



**REDUCED SEVERANCE TAX RATE FOR THIN SEAM
COAL PRODUCED FROM NEW MINES**

Information contained herein is of a general nature and should be used only as a reference and not a substitute for tax laws or tax regulations.

Coal severance activities are subject to both a State tax, equal to the greater of 4.65 percent of gross receipts (less credits) or 75 cents per ton minimum tax on coal, and a local tax equal to 0.35 percent of gross receipts.

For tax years beginning after April 11, 1997, coal severance activities associated with new underground mines or underground mines not in production between October 14, 1996 and April 11, 1997 are subject to a reduced severance tax rate if the seam thickness of such mines is forty-five inches or less. The determination of actual seam thickness would be based upon a report by a professional engineer who uses an isopach mapping technique.

For qualified mines with a seam thickness of less than thirty-seven inches, the State tax equals of 1 percent (1%) of gross receipts. The local tax remains at 0.35 percent of gross receipts.

For qualified mines with a seam thickness between thirty-seven inches and forty-five inches, the State tax equals the greater of 2 percent (2%) of gross receipts. The local tax remains at 0.35 percent of gross receipts.

If a coal processor purchases coal from a qualified thin seam mine then additional processing activities associated with such coal would be subject to the same reduced tax rate as applicable to the initial severance activity. However, processors must maintain a log with records of qualified tons and receipts subject to alternative tax rates.

Thin seam coal produced from qualified mines is not subject to the 75 cents minimum tax.

If you have further questions regarding reduced severance tax for thin seam coal, please contact the Sales Tax Unit, Internal Auditing Division. A written inquiry should be submitted to:

***West Virginia State Tax Department
Internal Auditing Division - Sales Tax Unit
Post Office Box 425
Charleston, West Virginia 25322-0425***

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

**Telephone: (304) 558-3333 or
Toll-free at 1-800-WVA-TAXS (1-800-982-8297)**

Service for the hearing impaired: 1-800-2TAXTDD (1-800-282-9833)

**To order forms or publications call the automated information system at:
(304) 344-2068 or 1-800-422-2075 within West Virginia**

To order by mail, please use the address listed above.

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