



STATE OF WEST VIRGINIA

Department of Revenue  
State Tax Department

Joe Manchin III  
Governor

COPY

Craig A. Griffith  
State Tax Commissioner

ADMINISTRATIVE NOTICE 2010-29

SUBJECT: ECONOMIC OPPORTUNITY TAX CREDIT --- Small Business  
Economic Opportunity Tax Credit (Small Business Credit)  
Notice of Inflation Adjustments for Tax Years Beginning in 2011

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Office of the  
SECRETARY OF REVENUE

FILED

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 2011 inflation adjustment factor is based on the percentage by which the Consumer Price Index (CPI) for calendar year 2010 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 2010 is 217.163 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 2011, is 1.215407863.

Accordingly, for tax years beginning during calendar year 2011:

"Small business" means a business which has annual gross receipts of not more than eight million, five hundred and seven thousand, eight hundred and fifty dollars (\$8,507,850). 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
2010	\$8,384,000
2011	\$8,507,850

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

Issued: November 8, 2010

  
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Craig A. Griffith  
State Tax Commissioner

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

Operator on duty 8:30 am – 5:00 p.m.  
Monday through Friday  
Phone: (304) 558-3333 or 1-800-982-8297  
Fax: (304) 558-3269  
TDD Service/Hearing Impaired 1-800-282-9822