West Virginia State Tax Department

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WEST VIRGINIA TAX CREDITS

The purpose of this publication is to provide a brief overview of West Virginia's current tax credits. This publication provides general information. It is not a substitute for tax laws or regulations. A list of tax credit forms and schedules is at the end of this publication.

GENERAL INFORMATION

- Generally, credits may not be sold or transferred. However, some statutes allow the successor in business to continue claiming unused tax credits until the credit is used or is forfeited due to the passage of time. Unless otherwise noted, taxpayers cannot sell or transfer credits to a third party.
- Tax credits available to one member of an affiliated group may not be used by another member of the affiliated group unless otherwise allowed within the statutory limitation applicable to the tax credit.

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ECONOMIC DEVELOPMENT CREDITS

ECONOMIC OPPORTUNITY TAX CREDIT

(WV/EOTC-A, SCHEDULE EOTC-1, SCHEDULE EOTC-PIT)

W. Va. Code §11-13Q-1, *et seq.*

- The Economic Opportunity Tax Credit is available to qualified businesses that make a qualified investment in a new or expanded business facility in West Virginia and, as a result of this investment, create at least 20 new jobs. Qualified businesses include only those engaged in the activities of:
    - Manufacturing;
    - Information processing;
    - Warehousing;
    - Non-retail goods distribution;
    - Qualified research and development;
    - The relocation of a corporate headquarters; or
    - Destination-oriented recreation and tourism.
- A qualified business creating at least 20 new jobs within three tax years is allowed a credit equal to 20% of its qualified investment. This percentage may increase with the number of new jobs created. A business creating at least 280 new jobs is allowed a credit equal to 25% of its qualified investment, and a business creating at least 520 new jobs can claim 30% of its qualified investment.

New WV Jobs Total At Least	New Jobs %
520	30%
280	25%
20	20%
15 Corporate headquarters relocation only (more)	10%
10 Small business only (more)	10%

- If a project has qualified investment of $20 million or more and is constructed using construction labor and mechanics numbering 75 or more employees or equivalent employees, who are paid an average wage of at least prevailing wage, the new jobs percentage for the 20 to 520 employee range is increased by 5 percentage points.
- The Economic Opportunity Tax Credit is pro-rated over a 10-year period at a rate of 10% per year. For example, a Credit of $200,000 attributable to $1 million of qualified investment made in 2013 is applied at a rate of $20,000 per year for the 2013-2022 period. The amount of qualified investment is determined by multiplying the net cost of eligible property by its applicable useful life percentage based on the projected actual economic useful life of the asset. The following percentages apply:

Useful Life in WV	Useful Life %
Less than 4 years	0
4 years or more but less than 6 years	33 ⅓
6 years or more but less than 8 years	66 ⅔
8 years or more	100

  For example, if a taxpayer purchases a machine for $25,000, for use in a new industrial facility, and the machine has a useful life of 6 years, the qualified investment is $16,666.66. The $25,000 investment is multiplied by the applicable useful life percentage of 66.66% to arrive at $16,666.66 in qualified investment.

- The credit can offset a portion of the tax attributable to qualified investment for the business and occupation tax (electric power generation taxes only), corporation net income tax and personal income tax (tax on flow-through business profits only), in the order stated.

- If the annual median compensation of qualified new employees exceeds the statewide average non-farm payroll wage (as determined annually by the West Virginia Bureau of Employment Programs), the taxpayer may use the available credit to offset up to 100% of each of the above taxes attributable to qualified investment. All other qualified taxpayers may use the available credit to offset up to 80% of each of the above taxes attributable to qualified investment.
- The following is a summary of the Statewide Average Nonfarm Payroll Wage values by year:

Calendar Year	Statewide Average Nonfarm Payroll
2013	$39,091
2014	$39,721
2015	$40,198
2016	$41,093
2017	$41,655
2018	$41,595
2019	$43,283
2020	$46,120
2021	$46,618
2022	$48,741

Annual updates may be found in the Administrative Notices section at www.tax.wv.gov.

- The amount of tax attributable to qualified investment is generally determined by use of a payroll factor. The taxpayer multiplies total tax liability by a fraction, the numerator of which is the compensation paid to the employees hired as a result of the new qualified investment, and the denominator of which is the compensation paid to all West Virginia employees of the taxpayer. The result of this computation is tax attributable to qualified investment.
- Excess credit remaining after applying the credit against current year taxes may be carried forward for up to twelve years following the year of initial credit claim attributable to the placement of qualified investment into service. The year of initial credit claim is either the tax year qualified investment was first placed into service, or at the taxpayer's election, the next succeeding tax year.
- A taxpayer wishing to qualify for the Economic Opportunity Tax Credit must apply for the credit on Form WV/EOTC-A. The application is due no later than the due date of the taxpayer's annual state income tax return (corporate or personal) for the tax year the investment was placed into service or use, including lawful extensions of time to file. Any taxpayer failing to timely file the credit application form loses up to 50% of the value of any Economic Opportunity Tax Credit sought for the time periods during which the failure to file the application continues. Note that one application Form WV/EOTC-A must be filed for each year qualified investment is placed in service or use.
- To claim the Economic Opportunity Tax Credit against the West Virginia personal income tax, a taxpayer must file Schedule EOTC-PIT with the annual return. Taxpayers must file Schedule EOTC-1 to claim this credit on other annual tax returns.
- This credit is transferable to a successor in business.

ECONOMIC OPPORTUNITY TAX CREDIT FOR CORPORATE HEADQUARTERS RELOCATION

(WV/EOTC-A, SCHEDULE EOTC-1, SCHEDULE EOTC-PIT)

W. Va. Code §11-13Q-5

- A taxpayer that moves its corporate headquarters to West Virginia from outside of West Virginia may be entitled to an Economic Opportunity Tax Credit, if the relocation creates at least 15 new West Virginia jobs.
- If the relocation creates at least 15, but less than 20 new jobs, the amount of credit is equal to 10% of the taxpayer's adjusted qualified investment.
  - The "adjusted qualified investment" means the qualified investment of the taxpayer in real and tangible personal property purchased for the corporate headquarters, plus the cost of the reasonable and necessary expenses incurred by the taxpayer to relocate the corporate headquarters from its out-of-state location to West Virginia.
- Generally, the credit may be used to offset tax liabilities in the same manner as described above for the general Economic Opportunity Tax Credit. The only significant difference concerns a slightly different application against the corporation net income tax. At a minimum, the Economic Opportunity Tax Credit for a corporate headquarters relocation may be used to offset the sum of 100% of tax on allocated corporate net income and 80% of the tax attributable to qualified investment on apportioned corporate net income.
- Taxpayers must file both Application Form WV/EOTC-A no later than the due date of the taxpayer's Annual State Income Tax Return (corporate or personal) for the tax year the investment was placed

into service or use, including lawful extensions of time to file, and Schedule EOTC-1 to claim this credit on an annual return. Schedule EOTC-PIT is required to claim the credit against personal income tax.

- This credit is transferable to a successor in business.

ECONOMIC OPPORTUNITY TAX CREDIT FOR "SMALL BUSINESS"

(WV/EOTC-A, SCHEDULE EOTC-1, SCHEDULE EOTC-PIT)

W. Va. Code §11-13Q-10

- Certain small businesses may also be entitled to an Economic Opportunity Tax Credit.
- Pursuant to legislation passed in the 2021 regular legislative session, no credit is allowable to any taxpayer for investment placed in service or use in any tax year on or after January 1, 2022. Taxpayers that have gained entitlement to the credit prior to January 1, 2022, can still claim the credit as otherwise allowed.
- The term "small business" means a business or a controlled group of foreign and domestic affiliated businesses with annual gross sales of not more than an amount set by statute and adjusted for inflation on January 1st of each year. This constraint must be met by the small business only during the year qualified investment is first placed into service or use.
- The following is a summary of the applicable inflation-adjusted small business credit constraint by tax year:

Year	Maximum Gross Receipts
2012	$8,714,300
2013	$8,938,250
2014	$9,089,800
2015	$9,233,450
2016	$9,275,150
2017	$9,349,750
2018	$9,535,400
2019	$9,766,100
2020	$9,953,650
2021	$10,096,800

Annual updates may be found in the Administrative Notices section at www.tax.wv.gov.

