



## HOW INTEREST AND ADDITIONS TO TAX ARE ASSESSED

The purpose of this publication is to provide information regarding interest and additions to tax for tax underpayments. This publication provides general information. It is not a substitute for tax laws or regulations.

### GENERAL INFORMATION

- Any unpaid tax liability becomes subject to interest and additions to tax when not paid by the due date of the return.

### INTEREST

- Interest is due when the tax amount is not paid in a timely manner. Interest accrues daily and is imposed from the due date of the return until paid without regard to any extension of time to file.
- The West Virginia Code requires the Tax Commissioner to establish interest rates for tax underpayments based on the adjusted prime rate.

#### INTEREST RATES

Effective From	Effective To	Rate
January 1, 2002	- June 30, 2002	8%
July 1, 2002	- December 31, 2016	9.5%
January 1, 2017	- December 31, 2017	8%
January 1, 2018	- December 31, 2018	8.75%
January 1, 2019	- December 31, 2019	9.75%
January 1, 2020	- December 31, 2020	9.25%
January 1, 2021	-	7.75%

- Each December, the Tax Commissioner will publish the rate of interest for the next calendar year.

### ADDITIONS TO TAX

- Penalties (additions to tax) are imposed to encourage voluntary compliance with this State's tax laws. The penalty is imposed on those taxpayers whose action, inaction, or delayed action warrants impositions of a penalty.
- Additions to tax penalties are imposed as a percentage of tax. See the chart below for information on the types and amounts of penalties imposed:

Penalty	Rate	Measure
Failure to timely file a return	5% per month – 25% maximum	Tax due (as shown on return or as adjusted by State Tax Department)
Failure to timely pay tax due	0.5% per month – 25% maximum	Tax due (as shown on return or as adjusted by State Tax Department)
Failure to pay tax due because of negligence or intentional disregard of rules	5% per month – 25% maximum	Amount of deficiency
Filing a false or fraudulent return	50%	Amount of deficiency
Failure to pay estimated tax	Interest rate	Amount of underpayment

- Additions to tax for failure to timely file and failure to timely pay tax due may be imposed concurrently; however, the total penalty may not exceed 5% per month and the maximum of both penalties may not exceed 50%.
- Additions to tax imposed for failure to timely file a return or timely pay a tax due may be waived if the taxpayer can prove that its failure was due to reasonable cause and not due to willful neglect. The penalties for negligence or intentional disregard of rules promulgated by the Tax Commissioner, or for filing a false or fraudulent return with the intent to evade tax, are nonwaivable. The burden of proof is on the Tax Commissioner to prove fraud. The costs of the additions to tax are not deductible for either federal or state income tax purposes.
- Additions to tax for failure to pay estimated tax may be waived if the Tax Commissioner determines that the underpayment was caused by a reason of casualty or disaster, or by unusual circumstances which make imposing the penalty against equity and good conscience.

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**ASSISTANCE AND  
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](http://www.tax.wv.gov)

File and pay taxes online at:

<https://mytaxes.wvtax.gov>

Email questions to:

[taxhelp@wv.gov](mailto:taxhelp@wv.gov)

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