lowest multiple of fifty dollars under W. Va. Code § 11-13Q-10(a)(4).

A summary of the applicable inflation-adjusted Small Business Credit criteria, by calendar year, for tax years beginning in such years, follows:

**CRITERIA**

<b>Year</b>	<b>Gross Receipts</b>
2003	\$7,000,000
2004	\$7,159,600
2005	\$7,324,500
2006	\$7,552,050
2007	\$7,846,850
2008	\$8,026,350
2009	\$8,368,450

**Notice of this determination will be filed in the West Virginia Register.**

Issued: September 24, 2008

Christopher G. Morris  
State Tax Commissioner

State Tax Department  
Taxpayer Services Division  
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Monday through Friday  
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