- An eligible small business taxpayer is allowed a credit in the manner described above for the general Economic Opportunity Tax Credit, except that the small business must create at least 10 new West Virginia jobs within twelve months (rather than 20 new jobs within three years).
- If the qualified small business creates at least 10 qualified new jobs, the small business may receive a credit equal to 10% of its qualified investment.
- Taxpayers must file both Application Form WV/EOTC-A no later than the due date of the taxpayer's Annual State Income Tax Return (corporate or personal) for the tax year the investment was placed into service or use, including lawful extensions of time to file, and Schedule EOTC-1 to claim this credit on an annual return. Schedule EOTC-PIT is required to claim the credit against personal income tax.
- This credit is transferable to a successor in business.

ECONOMIC OPPORTUNITY TAX CREDIT FOR HIGH TECHNOLOGY MANUFACTURERS

W. Va. Code §11-13Q-10a

- This credit is available to specified high technology manufacturing businesses. A "high technology manufacturing business" is a business classified as having a North American Industry Classification System Code (NAICS Code) as follows:

Manufacturing Activity	NAICS Code			
Manufacturing Product	2002	2007	2012	2017
Computer & Peripheral Equipment				
Electronic Computers	334111	334111	334111	334111
Computers Storage Devices	334112	334112	334112	334112
Electronic Components				
Electron Tubes	334411	334411	334419	334419
Electronic Capacitors	334414	334414	334416	334416
Semiconductors				
Semiconductor & Related Devices	334413	334413	334413	334413
Semiconductor Machinery	333295	333295	333242	333242

Although manufacture of several products may be included within a NAICS classification, only manufacture of the specified products can qualify for credit.

- "High technology manufacturing business" also includes manufacturing of drones, target drones, unmanned aircraft, unmanned robotic aircraft, autonomous motor vehicles, robots, robotic medical machines or equipment, robotic surgical machines or equipment, medical devices, biotechnology products, & machines, equipment & products predominantly operated by & incorporating artificial intelligence.

- The credit is based on the qualified taxpayer's qualified investment that results in the creation of at least 20 new jobs within 12 months after placing the qualified investment in service.
- The credit is 100% of business and occupation tax, corporation net income tax and personal income tax, (on flow-through business profits only), in the order stated, that is attributable to the qualified investment.
- The credit is allowed each year for a 20-year credit period. The credit is taken beginning with the tax year in which the qualified investment is placed in service unless the taxpayer elects to delay to the next succeeding tax year. The Tax Commissioner may require a taxpayer intending to claim this credit to file a notice of intent to claim this credit before the taxpayer begins reducing monthly or quarterly installment payments of estimated tax.
- The median compensation of the new jobs must be greater than an annually adjusted value. The following is a summary of the applicable inflation-adjusted median compensation constraint for the new jobs by year:

Year	Median Compensation
2013	$50,100
2014	$50,950
2015	$51,750
2016	$52,000
2017	$52,400
2018	$53,450
2019	$54,750
2020	$55,800
2021	$56,600
2022	$58,300

Annual updates may be found in the Administrative Notices section at www.tax.wv.gov.

- This credit is transferable to a successor in business.

ECONOMIC OPPORTUNITY TAX CREDIT FOR JOBS CREATION

(WV/EOTC-A)

W. Va. Code §11-13Q-22

- An eligible business (i.e. manufacturing, warehousing, information processing, goods distribution, destination tourism, and research and development) creating fewer than 20 new jobs for a regular business, and fewer than 10 new jobs for a qualified small business, may receive a tax credit of $3,000 per year, for a period of 5 years, for each new job created. The new jobs must be full-time, pay a minimum salary set by statute, and offer health benefits.
- There is no carry forward or carry back for this credit. If the number of new jobs decreases, the tax credit amount is forfeited for each net job loss. This credit is first applied to the business and occupation tax, then the corporation net income tax and finally the personal income tax. Before claiming this credit, the application (Form WV/EOTC-A) must be submitted to the Tax Department for approval.
- The minimum annual salary of the new jobs for purposes of the Economic Opportunity Tax Credit for Jobs Creation is adjusted annually for inflation. The following is a summary, by tax year, of the applicable inflation adjusted minimum salary for the qualifying new jobs.

Tax Year	Minimum Compensation
2013	$34,100
2014	$34,650
2015	$35,200
2016	$35,400
2017	$35,700
2018	$36,400
2019	$37,300
2020	$37,950
2021	$38,500
2022	$39,650

Annual updates may be found in the Administrative Notices section at www.tax.wv.gov.

- This credit is transferable to a successor in business.

MANUFACTURING INVESTMENT TAX CREDIT

(WV/MITC-A, SCHEDULE MITC-1)

W. Va. Code §11-13S-1, *et seq.*

- Manufacturers that make qualified investments for industrial expansion or industrial revitalization in West Virginia may be eligible for the Manufacturing Investment Tax Credit.
- The term "manufacturing" means any business activity classified as having a sector identifier, consisting of the first two digits of the six-digit North American Industry Classification System (NAICS) code number of 31, 32, or 33, or the six-digit code number 211130.
- Eligible investments include real property, improvements to real property and tangible personal property constructed or purchased for use as a part of a new or expanded or revitalized business facility of a qualified industrial taxpayer. Eligible investments may also include replaced or refurbished buildings, equipment, machinery and other tangible personal property used in the operation of a qualified facility. Eligible investment may also include real or tangible personal property acquired by written lease for a primary term of ten years or longer, if used as a component part of a new, expanded or revitalized industrial facility.
- The credit is equal to 5% of the taxpayer's qualified investment pro-rated over a ten-year period at a rate of 10% per year. The calculation of qualified investment for this credit is the same as the calculation for the Economic Opportunity Tax Credit, using the 4-year, 6-year and 8-year Useful Life table set forth above.
- After June 30, 2021, when the taxpayer's business activity falls under NAICS code 332992 or 332994, the credit is equal to 50% of the taxpayer's qualified investment.
- Certain requirements for qualification of leased property are different between the Economic Opportunity Tax Credit and the Manufacturing Investment Credit.

  Qualified Investment × 5% = Total Credit
  Total Credit ÷ 10 = Annual Credit

  Annual Credit is the amount of credit that can be applied in each tax year for 10 years.
- All taxpayers wishing to qualify for the Manufacturing Investment Tax Credit must apply for the credit on Form WV/MITC-A on or before the due date of the personal income tax return or corporation net income tax return filed for the tax year the investment was placed in service or use, including lawful extensions of time to file. Any taxpayer failing to timely file the credit application form loses up to 50% of the value of any Manufacturing Investment Tax Credit sought for the period in question. Note that an application Form WV/MITC-A must be filed for each year the qualified investment is placed in service or use.
- Manufacturing Investment Tax Credit may be used to offset up to 60% of the taxpayer's annual liability for severance tax and corporation net income tax for a period of 10 years. Any portion of a particular year's annual credit that remains after application against these taxes for the taxable year is forfeited. Taxpayers must file Schedule MITC-1 to claim this credit.
- The maximum offset of the Manufacturing Investment Tax Credit is 60% of state tax liability. The Manufacturing Investment Tax Credit, of 5% for capital investments, greatly reduces the effective corporation net income tax rate for West Virginia manufacturing.

  EXAMPLE:

  If a manufacturer makes a $10 million investment in new plant and equipment in a West Virginia facility, the Manufacturing Investment Tax Credit generally equals 5% of that investment, or $500,000 prorated over a ten-year period at a rate of $50,000 per year. If this manufacturer's net apportioned and allocated income is $1 million, the pre-credit West Virginia corporation net income tax liability would be $65,000 or 6.5% of $1 million in 2015. After applying the $39,000 (60% maximum offset) Manufacturing Investment Tax Credit, West Virginia corporation net income tax liability drops to $26,000 or an amount equal to just 2.6% of net income.
- This credit is transferable to a successor in business.

DOWNSTREAM NATURAL GAS MANUFACTURING INVESTMENT TAX CREDIT

W. Va. Code §11-13GG-1, *et seq.*

- The Downstream Natural Gas Manufacturing Investment Tax Credit is available to eligible taxpayers that make a qualified investment in a new or expanded downstream natural gas manufacturing facility in West Virginia that results in the creation of at least 5 new jobs.
- In order to qualify for the tax credit, the qualified investment must have been made on or after July 1, 2020.

- An eligible taxpayer creating at least 5 new jobs within three tax years is allowed a credit equal to 10% of its qualified investment. This percentage may increase with the number of new jobs created. A business creating at least 150 new jobs is allowed a credit equal to 20% of its qualified investment.

