This publication provides general information and is not meant to be a substitute for tax laws or regulations.

Use CIT-120 U to determine if any penalty for underpayment of estimated West Virginia Corporation Net Income Tax is due.

Who Must Pay the Underpayment Penalty?

A corporation is required to file a declaration of estimated corporation net income tax and make estimated tax payments on Form WV/CIT-120ES if its West Virginia taxable income can reasonably be expected to exceed $10,000.00, which equals a tax liability after tax credits of more than $650.00 (Code §11-24-16). Estimated tax is a corporation's expected income tax liability minus its tax credits. A taxpayer is required to remit, in equal installments on the 15th day of the 4th, 6th, 9th, and 12th months of their taxable year, at least ninety percent (.90) of the tax due for the filing period.

If a corporation did not pay enough estimated tax by the due dates, it will be assessed the penalty. The penalty is figured separately for each installment due date. The corporation may owe the penalty for an earlier installment due date, even if it paid enough tax later to make up the underpayment. The underpayment of the estimated tax penalty rate will be 9.25% in 2022.

PART 1: ALL FILERS MUST COMPLETE THIS PART

Line 1 – Enter your Corporation Net Income Tax after credits (Form CIT-120, line 9). If this amount is less than $650.00, skip lines 2 and 3 and enter 0 on line 4.

Line 2 – Multiply the amount on line 1 by ninety percent (.90) and enter the result here. This is the amount the corporation should have paid in estimated tax for this taxable year.

Line 3 – Enter the Corporation Net Income Tax after credits from your prior year return. If the corporation did not file a return leave this line blank.

Line 4 – Enter the smaller of line 2 or line 3. If line 3 is blank enter the amount from line 2. This is the amount the corporation should have paid in estimated tax for this taxable year.

DETERMINE THE PENALTY BY COMPLETING PART II, III, AND IV

Part II: Annualized Installment Worksheet

If the taxable income varied during the year, the corporation may be able to lower or eliminate the amount of one or more required installments by using the annualized installment worksheet. To use the annualized installment method to figure the penalty, complete Part I, Part II, Part III, and Part IV of Form CIT-120U. Follow the line by line instructions entered on Form CIT-120U.

PART III: CALCULATE THE UNDERPAYMENT

Line 23 –   In column A, enter the estimated tax payments deposited by the 15th day of the 4th month of your tax year.

In column B, enter payments made after the 15th day of the 4th month through the 15th day of the 6th month of your tax year.

In column C, enter payments made after the 15th day of the 6th month through the 15th day of the 9th month of your tax year.

In column D, enter payments made after the 15th day of the 9th month through the 15th day of the 12th month of the tax year.

Line 29 –   If any of the columns in line 29 shows an underpayment, complete Part IV to figure the penalty for that period.

PART IV: CALCULATE THE PENALTY

Complete lines 31 through 42 to determine the amount of the penalty. The penalty is figured for the period of underpayment determined under West Virginia Code §11-10-18a using the rate of interest determined under West Virginia Code §11- 10-17 or 17a, whichever is appropriate for the taxable year. For underpayments involving periods after January 1, 2023, see the instructions for lines 39 and 40.

Line 31 –   Enter the date on which the installment payment was made or the original due date of the annual return, whichever is earlier. The due date of the return is the 15th day of the 4th month following the close of the taxable year for corporations. The due date of the annual return of an exempt organization with unrelated business taxable income is the 15th day of the 5th month following the close of the taxable year. The payment of estimated tax is applied against underpayments of required installments in the order that installments are required to be paid, regardless of which installment the payment pertains to.

For example, a corporation has an underpayment for the April 15th installment of $1,000. The June 15th installment requires a payment of $2,500. On June 10th, the corporation deposited $2,500 to cover the June 15th installment. $1,000 of this payment is considered to be for the April 15th installment. The penalty for April 15th installment is figured to June 10th (56 days). The payment to be applied to the June 15th installment will then be $1,500.

If the corporation made more than one payment for a required installment, attach a separate computation for each payment.

Lines 39 & 40 - For underpayments involving periods after January 1, 2023, use the interest rate established by the State Tax Commissioner. You can contact the West Virginia Tax Division, Taxpayer Services Division, at 1-800-982-8297 to get rate information. Administrative Notices adjusting interest rates may also be found online at tax.wv.gov.

Line 42 –   If you have completed this form to determine the penalty for underpaying the corporation's estimated Corporation Net Income Tax, enter the amount on line 10 of page 2 of the CIT-120, form.

