

WV/SEV-401C

Annual Coal Severance Tax Return Instructions

IMPORTANT INFORMATION: THE TAX DEPARTMENT WILL REJECT CLAIMS FOR REFUND OR CREDIT IF ANY PART OF THE REQUIRED INFORMATION IS NOT PROVIDED WITH THE SEV-401C.

REQUIRED INFORMATION

- **Current SEV-401-C Return**
- **Isopach Maps:** Must be submitted on or before the due date of the return. Electronic copies of maps are encouraged, preferably PDF files. These can be attached in MyTaxes to the return when it is filed, or a web notice, or sent as electronic media by mail. Include the Low Seam Underground Coal Severance Tax Schedule with Isopach map submission.
- **Credit Schedules:** Schedules must be attached to the return. Credit claimed without schedules attached to the return in MyTaxes will be disallowed.
- **Current Power of Attorney** (as needed)
- **Sign and Date**

SECTION A: TAX COMPUTATIONS

- Line 1 Total Tax Due:** Enter the total from Line 33 of Section B.
- Line 2 Total Credits:** Enter the total from Line 12 of Section TC.
- Line 3 Net Severance Tax Payable:** Subtract Line 1 from Line 2 and enter total.
- Line 4 Total Payments Made For Periods:** Enter the total of estimated payments made for the year and any carry forward credits from previous years.
- Line 5 Total Tax Due:** Enter the total of Line 3 minus Line 4. If Line 4 is greater than Line 3, enter \$0 and move to Line 6.
- Line 6 Overpayment Amount:** If line 4 is greater than Line 3, subtract Line 5 from Line 4 and enter total.
- Line 7 Amount To Be Credited To Next Year's Tax:** Enter the amount of Line 6 to be credited to next year's tax return.
- Line 8 Amount To Be Refunded:** Enter the amount of Line 6 to be refunded.

SECTION TC: TAX CREDITS

- Line 9 Annual Credit:** Enter \$41.63 for 12th month engaged in business in West Virginia in the first column. Enter \$500 per year or \$41.67 per month engaged in business in West Virginia in the second column. Only one annual exemption may be claimed by each business entity.
- Line 10 Investment Credits:** Enter the amount of the 12th month Investment Credit in the first column.

Enter the amount of the full year Investment Credit in the second column.

Line 11 Credit for Coal Loading Facilities: Enter the amount of the 12th month credit for Coal Loading Facilities in the first column. Enter the amount of the full year Coal Loading Facilities credit in the second column. Include Schedule CL.

Line 12 Total Credit: Add lines 9 through 11 in the Full Year column and report on Line 2 of Section A.

SECTION B: TAX COMPUTATIONS

Coal produced from refuse, gob piles, slurry ponds, pond fines, or other sources of waste coal must be reported on form WV/SEV-401W.

LOCAL TAX (ALL COAL MINED, PROCESSED, OR SOLD)

NOTE: The 0.35% local tax rate is not a new tax rate. Legislative changes have made it necessary to separate the 0.35% local and county tax from the 4.65% general tax.

Line 13 Gross Value: Enter the Gross Value of all coal mined and value added from processed coal.

Line 14 Tax rate

Line 15 Total Local Tax: Multiply Line 13 x Line 14 and enter total.

REGULAR COAL

This section is for coal that is not eligible for the Thin Seam reduced rate.

SOLD TO ELECTRIC POWER PRODUCERS: Pursuant to WV Code §11-13A-3, the reduced rate effective July 1, 2019 for coal sold to electric power producers.

SOLD TO OTHERS: Enter amounts for all coal produced that is not eligible for a reduced rate. Note: All coal produced before July 1, 2019 that is not eligible for the Thin Seam reduced rate is subject to the higher rate of 4.65%.

Line 16 Tons Mined: Enter the total short tons mined and sold to electric power producers in the first column. The total short tons mined and sold to others in the second column. For the first column, this will only include coal produced from July 1, 2019 through Dec 31, 2019 and sold to electric power producers.

Line 17 Tons Processed: Enter the total short tons processed and sold to electric power producers in the first column. The total short tons processed and sold to all others in the second column.

For the first column, this will only include coal produced from July 1, 2019 through Dec 31, 2019 and sold to electric power producers.

Line 18 Total Tons: Add Line 16 to Line 17 of each column and enter total.

Line 19 Gross Value: Enter the total gross value for all coal mined and all value added from processed coal. Coal sold to electric power producers should be entered in the first column. Coal sold to other purchasers should be entered in the second column. For the first column, this will only include coal produced from July 1, 2019 through Dec 31, 2019 and sold to electric power producers.

Line 20 Tax rates

Line 21 Net State Severance Tax: Multiply Line 19 by Line 20 and enter total.

Line 22 Minimum Tax: Multiply Line 18 by 0.75 and enter total.

Line 23 Enter the greater of Line 21 or Line 22 for each column.

Line 24 Total Regular Severance: Add both columns on line 23 and enter total.

THIN SEAM 37" TO 45"

NOTE: ONLY QUALIFIED THIN SEAM COAL IS TO BE REPORTED ON LINES 25 THROUGH 32.

Line 25 Tons Mined: Enter total short tons of coal qualified as thin seam 37" to 45".

Line 26 Gross Value: Enter total gross value of coal qualified as thin seam 37" to 45".

Line 27 Tax rate.

Line 28 Total Tax: Multiply Line 26 by Line 27 and enter total.