New WV Jobs Total At Least	New Jobs %
150	20%
50	15%
5	10%

- If a qualified investment is $20 million or more and the number of construction laborers and mechanics working at the job site of the new or expanded downstream natural gas manufacturing facility is 50 or more, the new jobs percentage is increased by 5 percentage points.
- The Downstream Natural Gas Manufacturing Investment Tax Credit is pro-rated over a 10-year period at a rate of 10% per year. For example, a Credit of $200,000 attributable to $1 million of qualified investment made in 2021 is applied at a rate of $20,000 per year for the 2021-2030 period.
- The amount of qualified investment is determined by multiplying the net cost of eligible property by its applicable useful life percentage based on the projected actual economic useful life of the asset. The following percentages apply:

Useful Life in WV	Useful Life %
Less than 4 years	0
4 years or more but less than 6 years	33 ⅓
6 years or more but less than 8 years	66 ⅔
8 years or more	100

EXAMPLE:

If a taxpayer purchases a machine for $50,000, for use in a new downstream natural gas manufacturing facility, and the machine has a useful life of 6 years, the qualified investment is $33,333.33. The $50,000 investment is multiplied by the applicable useful life percentage of 66.66% to arrive at $33,333.33 in qualified investment.

- The credit can offset a portion of the tax attributable to the qualified investment for the Corporation Net Income Tax and Personal Income Tax, in the order stated.
- If the annual median compensation of qualified new employees exceeds the statewide average non-farm payroll wage (as determined annually by the West Virginia Bureau of Employment Programs), the taxpayer may use the available credit to offset up to 100% of each of the above taxes attributable to qualified investment. All other qualified taxpayers may use the available credit to offset up to 80% of each of the above taxes attributable to qualified investment.
- The amount of tax attributable to qualified investment is generally determined by use of a payroll factor. The taxpayer multiplies total tax liability by a fraction, the numerator of which is the compensation paid to the employees hired as a result of the new qualified investment, and the denominator of which is the compensation paid to all West Virginia employees of the taxpayer. The result of this computation is tax attributable to qualified investment.
- Excess credit remaining after applying the credit against current year taxes may be carried forward for up to 10 years following the end of the initial 10-year application period. If any unused credit remains after the 20th year, the amount is forfeited.
- This credit is transferable to a successor in business.

MANUFACTURING PROPERTY TAX ADJUSTMENT CREDIT

(SCHEDULE MPTAC-1)

W. Va. Code §11-13Y-1, *et seq.*

- Manufacturers may claim a non-refundable tax credit against corporation net income tax equal to the amount of local property taxes paid on West Virginia manufacturing inventory.
- The credit amount is the amount of ad valorem property tax paid on the value of manufacturing inventory of the eligible taxpayer during the tax reporting year.
- The credit does not carry forward or carry back.

- To claim this credit, an annual schedule showing the amount of property tax paid on eligible inventories for the taxable year and the amount of the allowable credit (Schedule MPTAC-1) must be submitted with the corporation net income tax return.

NATURAL GAS LIQUIDS PROPERTY TAX ADJUSTMENT CREDIT

W. Va. Code §11-13HH-1, *et seq.*

- Natural gas liquid storers or transporters may be allowed a tax credit in the amount of the West Virginia ad valorem property tax that it paid on the value of natural liquids inventory and equipment during the Personal Income Tax or Corporation Income Tax year, as applicable.
- Taxpayers eligible to claim this tax credit are natural gas liquids storers or natural gas liquids transporters subject to West Virginia Personal Income Tax or Corporation Net Income Tax. Also, those members of an affiliated group of taxpayers engaged in a unitary business with the natural gas liquid storer or natural gas liquids transporter may be considered an eligible taxpayer. Application of the credit against the taxes is limited to the tax of the single entity, from among the affiliated group of taxpayers, that earned the credit. Application of the credit against tax is limited to that single entity's proportionate share of taxable income.
- Natural gas liquids inventory and equipment is limited to equipment in West Virginia that is used in the transport and storage of natural gas liquids by a natural gas liquids transporter or natural gas storer.
- The credit can be taken against the Personal Income Tax or the Corporation Net Income Tax, but not both. Additionally, no credit is allowed against employer withholding taxes.
- Any unused credit may be carried over for three years.
- In order to claim the tax credit, a taxpayer must prepare and file an annual schedule showing the amount of tax paid for the taxable year and the amount of credit allowed under this article.
- The tax credit will be available for corporate net income tax years and personal income tax years beginning on or after July 1, 2020. However, no tax credits will be available after July 1, 2030, and all accrued but unused credits shall be forfeited on that date.
- This credit is transferable to a successor in business.

INDUSTRIAL EXPANSION & INDUSTRIAL REVITALIZATION CREDIT FOR ELECTRIC POWER PRODUCERS

(SCHEDULE I-EPP)

W. Va. Code §11-13D-1, *et seq.*

- Electric power generation companies that make eligible investment(s) for industrial expansion or industrial revitalization within West Virginia may be eligible for the Industrial Expansion and Revitalization Credit.
- Eligible investments for industrial expansion include real property, improvements to real property and tangible personal property constructed or purchased for use as a part of a new or expanded electric power generation facility. Eligible investments for industrial revitalization include replaced or refurbished facilities, equipment, machinery and other tangible personal property used in the operation of an electric power generation facility. Eligible investment may also include real or tangible personal property acquired by written lease for a primary term of ten years or longer, if used as a component part of a new, expanded or revitalized electric power generation facility.
- The credit is equal to 10% of the taxpayer's qualified investment. The calculation of qualified investment for this credit is the same as the calculation for the Economic Opportunity Tax Credit, using the 4-year, 6-year and 8-year multiplier table set forth above. However certain requirements for qualification of leased property are different between the two credits. Industrial Expansion and Revitalization Credit may be used to offset up to 50% of the taxpayer's annual liability for business and occupation tax for a period of 10 years.
- Any portion of a particular year's annual credit that remains after application against these taxes for the taxable year is forfeited. Taxpayers must file Schedule I-EPP to claim this credit.
- This credit is transferable to a successor in business.

COAL LOADING FACILITIES TAX CREDIT

(Schedule CL)

W. Va. Code §11-13E-1, *et seq.*

- This credit is available to taxpayers subject to severance tax that purchase real or personal property, or a combination thereof, to build or construct a new or expanded coal loading facility, or taxpayers that revitalize an existing coal loading facility.
- A qualifying coal loading facility is limited to any building or structure specifically designed and solely used to transfer coal from a coal processing or preparation facility, or from a coal storage facility, or both, or from any means of rail or barge transportation used to move coal, including land that is directly associated with and solely used for the coal loading facility. This credit is available for investment in such property only when the property is to be used in the transfer of coal to any means of rail or barge transportation; it is specifically not available for investment in property to be used in the transfer of coal (or other material) to any other form of transportation.

- The calculation and application of credit is similar to the calculations and applications for the Industrial Expansion and Revitalization Credit.

  For example, the credit is equal to 10% of calculated qualified investment and is applied over a 10-year period to offset up to 50% of annual tax liability for business and occupation tax and severance tax.

- Taxpayers must file Schedule CL.
- This credit is transferable to a successor business.

POST-COAL MINE SITE BUSINESS CREDIT

W. Va. Code §11-28-1, *et seq.*

- Businesses that have a principal place of business in this state may be eligible for a post-coal mine site business credit if the business employees at the post-coal mine site a minimum of 10 full-time (32 hours a week or more employees) and its principal place of business is located on post-coal mine site.
- An eligible business will be allowed a tax credit in the amount of 50% of its capital expenditures at the post-coal mine site for the first five taxable years its principal place of business is located on the post-coal mine site.
- In order to qualify for the tax credit, the capital expenditures must have been made on or after January 1, 2020.
- A "post-coal mine site" is property that has remained undeveloped for business purposes, subsequent to coal mining operation on the property within bonded area of the last issued coal mine permit.
- The tax credit may be applied against the Corporation Net Income Tax and, if a pass-through entity, to the Personal Income Tax of the owners, partners or shareholders. The claimed tax credit may not exceed 50% of the taxpayer's state income tax for any single year.
- A Any unused credit may be carried forward until used but unused credit expires after 10 years.

CREDIT RECAPTURE

- There are special recapture provisions in the Economic Opportunity Tax Credit, Manufacturing Investment Tax Credit, Downstream Natural Gas Manufacturing Investment Tax Credit, Industrial Expansion and Revitalization Credit, Coal Loading Facilities Credit, Coal Severance Tax Rebate, West Virginia Natural Gas Liquid Property Tax Adjustment, and the Strategic Research and Development Tax Credit.
- Credit recapture occurs when the actual useful life of qualified investment property or the period of actual use of qualified investment property within West Virginia falls short of the projected useful life in the applicable percentage category used in the original credit calculations. Credit attributable to property that ceases to be used in West Virginia before the end of its categorized useful life must be recalculated for all tax years according to the actual useful life or period of use in West Virginia.

