

WV/SEV-401C

Annual Coal Severance Tax Return Instructions

IMPORTANT INFORMATION: The Tax Department will reject claims for refund or credit if ANY part of the required information is not provided with the SEV-401C.

REQUIRED INFORMATION:

1. Current SEV-401-C Form
2. Isopach Maps (**Must be submitted on or before the due date of the return. Please note, we do not accept electronic copies.**)
3. Credit Schedules (**Schedules must be attached to the return. Credit without schedules that are not attached to the return in MyTaxes will be disallowed.**)
4. Attach a spreadsheet with all active permit numbers.
5. Low Seam Underground Coal Severance Tax Schedule
6. Power of Attorney (**as needed**)
7. Sign and Date

SCHEDULE E

This schedule must be completed by all producers. All tonnage must be reported along with the county in which the coal was extracted. (If you produce coal from waste sources, it must report that tonnage on WV/SEV-401W Waste Coal Return.)

- Col 1** Enter and review the county/counties in which the coal was located when it was severed from the ground. Include all counties where coal was actually severed from the ground for the period you are reporting including qualified thin seam coal. If additional space is needed please attach a separate sheet with your return.
- Col 2** Enter the county FIPS code from the key code on page 2. Please insure the county code printed on your return is where the coal was actually severed from the ground. All counties must be reported.
- Col 3** Enter the total tons produced for the 12TH month period. **Round all tons to the nearest whole ton. Do not include decimal points or fractions. Processors of purchased coal are not subject to Schedule E production.**
- Col 4** Enter the total tons produced for the Full Year. **Round all tons to the nearest whole ton. Do not include decimal points or fractions. Processors of purchased coal are not subject to Schedule E production.**

SCHEDULE A

- Line 1** Enter amount from Line 10 of the Schedule B2.
- Line 2** Enter amount from Line 4 of the Schedule TC
- Line 3** Enter the amount of Line 1 minus Line 2
- Line 4** Enter the amount from Line 7 of the Schedule C
- Line 5** Enter the sum of Line 3 and Line 4
- Line 6** Total of estimated payments made for the period covered by this return and any carry forward credits from previous years.
- Line 7** Enter the sum of (Line 5 minus Line 6). If Line 6 is greater than Line 5, enter 0
- Line 8** **Overpayment** – Enter the sum of (Line 6 minus Line 5). If Line 5 is greater than Line 6, enter 0.
- Line 9** **Credit** – Enter the amount of Line 8 to be credited to next year's tax return.
- Line 10** **Refund** – Enter the amount of (Line 8 minus Line 9) to be refunded.

SCHEDULE B1

FOR TAX YEARS BEGINNING ON OR AFTER APRIL 13, 2001, COAL PRODUCED FROM REFUSE, GOB PILES, SLURRY PONDS, POND FINES, OR OTHER SOURCES OF WASTE COAL MUST BE REPORTED ON FORM WV/SEV-401W.

ONLY QUALIFIED THIN SEAM COAL IS TO BE REPORTED ON LINES 2 THROUGH 4.

- Line 1-4** Enter the gross value of coal produced/processed. This is the total gross value of the coal after processing. Multiply the total

gross value by the rate. Enter the results in column 3 – tax due.

Line 5 Enter the total of lines 1, 2, 3 and 4 of column 1.

Line 6 Enter the total of lines 1, 2, 3 and 4 of column 3.

NOTE: To receive the reduced severance tax rate for low-seam coal (underground mines only), an Isopach Map for each mining permit must be submitted on or before the due date of the return. The *Isopach Map* must be signed and certified by a professional engineer. Failure to provide a copy of the Isopach Map will result in the recalculation of your tax at the five percent (5%) rate. Information can be found in Interpretive Rule 110-13AB.

Schedule B2

PROCESSORS: Column 1, 2, and 3:

Line 1 Enter the total Gross Value of Purchased and Processed Resources.

Line 2 Enter the amount paid or payable for purchased resources.