CIT-120U   UNDERPAYMENT OF ESTIMATED TAX BY INDIVIDUALS

CORPORATION NAME	FEIN

PART I: All filers must complete this part

1. Corporate Net Income Tax after credits (line 9 of Form CIT-120) .... | 1 | | .00 |

IF LINE 1 IS LESS THAN $650, DO NOT COMPLETE LINES 2 OR 3. ENTER ZERO ON LINE 5

2. Multiply line 1 by ninety percent (.90) .... | 2 | | .00 |

3. Enter income tax after credits from prior year return (see instructions) | 3 | | .00 |

4. Enter the smaller of line 2 or line 3 .This is the amount that should have been paid. .... | 4 | | .00 |

If you are requesting a waiver of the penalty calculated, check here ☐

PART II: ANNUALIZED INCOME INSTALLMENT
Multistate taxpayers use apportioned figures for lines 1 and 4

	Column B: 3 months	Column C: 6 months	Column D: 9 months
1. Enter WV taxable income for each period ……..................	.00	.00	.00
2. Annualization amounts...	4	2	1.3333
3. Multiply line 1 by line 2...	.00	.00	.00

	Column A: 3 months	Column B: 5 months	Column C: 8 months	Column D: 11 months
4. Enter the WV taxable income for each period	.00	.00	.00	.00
5. Annualization amounts..........	4	2.4	1.5	1.09091
6. Multiply line 4 by line 5............	.00	.00	.00	.00

For line 7 of Column A, enter the amount from line 6 of Column A.
In Columns B, C, & D, enter the smaller of the amounts in each column. from line 3 or line 6.

		Column A	Column B	Column C	Column D
7.	Annualized taxable income	.00	.00	.00	.00
8.	Tax rate	0.065	0.065	0.065	0.065
9.	Annualized tax (multiply line 7 by line 8)	.00	.00	.00	.00
10	Tax credits. Enter credits from CIT-120TC line 16 in each column.	.00	.00	.00	.00
11	Subtract line 10 from line 9. If zero or less, enter 0	.00	.00	.00	.00
12	Applicable percentage	0.225	.45	.675	0.9
13	Multiply line 11 by line 12....	.00	.00	.00	.00

COMPLETE LINES 14 THROUGH 20 (Complete one column at a time)

	Column A	Column B	Column C	Column D
14. Enter the amount, if any, from line 20 of the previous column		.00	.00	.00
15. Subtract line 14 from line 13. If zero or less, enter 0	.00	.00	.00	.00
16. Enter 1/4 of Part I, line 4 in each column	.00	.00	.00	.00
17. Enter the amount from line 19 of the previous column of this worksheet		.00	.00	.00
18. Add lines 16 and 17	.00	.00	.00	.00
19. Subtract line 15 from line 18. If zero or less, enter 0	.00	.00	.00	
20. Required Installment. Enter the smaller of line 15 or line 18	.00	.00	.00	.00

PART III: Calculate the Underpayment				
	Column A	**Column B**	**Column C**	**Column D**
21. Installment Due Dates: Enter in Columns A – D the 15th day of the 4th, 6th, 9th, and 12th months of your tax year.				
22. If you are using the annualized method, enter the amounts from line 20; otherwise 1/4 of Part I, line 4 of each column	.00	.00	.00	.00
23. Estimated payments (see instructions). If line 23 is greater than or equal to line 22 for all columns, stop here, you are not subject to the penalty	.00	.00	.00	.00

Complete lines 24 through 30 (Complete one column at a time)				
24. Enter the amount, if any, from line 30 of the previous column		.00	.00	.00
25. Add lines 23 and 24		.00	.00	.00
26. Add lines 28 and 29 of the previous column		.00	.00	.00
27. In Column A enter the value from line 23. In Columns B – D, subtract line 26 from line 25. If zero or less, enter 0	.00	.00	.00	.00
28. If line 27 is zero, subtract line 25 from line 26; otherwise enter 0		.00	.00	
29. Underpayment: If line 22 is equal to or more than line 27, subtract line 27 from line 22. Enter the result here and go to line 24 of the next column. Otherwise, go to line 30	.00	.00	.00	.00
30. Overpayment: If line 27 is more than line 22, subtract line 22 from line 27. Enter the result here and go to line 24 of the next column	.00	.00	.00	.00

For lines 33 through 36, indicate the beginning and ending date of the period for each line with line 33 being the oldest period. See Instructions for more information. See instructions to determine rates in effect for these periods.

PART IV: Calculate the Penalty				
	A	B	C	D
31. Enter the date of the installment payment or the unextended due date of your annual return, whichever is **earlier**				
32. Enter the number of days from the due date of the installment on Part III, line 21 to the date shown on Part IV, line 31..				
33. Enter the number of days on line 32 for the quarter after _____ and before _____*				
34. Enter the number of days on line 32 for the quarter after _____ and before _____*				
35. Enter the number of days on line 32 for the quarter after _____ and before _____*				
36. Enter the number of days on line 32 for the quarter after _____ and before _____*				
37. Underpayment on Part III, Line 29 x (number of days on line 33/365) x ** %	.00	.00	.00	.00
38. Underpayment on Part III, Line 29 x (number of days on line 34/365) x ** %	.00	.00	.00	.00
39. Underpayment on Part III, Line 29 x (number of days on line 35/365) x ** %	.00	.00	.00	.00
40. Underpayment on Part III, Line 29 x (number of days on line 36/365) x ** %	.00	.00	.00	.00
41. Total: Add lines 37 through 40	.00	.00	.00	.00
42. Penalty Due – Add Columns A – D, line 41. Enter here and on CIT-120, page 2, line 10				.00