EXAMPLE: Manufacturing Investment Tax Credit Recapture

Company A invests $10 million in equipment with a designated useful life of 8 years in 2009.

Investment in assets is determined to be "qualified" based on the useful life of the particular asset according to a percentage multiplier table as follows:

Useful Life in WV	Useful Life %
Less than 4 years	0
4 years or more but less than 6 years	33 ⅓
6 years or more but less than 8 years	66 ⅔
8 years or more	100

Company A's Manufacturing Investment Tax Credit is equal to 5% of its qualified investment. Because all of Company A's investment is in capital assets that have useful lives of 8 years, 100% of its $10 million investment is qualified investment. Thus, the credit for Company A is calculated to equal $500,000 or $50,000 per year for 10 years.

($10,000,000 x 100%) x 5% = $500,000 Total Credit
$500,000 Total Credit ÷ 10 Years = $50,000 Per Year Annual Credit

However, Company A moves this equipment to New York in 2014. Therefore, the equipment's useful life or actual period of use in West Virginia is reduced to only 5 years. The corresponding credit is reduced according to the above table from $500,000 to $166,667, or $16,667 per year for 10 years.

($10,000,000 x 33 ⅓%) x 5% = $166,666.67 Total Credit

$166,667 (Rounded) ÷ 10 years = $16,667 Per Year Annual Credit

A reconciliation statement for 2009 through 2014 reflecting an over-utilization of credit must be filed with payment of any additional tax, interest and penalties owed.

- Recapture provisions apply for the Economic Opportunity Tax Credit whenever the taxpayer fails to maintain the required number of new jobs upon which the credit is based. Except for the "Small Business" version of the Economic Opportunity Tax Credit, recapture generally occurs immediately after the taxpayer's jobs re-determination year (the second tax year following the tax year when qualified investment was first placed into use or service).
- If the actual number of new jobs falls below the projected new job threshold, the taxpayer must file amended returns with the payment of any additional tax, interest and penalties owed due to an over-utilization of credit. A Recapture Tax applies whenever the number of new jobs falls below a minimum threshold (set forth in the table below) after the initial re-determination period.

New WV Jobs Total At Least	New Jobs %
520	30%
280	25%
20	20%
15 Corporate headquarters relocation only (more)	10%
10 Small business only (more)	10%

Job levels are determined on an annual basis for 10 years for the "Small Business" version of the Economic Opportunity Tax Credit.

- Recapture does not apply to the small business tax credit. A taxpayer entitled to the small business tax credit determines the number of jobs 12 months after qualified investment is placed in use or service, and at the end of each tax year thereafter. If the number of jobs attributable to the qualified investment equals or exceeds 10, the taxpayer is entitled to the tax credit. If the number of new jobs falls below 10, the taxpayer loses the small business credit for that tax year. Entitlement to the tax credit can be reestablished for any year within the original 10-year credit period if the number of new jobs again equals or exceeds 10.

ENVIRONMENTAL CREDITS

ENVIRONMENTAL AGRICULTURAL EQUIPMENT CREDIT

(SCHEDULE WV/AG-1)

W. Va. Code §11-13K-1, *et seq.*

- Taxpayers purchasing and installing qualified agricultural equipment for use in agricultural operations can claim the Environmental Agricultural Equipment credit.
- For purposes of the credit, agricultural operations means only the commercial production of food, fiber, or woodland products (not timbering activity) by means of cultivation, tillage of the soil or by the conduct of animal, livestock, dairy, apiary, equine, or poultry husbandry, aqua-cultural activity, horticultural activity, or any other plant or animal production activity and all farm practices related, usual or incidental to the operations. Production is classified as "commercial production" if the producer has annual sales of at least $1,000 of the producer's agricultural products.
- Agricultural equipment and structures that qualify for this credit include the following:
  - Advanced technology pesticide and fertilizer application equipment;
  - Conservation tillage equipment;
  - Dead poultry composting facility;
  - Mortality incinerator;
  - Nutrient management system;
  - Stream-bank and shoreline protection system;
  - Stream channel stabilization system;
  - Stream crossing or access plan;
  - Waste management system;
  - Waste storage facility; and
  - Waste treatment lagoon
- The taxpayer must demonstrate that it purchased and installed qualified equipment and provide written certification by the Commissioner of Agriculture that each item purchased is qualified agricultural equipment.
- The amount of credit is 25% of certified expenditures but may not exceed $2,500 or the total amount of the taxpayer's liability under either the corporation net income tax or personal income tax. The

excess may be carried over and applied as a credit in each of the next five years unless used sooner. Carried forward credit must be claimed before applying any new credit.

- Agricultural equipment credit may be used by only one business entity, may not be assigned and is limited to the tax liability attributable to agricultural operations within West Virginia.

EMPLOYMENT CREDITS

MILITARY INCENTIVE CREDIT (FORMERLY VETERANS EMPLOYMENT CREDIT)

(SCHEDULE J)

W. Va. Code §11-21-42

- The purpose of the West Virginia Military Incentive Program Act of 1991 is to encourage the employment of members of the National Guard and reserve forces, disadvantaged Vietnam era and Korean conflict veterans and disabled veterans generally.
- For economically disadvantaged veterans hired, the credit available to the employer is 30% of the first $5,000 in wages or compensation actually paid the employee. For disabled veterans, the credit is the percentage of disability multiplied by the first $5,000 in wages. For members of the National Guard and reserve forces, the credit is 25% of the first $5,000 in wages.
- The veteran must have been certified as eligible by WorkForce West Virginia (formerly the WV Dept. of Employment Security) and have been employed for a continuous period of at least one year.
- Taxpayers must file Schedule J to claim this credit.

NATURAL GAS JOBS RETENTION ACT CREDIT

(SCHEDULE WV/NGRET-1)

W. Va. Code §11-13L-1, *et seq.*

- The Natural Gas Industry Jobs Retention Act provides a credit of $1,000 per qualified full-time employee for businesses subject to the natural gas storage provisions of the Business and Occupation Tax.
- A full-time employee is defined as one who works on a work site or is on paid vacation leave or other paid leave at least fifteen hundred (1,500) hours per year. The number of jobs required for a business to receive the credit must be at least 60% of the number of jobs existing with the business as of January 1, 1996. A qualified jobs ratio is calculated by using a total of pre-existing jobs and new jobs divided by those jobs existing on January 1, 1996.
- The amount of credit may not exceed the business and occupation tax attributable to the natural gas storage activity and may not be taken against any other component of business and occupation tax liability.
- The credit may not be carried forward or back to another tax year.
- This credit is transferable to a successor in business.

HIGH-WAGE GROWTH BUSINESS TAX CREDIT

W. Va. Code §11-13II-1, *et seq.*

- The New High-Wage Job Credit is for new high-wage jobs created in West Virginia by an eligible employer on or after July 1, 2020.
- In order to be an eligible employer, the employer must be registered to do business in West Virginia and offer health benefits to all full-time eligible employees. The employer must certify that it pays at least 50% of the health care premiums.
- New high-wage jobs are those created on or after July 1, 2020 and must be occupied for at least 48 weeks during the tax year by an eligible employee who is paid wages calculated to be at least 2.25 times the state median salary.
- The employer must maintain a net overall increase in employment. If the employer has contracts covering multiple locations, the employer must have a net overall increase of employment of at least 10 new high-wage jobs.
- Employees holding the new high-wage jobs must be West Virginia residents. They cannot have been previously on the payroll of the employer or of an affiliated company and cannot have existed as of the date the employer filed the application for the credit with the Development Office.
- The Development Office may authorize no more than $5 million of the New High-Wage Job Credits during any fiscal year of the State.
- The total amount of the tax credit that may be awarded to a taxpayer in any taxable year may not exceed more than 10% of the salaries of the new high-wage jobs. The Development Office has full discretion in determining whether to award a credit and the amount of the credit.
- An eligible employer seeking to obtain a tax credit must first apply with the Development Office prior to the taxable year in which the eligible employer is seeking the credit. Once approved, at the end of the

approved employer's tax year, the qualified employer may file an application with the Development Office to use the tax credits previously approved by the Development Office.

- The High-Wage Growth Tax Credit may be applied against the Corporation Net Income Tax and, if a pass through, to the Personal Income Tax of the owners, partners or shareholders.
- An eligible employer may apply for and receive the credit for up to five years.
- The credit is refundable, not to exceed $100,000 per taxpayer. Unused credit may be carried forward for up to ten years after which the unused credit is forfeited.
- If a new high-wage job is created by an employer that applies for the credit and the employer is acquired by or merged into another employer, then the resulting new employer may claim the credit for the balance of the qualifying periods for which the new high-wage job is otherwise eligible. The credit may be sold or transferred by filing a notarized endorsement.

