WEST VIRGINIA TIMBER SEVERANCE TAX - ESTIMATE

GENERAL INFORMATION

This form is to be used to report the gross income for the production of timber only.

If you feel you are not responsible for this tax, please notify this office, in writing, with a complete description of your timber activities. If you are a contract logger, please supply the company you contract for. Non-resident producers must post a bond and supply a copy of the notice of intent to sever timber.

This form is for quarterly or monthly reporting only, it cannot be used for a final or annual return. The exemption of $41.67 per month cannot be claimed on this return; however, the full $500 exemption may be claimed on the annual return if you are registered to do business for the entire reporting year.

TAX COMPUTATIONS

1. Taxable Amount
2. Tax Rate
3. Tax Due Before Credits (Multiply Line 1 by Line 2)
4. Investment Credits
5. Total Tax Due (Line 3 minus Line 4)

Sign Your Return

Under penalties of perjury, I declare that I have examined this return (including accompanying schedules and statements) and to the best of my knowledge and belief it is true and complete.

(Signature of Taxpayer) (Name of Taxpayer - Type or Print) (Title) (Date)

(Person to Contact Concerning this Return) (Telephone Number) (E-mail Address)

(Signature of preparer other than taxpayer) (Address) (Date)
Effective July 1, 2016, Severance tax on timber is imposed on the gross value of the timber at the point the tree is cut and delimbed.

**Line 1. Taxable Amount** - Enter the gross value of timber sold.

The gross value of the timber is the gross proceeds of sale if it is sold at the point it is cut and delimbed.

In many instances, there is not a sale of the timber at the point of cutting and delimming. In these instances the gross value can be determined in one of three ways.

1. Use of a value that corresponds as closely as possible to the gross proceeds from the sale of similar products of like quality or character.

2. In the absence of such sales the gross value may be determined using a cost basis. The value of the timber would be the sum of all costs attributable to the production of timber, including direct and indirect overhead costs and a reasonable mark-up on the timber. Detailed records must be kept to support the value used for severance tax purposes.

3. Use of the percentage method. To apply the percentage method of determining the gross value subject to tax, the timber producer must find the activity that is similar to his situation, and apply the appropriate percentages to his gross proceeds of sales. A person who cuts timber and sells it where it is cut and delimbed. Amount received from sale multiplied by 1.00.

A person who cuts timber and takes to collection point in woods. Amount received from sale multiplied by 0.75.

A person who cuts timber and delivers to sawmill for sale. Amount received from sale multiplied by 0.50.

A person who cuts timber and processes into other products. Amount received from sale multiplied by 0.25.

**Line 2. Tax Rate**

**Line 3. Tax Due before Credits** - Multiply the taxable amount on line 1 by the tax rate on line 2. Enter result here.

**Line 4. Investment Credits** - Enter the amount of Investment Credits available.

**Line 5. Total Tax Due** - Subtract the amount on line 4 from Line 3. If line 4 is greater than line 3 enter zero. This is the amount you owe.