THIN SEAM UNDER 37"

NOTE: ONLY QUALIFIED THIN SEAM COAL IS TO BE REPORTED ON LINES 25 THROUGH 32.

Line 29 Tons Mined: Enter total short tons of coal qualified as thin seam less than 37".

Line 30 Gross Value: Enter total gross value of coal qualified as thin seam less than 37".

Line 31 Tax Rate.

Line 32 Total Tax: Multiply Line 30 by Line 31 and enter total.

TOTAL TAX DUE

Line 33 TOTAL TAX DUE: Add Lines 15, 24, 28, and 32 and enter total. Enter this figure on Section A, Line 1.

NOTE: To receive the reduced severance tax rate for thin seam coal (underground mines only), an Isopach Map for each mining permit must be submitted on or before the due date of the return. The Isopach Map must be signed and certified by a professional engineer. Failure to provide a copy of the Isopach Map will result in the recalculation of

your tax at the (4.65%) rate. Information can be found in Interpretive Rule 110-13AB.

SECTION C: SEVERANCE TAX COMPUTATION 12TH MONTH PERIOD

Line 34 Gross Value of Severed Coal: Enter gross value of coal severed from seams greater than 45" and not sold to electric power producers during the 12th month period in Column 1. Multiply Column 1 by Column 2 and enter total in Column 3.

Line 35 Value Added from Processed Coal: Enter the difference between the price the unprocessed coal was purchased for and the price the processed coal was sold for during the 12th month period in Column 1. Multiply Column 1 by Column 2 and enter total in Column 3.

Line 36 Coal Sold to Electric Power Producers: Enter gross value of coal severed from seams greater than 45" and sold to electric power producers during the 12th month period in Column 1. Multiply Column 1 by Column 2 and enter total in Column 3.

Line 37 Qualified Thin Seam 37" to 45": Enter gross value of coal severed from seams between 37" and 45" during the 12th month period in Column 1. Multiply Column 1 by Column 2 and enter total in Column 3.

Line 38 Qualified Thin Seam Less Than 37": Enter gross value of coal severed from seams less than 37" during the 12th month period in Column 1. Multiply Column 1 by Column 2 and enter total in Column 3.

Line 39 Gross Value to be Taxed: Sum all lines in Column 1 and enter total.

Line 40 Total Tax Due: Sum all lines in Column 3 and enter total.

SECTION E: REPORT OF COAL PRODUCTION FOR TAXABLE YEAR

This section must be completed by all producers. Processors of purchased coal are not subject to Section E production. All tonnage must be reported along with the county in which the coal was extracted. Use a separate line for each mining permit/county of production. If you produce coal from waste sources, the tonnage is to be reported on WV/SEV-401W Waste Coal return.

Column 1 Mining Permit: Enter the mining permit for the mine from which the coal was severed.

Column 2 Name of County: Enter the name of the county in which the coal was located when it was severed from the ground. Include all counties where coal was severed from the ground for the period being reported, including qualified thin seam coal. If additional space is needed, please attach a separate sheet with your return.

Column 3 County FIPS Code: Enter the county FIPS code from the key code below Section E.

Please ensure the county code printed on your return is where the coal was severed from the ground. All counties must be reported.

Column 4 Tons Produced in 12th Month: Enter the total tons produced for the 12th month period. Round all tons to the nearest whole ton. Do not include decimal points or fractions.

Column 5 Total Tons Produced Annually: Enter the total tons produced for the Full Year. Round all tons to the nearest whole ton. Do not include decimal points or fractions.

ADDITIONAL INFORMATION

\$500 ANNUAL EXEMPTION

This exemption is allowed only for the period you were in business. The exemption may exceed the adjusted tax but will not result in a refund. A refund is the result of excessive actual tax paid. Only one exemption, not to exceed \$500.00 per year, may be claimed by each business entity although you may operate more than one location or file more than one type of Severance Tax return.

Example: The exemption per month is \$41.67 and per day is \$1.37. If you were in business July 27 through December 31, 2007, your exemption is \$215.00 ($\41.67×5 months = \$208.35 and $\$1.37 \times 5$ days = \$6.85, rounded to the nearest dollar).

NON-WAIVABLE INTEREST

For tax that is not paid by the due date of the tax return, interest will accrue at an adjusted rate established by the Tax Commissioner. An extension to file a return is not an extension to pay. 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. If there are any questions, please refer to TSD-365 on our website at tax.wv.gov.

ADDITIONS TO TAX

Additions to tax are imposed for failure to file the return on or before the due date and for failure to pay all tax due on or before the due date of the tax return (without regard

to an extension of time to file). The rate for late filing is five percent (5%) per month or any part of a month. The rate for late payment of tax is one half of one percent (0.5%) 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 penalty for late filing and one half of one percent penalty for late payment of tax are imposed, the maximum monthly percent 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. If there are any questions, please refer to TSD-365 on our website at tax.wv.gov.

Penalty for Underpayment of Estimated Tax:

Any person required to make monthly or quarterly payments of an annual tax and fails to make a timely payment or remits less than the required amount is subject to additions to tax. 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) or more 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 the taxable year or the date upon which such portion is paid.

CREDIT FOR COAL LOADING FACILITIES (11-13E)

This credit is available to taxpayers subject to severance tax. The credit is based on purchases of 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 which was in the state on April 1, 1983. 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. The coal loading facility credit attributable to investment made on or after March 1, 1985 is limited to fifty percent (50%) of the gross tax payable for Severance Tax.

Forms and schedules may be obtained from our website at tax.wv.gov.