OTHER CREDITS

TELEPHONE UTILITIES RATE REDUCTION CREDIT

(SCHEDULE K)

W. Va. Code §11-13G-1, *et seq.*

- Taxpayers that provide telephone service at special reduced rates to certain low-income residential customers may claim this credit.
- The West Virginia Public Service Commission certifies the annual amount of the revenue deficiency resulting from the provision of qualifying reduced-rate service. The amount of the credit is the cost of providing the service to qualified customers, less any reimbursement received through any other means. The Public Service Commission must certify the level of revenue deficiency, and a copy of the certification order must be attached to the return on which the credit is claimed. The credit is claimed against the West Virginia corporation net income tax.
- Unused credits may not be carried over to another tax year. In no event may the total credit claimed exceed 100% of the certified revenue deficiency.

ELECTRIC, NATURAL GAS, AND WATER UTILITIES RATE REDUCTION CREDIT

(SCHEDULE L)

W. Va. Code §11-13F-1, *et seq.*

- Public utilities that provide electric, natural gas, and water utility service at special reduced rates to low-income residential customers may claim the credit.
- The West Virginia Public Service Commission determines the annual revenue deficiency resulting from the reduced rates and certifies the amount of allowable credit.
- The credit is first claimed against the West Virginia business and occupation tax liability, then against West Virginia corporation net income tax liability.
- Any unused credit may be carried over to the next year's business and occupation tax liability and is applied before any other credit for that year. There is no provision for carryover for the corporation net income tax.

NONFAMILY ADOPTION CREDIT

(SCHEDULE WV/NFA-1)

W. Va. Code §11-21-10a

- This is a one-time credit that may be applied to personal income tax upon the adoption of a child or children by the taxpayer(s). The child or children must be under the age of eighteen years at the time of adoption and cannot be related to the taxpayer(s) by blood or marriage.
- The credit for each adoption is $4,000 and may be taken in the year the child is adopted. This credit may, at the taxpayer's option, be taken over a period of three years.

NEIGHBORHOOD INVESTMENT PROGRAM CREDIT

(SCHEDULE WV/NIPA-2)

W. Va. Code §11-13J-1, *et seq.*

- The West Virginia Neighborhood Investment Program Act provides credit to individuals and private sector businesses that make eligible contributions to community-based nonprofit organizations that establish projects to assist neighborhoods and local communities. These projects provide services such as health care, counseling, emergency assistance, crime prevention, education, housing, job training, and physical and environmental improvements.
- Project eligibility is determined pursuant to the filing of an application with the West Virginia Development Office and the Neighborhood Investment Advisory Board by one of two approaches.

    1. Qualification based on contributions destined for a certified economically disadvantaged area, or
    2. Qualification by need (regardless of location)

- Eligible contributions include cash, tangible personal or real property (at fair market value) and contributions of in-kind professional services (at 75% of fair market value.) The maximum credit that can be taken by any taxpayer is $100,000 per taxable year, for eligible contributions to one or more certified project plans. Total maximum credit that can be allowed by the West Virginia Development Office during any fiscal year is $3,000,000. The minimum contribution of a taxpayer that would qualify for the credit during a year is $500, and the maximum contribution is $200,000.
- To be eligible, the taxpayer must be subject to the corporation net income tax or personal income tax.
- The amount of credit is 50% of the eligible contribution, and credit may be taken over a five-year period.

HISTORIC REHABILITATED BUILDINGS INVESTMENT CREDIT

(SCHEDULE RBIC)

W. Va. Code §11-21-8a and §11-24-23A

- For expenditures made prior to December 31, 2017, the Historic Rehabilitated Buildings Investment Credit equals 10% of the qualified expenditures for the rehabilitation of residential and nonresidential buildings designated by the National Park Service, United States Department of the Interior, as "certified historic structures," and further defined as a "qualified rehabilitated structure." For expenditures made on or after December 31, 2017, this credit equals 25% of the qualified expenditures.
- To qualify for the credit, the building or area must be located within West Virginia, and rehabilitation expenditures must be reviewed and approved by the West Virginia Department of Culture and History.
- The credit may offset up to 100% of the taxpayer's liability for personal income tax or corporation net income tax. Taxpayers may transfer, sell or assign any unused tax credits after first obtaining a certificate of approval from the Division of Culture and History to transfer, sell or assign the stated amount of unused tax credit. Prior to January 1, 2020, excess credit may also be carried back for one year and carried forward for 20 years. On and after January 1, 2020, excess credit may not be carried back but may be carried forward for 10 years.
- Taxpayers must file Schedule RBIC to claim this credit on annual tax returns. A tax credit certificate issued by the state historic preservation officer must be submitted with the claim for credit.
- Application procedures for the rehabilitated buildings investment credits are the same as those required in the federal regulations for the Preservation Tax Incentive. The certification process is in three parts. Part I certifies that the building is a historic structure. Part II describes the work to be done, and Part III is the actual certification of the Secretary of the Interior's Standards for Rehabilitation. The reviews are completed at the State Historic Preservation Office then forwarded, with recommendations, to the National Park Service for final determination.
- A fee in the amount of 0.5% of the amount of the requested tax credit, or $10,000, whichever is less, shall be paid to the state historic preservation officer at the time application for the credit is submitted to the state historic preservation officer.
- Successful certification by the National Park Service of a certified rehabilitation automatically qualifies the applicant for this tax credit.
- To be eligible to claim this credit, a taxpayer must be current on the payment of all state, local and municipal taxes, as well as the property tax on the certified historic structure and the tract on which it is situated.
- Credits authorized for expenditures that were made after December 31, 2017, must be used to offset tax liabilities arising on or after January 1, 2020.
- This credit is eliminated after December 31, 2022. However previously authorized and eligible credits may be applied after that date during the credit carryforward period.
- This credit may be sold, transferred, or assigned to a third party.
- See TSD-380 for additional information.

CREDIT FOR QUALIFIED REHABILITATED RESIDENTIAL BUILDING INVESTMENT

(SCHEDULE RBIC-A)

- The Credit for Qualified Rehabilitated Residential Building Investment equals 20% of the qualified expenditures for the rehabilitation of residential homesteads designated by the West Virginia Department of Culture and History as "certified historic structures," and further defined as a "qualified rehabilitated structure." The building or area must be located within West Virginia and rehabilitation expenditures must be reviewed and approved by the West Virginia Department of Culture and History to qualify for the credit.
- The credit may offset up to 100% of the taxpayer's liability for personal income tax. Taxpayers may transfer, sell or assign any unused tax credits after first obtaining a certificate of approval from the

W. Va. Code §11-21-8a and §11-24-23A

Division of Culture and History to transfer, sell or assign the stated amount of unused tax credit. Excess credit may also be carried forward for five years.

- Taxpayers must file Schedule RBIC-A to claim this credit on annual tax returns.
- This credit may be sold, transferred, or assigned to a third party.
- See TSD-380A for additional information.

APPRENTICESHIP TRAINING TAX CREDIT

(SCHEDULE WV/ATTC-1)

W. Va. Code §11-13W-1, *et seq.*

- A credit is allowed for properly registered taxpayers for wages paid to apprentices in the construction trades. The credit is $2.00 per hour multiplied by the total number of hours worked during the tax year, but the credit may not exceed the lesser of $2,000.00 or 50% of the actual wages paid for the apprenticeship.
- The apprenticeship training program must consist of at least 2,000 hours but not more than 10,000 hours of on-the-job training.
- Any unused credit is forfeited and no carry forward or carry back to prior tax years is allowed.

WEST VIRGINIA FARM-TO-FOOD BANK TAX CREDIT

W. Va. Code §11-13DD-1, *et seq.*

- This credit is intended to promote the provision of fresh, healthy and local agricultural products to food banks and to provide an incentive to farmers to donate to food banks in this state.
- This credit can be applied against either Personal Income Tax or Corporation Net Income Tax, but not both.
- The value of the donated edible agricultural products should be based upon previous sale or fair market value, in that order.
- This credit is equal to 10% of the value of the donated edible agricultural products to one or more nonprofit food programs in this state but cannot exceed $2,500 or the total amount of Personal Income Tax or Corporation Net Income Tax for any one farming taxpayer in a tax year. For the 2021 Personal Income Tax Year and for Corporation Net Income Tax Years beginning after May 29, 2020, the amount of the credit is increased to 30% of the value of the donated edible agricultural products to one or more nonprofit food programs in this state. The credit still cannot exceed $2,500 or the total amount of Personal Income Tax or Corporation Net Income Tax for any farming taxpayer in a tax year.
- Any unused credit may be carried over for four years.
- To certify the credit, a qualified farming taxpayer must send the donation form from the nonprofit food program to the Department of Agriculture for certification.
- In order to claim the credit, certification from the Department of Agriculture must be enclosed with the tax return on which the credit is being claimed.

TAX CREDIT FOR DONATION OR SALE OF VEHICLE

W. Va. Code §11-13FF-1, *et seq.*

- A tax credit is available for taxpayers who donate vehicles after December 31, 2020, to a qualified charitable organization in this state. A person is entitled to a tax credit up to 50% of the value of the vehicle or $2,000, whichever is less.
- A tax credit is also available for new or used automobile dealers who sell a vehicle at a reduced priced to a low-income worker through a program administered through a qualified charitable organization after December 31, 2020. The amount of the tax credit is equal to no more than 50% of the difference between the value of the vehicle and reduced sales price or $2,000, whichever is less.
  - ➢ Low income workers are defined as those living in a household with total income at or below 200% of the Federal Poverty Level. Low-income worker may also include part-time workers, seasonal employees, contract workers, or an unemployed person who has been offered and has accepted employment contingent on that person's obtaining suitable transportation to the place of employment.
  - ➢ The automobile dealer must certify that it has no reason to believe the vehicle has been subject to any unperformed safety recall or was junked or salvaged or should have been branded or reported as junked or salvaged.
- These tax credits may be applied against West Virginia Personal Income Tax or Corporation Net Income tax. No carry-over to a future tax year is allowed for any unused portion of the credit.
- No more than $300,000 of these tax credits may be authorized in any fiscal year. The State Tax Department will allocate the tax credits in the order the donation forms are received.

- At the time of the donation or sale of the vehicle, the taxpayer should provide the qualified charitable organization an estimate of the fair market value of the vehicle. The qualified charitable organization will provide the taxpayer with a form authorized by the State Tax Department. To claim the credit, the taxpayer will send the form provided by the qualified charitable organization to the State Tax Department for certification.
- The organizations that are considered "Qualified Charitable Organization" to which a donation or sale may be made in order to qualify for this tax credit are nonprofit associations which are:
  - Recognized as exempt from federal taxation under U.S.C. §501(c)(3); and
  - Registered as a charitable organization pursuant to W. Va. Code §29-19-1, *et seq.*; and
  - Operate a program that provides the following services:
    - Provides low-income workers in the state with below-market, affordable financing to purchase vehicles through cooperating financial institutions; and
    - Provides financial counseling and other training and assistance to low-income workers to meet the terms of the loans used to purchase the vehicles through the program.

COAL SEVERANCE TAX REBATE

(MYTAXES)

W. Va. Code §11-13EE-1, *et seq.*

- Coal producers who pay Severance Tax at the rate of 5% may be eligible to receive a Coal Severance Tax Rebate if they make capital investments in new machinery or equipment, certain repairs that are capitalized for federal income tax purposes, or infrastructure improvements to real property, which are directly used at the coal mine operation to produce coal and result in an increase in coal production and an increase in workforce.
- The investment must be made in new machinery, equipment, or improvements to real property, or capitalized repair or refurbishment to machinery or equipment.
- The maximum total amount of rebate allowable is determined by multiplying the amount of the taxpayer's qualified investment directly used in the production of coal at a coal mining operation in this state by 35 percent. The cost of qualified investment property is its purchase price or the basis of the property for federal income tax purposes, whichever is less.
- The amount of rebate allowable in any given year for the qualified investment is limited to 80 percent of the increase in the state portion of Severance Tax that is attributable to, and the consequence of the taxpayer's qualified investment directly used at the coal mining operation in this state that results in taxpayer's increased coal production and increased workforce.
- When the taxpayer's amount of rebate claimed exceeds 80 percent of the additional state severance tax paid, the unused portion of the rebate amount may be carried forward for up to 10 years.
- The base period is the five-year period directly preceding the year the qualifying capital investment was placed into service. When a business has not been in business for five years, but has been in business for at least two years, the base period is the most recent tax year prior to making the investment.
- The amount of severance tax attributable to the increase in coal production at a mine due to the capital investment is determined by comparing the state portion of the severance tax due on tons produced in the year in which the rebate is sought with the annual average severance tax due on the tons of coal produced during the base-year period.
- Any new taxpayer must pay coal severance taxes for two years before it becomes an eligible taxpayer.
- When a coal company that already owns and operates several mines in this state opens a new coal mine at which qualified investment property is placed in service or use, its base period for purposes of the coal severance tax rebate will be the production from its other coal mines in this state.
- When the taxpayer or its affiliates operates several coal mines in this state, the total production from all mines and employment levels during the year for which rebate is sought is compared with total production from all mines during the base-year period to determine if there has been an increase in tons of coal produced and workforce.
- The taxpayer may apply for the rebate when it files its annual severance tax return and payment. The application must be made electronically through MyTaxes. The severance tax rebate may not be claimed on a severance tax return and a rebate amount carried forward may not be claimed on a severance tax return.
- This rebate is transferable to a successor in business.

MINE SAFETY TECHNOLOGY CREDIT

W. Va. Code §11-13BB-1, *et seq.*

- The Board of Coal Mine Health and Safety annually compiles a proposed list of approved innovative mine safety technology, which is reviewed and approved or amended by the Director of the West Virginia Office of Miners' Health, Safety and Training. Proximity detection systems, cameras and underground safety shelters and the refurbishing thereof are statutorily deemed to be approved innovative mine safety technology and included on the list. Proximity detection systems and cameras used on continuous mining machines and underground haulage equipment and machine mounted methane monitors required by W. Va. Code §22A-2-43 are also statutorily deemed "eligible safety property."
- A coal mining company that purchases mine safety technology that is on the approved list at the time of purchase is eligible for a credit against its West Virginia corporation net income tax. Because the credit is intended to encourage innovation, any equipment that is on the approved list and subsequently adopted by the Federal Mine Safety and Health Administration or the West Virginia Office of Mine Safety or any other state or federal agency as required equipment to be used in a coal mine or on a mine site or any other industrial site shall be removed from the list of approved innovative mine safety technologies because it is then considered normal, required technology and no longer "innovative." Likewise, any equipment that the director of the Office of Miners' Health, Safety and Training determines has ceased to be innovative in concept, design, operation or performance, or is ineffective, or has failed to meet expectations, or has failed to prove its value in directly minimizing workplace injuries and fatalities in coal mines, shall be removed from the list. If an eligible taxpayer makes a qualified purchase of innovative safety technology when that technology is on the approved list and the technology subsequently is removed from the list, the credit is not forfeited.
- The amount of the allowable credit is equal to fifty percent of the investment cost in eligible safety equipment pursuant to a qualified purchase. A "qualified purchase" specifically does NOT include:

  (i) Purchases or leases of realty or any cost for, or related to, the construction of a building, facility or structure attached to realty;

  (ii) Purchases or leases of property not exclusively used in West Virginia;

  (iii) Repair costs including materials used in the repair unless, for federal income tax purposes, the cost of the repair must be capitalized and not expensed;

  (iv) Motor vehicles licensed by the Division of Motor Vehicles;

  (v) Clothing;

  (vi) Airplanes;

  (vii) Off-premises transportation equipment;

  (viii) Leases of tangible personal property having a primary term of less than five years;

  (ix) Property that is used outside this state; and

  (x) Property that is acquired incident to the purchase of the stock or assets of an industrial taxpayer that was or had been used by the seller in his or her industrial business in this state or in which investment was previously the basis of a credit against tax taken under any other article of this chapter.
- The credit must be applied over a five-year period, at the rate of one-fifth of the allowable credit per taxable year, beginning with the taxable year in which the eligible safety equipment is placed in service in West Virginia. The credit may be applied only against the corporation net income tax, not against the personal income tax. For passthrough entities, any credit left after application against the corporation net income tax is allocated among the members in the same manner as profits and losses are allocated for the taxable year. At the end of the five-year period of credit application, any unused credit is forfeited, with no carryover or carryback. The credit may not be applied against West Virginia personal income tax.
- No more than $2 million of mine safety technology credits may be allowed by the Office of Miners' Health, Safety and Training in any fiscal year, with allocation made in the order the applications for credit are received.
- An eligible taxpayer, in combination with its owners, may not use more than $100,000 of the credit in any taxable year.
- This credit terminates on December 31, 2025.

SENIOR CITIZENS TAX CREDIT AGAINST PERSONAL INCOME TAX FOR PROPERTY

- Low income persons who are allowed a homestead exemption for property tax purposes pursuant to W. Va. Code §11-6B-3 are eligible for a credit against personal income tax in the amount of property taxes paid on up to the first $20,000 of taxable assessed value of the homestead. "Low income" means having federal adjusted gross income for the taxable year that is 150% or less of the federal poverty guideline

TAXES PAID ON UP TO FIRST $20,000 OF TAXABLE ASSESSED VALUE

W. Va. Code §11-21-21

for the year in which property tax was paid. "Taxes paid" means the aggregate of regular levies, excess levies and bond levies extended against not more than $20,000 of the taxable assessed value of a homestead that are paid during the calendar year, determined after application of any discount for early payment of taxes; but before application of any penalty or interest for late payment.

- This credit is not available for a tax year during which the taxpayer is required to pay the federal alternative minimum income tax.

TOURISM DEVELOPMENT CREDIT

W. Va. Code §5B-2e-1, *et seq.*

- The West Virginia Tourism Development Act ("the Act") includes tax credits for three different types of tourism development projects, with each type of project requiring approval by the West Virginia Development Office. Each project proposed under the Act must be approved by the West Virginia Development Office in order to qualify for any of the three credits.
- A credit is provided under W. Va. Code §5B-2E-7 for a "tourism development project," which is statutorily defined as:

> . . . the acquisition, including the acquisition of real estate by a leasehold interest with a minimum term of ten years, construction and equipping of a tourism attraction; the construction and installation of improvements to facilities necessary or desirable for the acquisition, construction, installation of a tourism attraction, including, but not limited to, surveys, installation of utilities, which may include water, sewer, sewage treatment, gas, electricity, communications and similar facilities; and off-site construction of utility extensions to the boundaries of the real estate on which the facilities are located, all of which are to be used to improve the economic situation of the approved company in a manner that allows the approved company to attract persons, but does not include a project that will be substantially owned, managed or controlled by an eligible company with an existing project located within a ten mile radius, or by a person or persons related by a family relationship, including spouses, parents, children or siblings, to an owner of an eligible company with an existing project located within a ten mile radius.

- Once a project is approved, and an amount of approved costs for the project is established by the Development Office, the taxpayer may qualify for a credit in the maximum amount of 25% of the approved costs. However, the maximum amount of credit allowable may be 35% if the project site is located within the permit area or an adjacent area of a surface mining operation from which all of the coal has been extracted prior to commencement of the project, or if the project site is located on or adjacent to property owned or leased by the state or federal government and the project has received prior approval from the appropriate state or federal agency.
- The credit is allowed against the sales tax collected by the approved company on sales from operation of the tourism development project. The credit must be taken over a ten-year period, at the rate of one tenth of the amount per year, beginning with the year in which the project is opened to the public. The approved company can make an irrevocable, one-time election to delay the beginning of the ten-year period to the next succeeding tax year. No carryback to a previous tax year is allowed; but, if any credit remains after the statutory ten-year period, then the remainder can be carried forward for up to three years. If any amount of credit remains unused after the thirteenth year, it is forfeited.
- A credit is provided under W. Va. Code §5B-2E-7a for a "tourism development expansion project," which is statutorily defined as:

> . . . the acquisition, including the acquisition of real estate by a leasehold interest with a minimum term of ten years; the construction and installation of improvements to facilities necessary or desirable for the expansion of an existing tourism attraction including, but not limited to, surveys, installation of utilities, which may include water, sewer, sewage treatment, gas, electricity, communications and similar facilities; and off-site construction of utility extension to the boundaries of real estate on which the facilities are located, all of which are to be used to improve the economic situation of the approved company in a manner that allows the approved company to attract persons.

- Once an expansion project is approved, and an amount of approved costs for the expansion project is established by the Development Office, the taxpayer may qualify for a credit in the maximum amount of 25% of the approved costs. However, the maximum amount of credit allowable may be 35% if the project site is located within the permit area or an adjacent area of a surface mining operation from which all of the coal has been extracted prior to commencement of the project, or if the project site is located on or adjacent to property owned or leased by the state or federal government and the project has received prior approval from the appropriate state or federal agency.

- The credit is allowed against the sales tax collected by the approved company on sales from operation of the tourism development expansion project. The credit must be taken over a ten-year period, at the rate of one tenth of the amount per year, beginning with the year in which the project is opened to the public. The approved company can make an irrevocable, one-time election to delay the beginning of the ten-year period to the next succeeding tax year. No carryback to a previous tax year is allowed; but, if any credit remains after the statutory ten-year period, then the remainder can be carried forward for up to three years. If any amount of credit remains unused after the thirteenth year, it is forfeited.
- A qualified professional services destination facility is "adjacent or complementary to a historic resort hotel" that provides personal or professional services to individuals who primarily are residents of another state or a foreign country. A "historic resort hotel" is defined as "a resort hotel registered with the United States Department of the Interior on the effective date of this amendment [2014] as a national historic landmark in its National Registry of Historic Places having not fewer than five hundred guest rooms."
- To qualify for the credit, an eligible company must: (A) create at least 125 new jobs in West Virginia within 36 months of placing qualified investment into service, and maintain those jobs for the entire 10-year life of the credit; (B) pay at least 50% of health insurance premiums for its full-time employees, (C) generate at least $10 million of gross receipts subject to the health care provider taxes (W. Va. Code §11-27-1, *et seq.*) within 36 months of placing the qualified investment in service, and (D) meet all the standards, limitations and requirements of the Development Office and the Tourism Development Act. The credit may be applied against the corporation net income tax or the personal income tax, with some limitations.
- Any of the three credits provided under the Tourism Development Act (W. Va. Code §5B-2E-1, *et seq.*) may be transferred to an eligible successor company that continues to operate the approved project, subject to the written consent of the Development Office.
- All three credits provided under the Tourism Development Act (W. Va. Code §5B-2E-1, *et seq.*) are subject to forfeiture of the credit and imposition of a credit recapture tax plus interest and penalties if certain conditions are not met or maintained.

HIGH-TECH INCENTIVE EXEMPTIONS AND CREDITS

W. Va. Code §18B-13-4

- Pursuant to W. Va. Code §18B-13-4(b), a "qualified business" approved by the West Virginia Development Office and located in a geographic area designated as a High-Tech research zone, park or technology center is considered to be:

  (1) A business eligible for economic opportunity tax credit entitlement pursuant to W. Va. Code §11-13Q-19, and entitled to the twenty percent new jobs percentage under W. Va. Code §11-13Q-9, if it creates at least three new jobs in a research zone, park or technology center;

  (2) An eligible taxpayer for purposes of the strategic research and development credit provided under W. Va. Code §11-13R-1, *et seq.*;

  (3) An industrial taxpayer for purposes of the manufacturing investment tax credit provided under W. Va. Code §11-13S-1, *et seq.*

  if it is primarily engaged in manufacturing related to research and development; and

  (4) Entitled to priority for approval of refundable credit for the small qualified research and development company credit under W. Va. Code §11-13R-6 ahead of eligible taxpayers that are not qualified businesses under W. Va. Code §18B-13-1, as long as the qualified business otherwise meets the requirements for those credits.
- The total credits and deferrals allowable under W. Va. Code §18B-13-4 is limited to $2.5 million in any one fiscal year for all eligible businesses. The credit allowed under W. Va. Code §11-13R-6 is refundable, while the other credits addressed in W. Va. Code §18B-13-4(b) are not.

SPECIAL RECLAMATION TAX CREDIT

W. Va. Code §22-3-11(g)(3); 110 C.S.R. 29

- The Surface Coal Mining and Reclamation Act (W. Va. Code §22-3-1, *et seq.*) imposes a special reclamation tax on each ton of clean coal mined in West Virginia. Proceeds of the tax provide funding for the Special Reclamation Fund and the Special Reclamation Water Trust Fund, the purpose of which is to pay for reclamation of surface mine sites. If a mine operator performs reclamation or remediation at a site that otherwise would have been reclaimed using funds from the Special Reclamation Fund or Special Reclamation Water Trust Fund, then that mine operator may be granted a tax credit against the special reclamation tax. The amount of the credit is equal to the amount that the Tax Commissioner determines would have been spent from the Special Reclamation Fund or Special Reclamation Water Trust Fund to accomplish the reclamation or remediation performed by the mine operator, including expenditures for water treatment.

CONCEALED WEAPON SAFETY COURSE TAX CREDIT

W. Va. Code §61-7-4(r)

- Any person seeking a license to carry a concealed deadly weapon must, among other things, pay a $25 application fee and complete a training course in the handling and firing of a handgun. Any person who pays a fee for the required training is entitled to a credit against their personal income tax in the amount of the fee, up to a maximum of $50. If the training was free or cost less than $50, then the credit may be applied to the fees associated with the initial application.

WEST VIRGINIA TAX CREDIT FOR FEDERAL EXCISE TAX

W. Va. Code §11-13KK-1, *et seq.*

- With a minimum qualified investment of $2 million made after July 1, 2021, in a small arms and ammunition manufacturing facility, a credit equal to 100% of federal excise tax paid per IRC §4181 can be used to offset up to 100% of either Corporation Net Income Tax or Personal Income Tax that is paid as the result of the investment.
- The amount of income tax paid, as a result of the investment, is determined by a fraction, the numerator of which is all wages, salaries, and other compensation paid during the taxable year to all employees employed in this State, whose positions are directly attributable to the qualified investment, and the denominator of which is the wages, salaries, and other compensation paid during the taxable year to all employees of the taxpayer.
- This credit has a ten-year carryover after the ten-year claim period, provided that the initial $2 million investment is maintained during every year in which the credit is claimed.
- The qualified investment in property purchased or leased for a new, or expansion of an existing, small arms and ammunition manufacturing facility is determined using the applicable percentage of the cost of each property that is placed in service or use in this State by the taxpayer during the taxable year.
- The applicable percentage is determined in accordance with the following table:

Useful Life in WV	Useful Life %
Less than 4 years	0
4 years or more but less than 6 years	33 ⅓
6 years or more but less than 8 years	66 ⅔
8 years or more	100

- Upon transfer, sale, or reorganization, the successor shall acquire the amount of credit that remains available for each subsequent taxable year.
- A written application is required by the last day for filing state income tax returns; there is a 50% penalty each year for failure to file a timely application.

ASSISTANCE OR ADDITIONAL INFORMATION

- For assistance or additional information, you may call a Taxpayer Service Representative at:

1-800-WVA-TAXS
(1-800-982-8297)

Or visit our website at:

www.tax.wv.gov

File and pay taxes online at:

https://mytaxes.wvtax.gov

Email questions to:

taxhelp@wv.gov

CREDIT SCHEDULE ORDER FORM

- The following is a listing of tax credit schedules and forms that can be downloaded.

West Virginia State Tax

TSD-110

West Virginia Tax Credits – Forms and Schedules

ECONOMIC DEVELOPMENT CREDITS	
Economic Opportunity Tax Credits	
General Economic Opportunity Tax Credit	All these require Application Form WV/EOTC-A for Investments Placed in Service on or After January 1, 2003 **and** either EOTC-1 or EOTC-PIT
Corporate Headquarters Relocation Tax Credit	
Small Business Credit	
High Technology Manufacturers Credit	
Jobs Creation Tax Credit	
Application Form WV/EOTC-A for Investments Placed in Service on or After January 1, 2003	http://tax.wv.gov/Documents/TaxForms/eotca.pdf
Schedule EOTC-1 (For periods after January 1, 2015)	http://tax.wv.gov/Documents/TaxForms/2015/eotc1.pdf
Schedule EOTC-1 (For periods before January 1, 2015)	http://tax.wv.gov/Documents/TaxForms/eotc1.pdf
EOTC-1 Instructions (For periods after January 1, 2015)	https://tax.wv.gov/Documents/TaxForms/2015/eotc1.instructions.pdf
Schedule EOTC-PIT	http://tax.wv.gov/Documents/TaxForms/eotcpit.pdf
Manufacturing Investment Tax Credits	
Application Form WV/MITC-A	http://tax.wv.gov/Documents/TaxForms/mitca.pdf
Schedule MITC-1 (For periods after January 1, 2015)	http://tax.wv.gov/Documents/TaxForms/2015/mitc1.pdf
Schedule MITC-1 (For periods before January 1, 2015	http://tax.wv.gov/Documents/TaxForms/2014/mitc1.pdf
MITC-1 Instructions	http://tax.wv.gov/Documents/TaxForms/2015/mitc1.instructions.pdf
Manufacturing Property Tax Adjustment Credit	
Schedule WV/MPTAC-1 (For periods after January 1, 2015)	http://tax.wv.gov/Documents/TaxForms/2015/mptac1.pdf
Schedule WV/MPTAC-1 (For periods before January 1, 2015)	http://tax.wv.gov/Documents/TaxForms/mptac1.pdf
Industrial Expansion and Revitalization Credit for Electric Power	
Schedule I-EPP	http://tax.wv.gov/Documents/TaxForms/schedule.I-EPP.pdf
I-EPP Instructions	http://tax.wv.gov/Documents/TaxForms/schedule.I-EPP.instructions.pdf
Coal Loading Facilities Credit	
Schedule CL	http://tax.wv.gov/Documents/TaxForms/ScheduleCL.pdf
Strategic Research and Development Tax Credit – *Only available for qualified investment or expenditure after January 1, 2003 and before January 1, 2014*	
Application Form WV/SRDTC-A	http://tax.wv.gov/Documents/TaxForms/srdtca.pdf
WV/SRDTC-A Instructions	http://tax.wv.gov/Documents/TaxForms/srdtca.instructions.pdf
Schedule SRDTC-1	http://tax.wv.gov/Documents/TaxForms/2015/srdtc1.pdf
SRDTC-1 Instructions	http://tax.wv.gov/Documents/TaxForms/2015/srdtc1.instructions.pdf
ENVIRONMENTAL CREDIT	
West Virginia Environmental Agricultural Equipment Credit	
Schedule WV/AG-1	http://tax.wv.gov/Documents/TaxForms/ag1.pdf
WV/AG-1 Instructions	http://tax.wv.gov/Documents/TaxForms/ag1.instructions.pdf

EMPLOYMENT CREDITS	
West Virginia Military Incentive Credit	
Schedule J	http://tax.wv.gov/Documents/TaxForms/schedule-J.pdf
Natural Gas Jobs Retention Act Credit	
Schedule WV/NGRET-1	http://tax.wv.gov/Documents/TaxForms/ngret1.pdf
OTHER CREDITS	
Telephone Utilities Rate Reduction	
Schedule K	http://tax.wv.gov/Documents/TaxForms/schedule-K.pdf
Electric, Natural Gas, And Water Utilities Rate Reduction	
Schedule L	https://tax.wv.gov/Documents/TaxForms/cit.schedule-L.pdf
Nonfamily Adoption Credit	
Schedule WV/NFA-1	http://tax.wv.gov/Documents/TaxForms/nfa1.pdf
Neighborhood Investment Program Credit	
Schedule WV/NIPA-2 (For periods after January 1, 2015)	http://tax.wv.gov/Documents/TaxForms/2015/nipa2.pdf
Schedule WV/NIPA-2 (For periods after January 1, 2012)	http://tax.wv.gov/Documents/TaxForms/2014/nipa2.pdf
WV/NIPA-2 Instructions	http://tax.wv.gov/Documents/TaxForms/2015/nipa2.instructions.pdf
Visit West Virginia Development Office for more information	https://wvcad.org/index.php?p=sustainability/neighborhood-investment-program
Historic Rehabilitated Buildings Investment Credit	
Schedule RBIC	http://tax.wv.gov/Documents/TaxForms/schedule-RBIC.pdf
Residential Historic Rehabilitated Building Qualified Investment Credit	
Schedule RBIC-A	http://tax.wv.gov/Documents/TaxForms/schedule-RBIC-A.pdf
Apprenticeship Training Tax Credit	
Schedule WV/ATTC-1 (For periods after January 1, 2015)	http://tax.wv.gov/Documents/TaxForms/2015/attc1.pdf
Commercial Patent Incentives Tax Credit	
Schedule WV/CPITC-1	http://tax.wv.gov/Documents/TaxForms/2015/cpitc1.pdf
West Virginia Farm-to-Food Bank Tax Credit	
Farm-to-Food Bank Tax Credit Application	https://agriculture.wv.gov/wp-content/uploads/2021/01/Farm-to-Food-Bank-Application.pdf
West Virginia Innovative Mine Safety Technology Tax Credit	
Schedule IMSTTC-1 (For periods after January 1, 2020)	https://tax.wv.gov/Documents/TaxForms/2020/imsttc1.2020.pdf
Schedule IMSTTC-1 (For periods after January 1, 2015)	https://tax.wv.gov/Documents/TaxForms/2015/imsttc1.pdf
West Virginia Conceal Carry Gun Permit Training Credit	
Form CCGP-1	https://tax.wv.gov/Documents/TaxForms/ccgp1.pdf

This list is not all-inclusive. Specific tax returns may indicate credits available that are not included here. Visit our website at **www.tax.wv.gov** for more information.