Line 3 Enter the sum of Line 1 minus Line 2. If less than zero, enter 0

PRODUCERS: Columns 1, 2, and 3:

Line 4 Enter the Gross Value of Severed and Processed Resources.

Line 5 Enter the Gross Value of Severed Resources but not Processed

PROCESSORS AND PRODUCERS:

Line 6 Enter the sum of Lines 3, 4, and 5

Line 7 The rate of tax.

Line 8 Tax Due – Enter the result of Line 6 multiplied by Line 7.

Line 9 Enter total gross value from Line 6, Columns 1, 2, and 3.

Line 10 Enter the sum of Line 8, Columns 1, 2, and 3. This amount is reported on Line 1 of Schedule A.

Schedule C

Line 1 Enter the amount of Total Tons Sold. **Do not include tons from qualified thin seams or purchased coal.**

Line 2 Rate of tax.

Line 3 Enter the amount of minimum tax (Line 1 multiplied by Line 2)

Line 4 Enter the amount from Schedule A, Line 3.

Line 5 Net Severance Tax Ratio, provided.

Line 6 Enter the amount of Line 4 multiplied by Line 5.

Line 7 Enter the amount of Line 3 minus Line 6. If Line 6 is greater than Line 3, enter 0 here and on Line 4 of Schedule A

Schedule TC

Line 1 Enter the amount of credit \$500 per year or \$41.67 per month engaged in business in West Virginia. Only one annual exemption may be claimed by each business entity.

Line 2 Enter the amount of the December Investment Credit.

Line 3 Enter the amount of credit for Coal Loading facilities.

Line 4 Enter the amount of total credit (add lines 1 through 3 in Full Year) and report on Line 2 of Schedule A.

Other Information

\$500 ANNUAL EXEMPTION:

This exemption is allowed only for the period you were actually in business. The fact that the exemption may exceed the adjusted tax does not result in a refund. A refund is the result of excessive actual tax paid. Only one exemption, not to exceed \$500.00 per year may be claimed by each business entity even though you may operate at more than one location or file more than one type of Severance Tax Return.

Example: The exemption per month is \$41.67 and per day is \$1.37. If you were in business July 27 through December 31, 2007, your exemption is \$215.00 (\$41.67 x 5 months = \$208.35 and \$1.37 x 5 days = \$6.85, rounded to the nearest dollar).

NON-WAIVABLE INTEREST:

On any amount of tax that is not paid by the due date of the tax return (determined without regard to an extension of time for filing or before expiration of an authorized extension of time for paying tax), interest is imposed at an adjusted rate established by the Tax Commissioner. The annual rate will never be less than eight percent (8%). The interest rate will be determined and in effect for periods of six months. For example, the rate established in October for a calendar year will be in effect from the first day of January through the thirtieth day of June of the succeeding year. If there are any questions please refer to TSD-365 on our website at tax.wv.gov.

ADDITIONS TO TAX:

Additions to tax are imposed for failure to file the return on or before the due date (determined with regard to an extension of time to file), and for failure to pay all tax due on or before the due date of the tax return. The rate for late filing is five percent (.05) per month or any part of a month, the rate for late payment of tax is one half of one percent (.005) per month or any part of a month. An extension of time for filing does not extend the time for payment of tax. Where both the five percent penalty for late filing and one half of one percent penalty for late payment of tax are imposed, the maximum monthly percent is five percent (5%), the maximum amount of additions to tax imposed under either penalty is twenty-five percent (25%); the maximum amount under both penalties is fifty percent (50%) of the tax due. If there are any questions please refer to TSD-365 on our website at tax.wv.gov.

PENALTY FOR UNDERPAYMENT OF ESTIMATED TAX:

Any person required to make monthly or quarterly payments of an annual tax and fails to make a timely payment or remits less than the required amount is subject to additions to tax. No additions are imposed if a quarterly taxpayer timely pays estimated tax equal to three-fourths (.75) or more of the actual tax liability. No additions are imposed if a monthly taxpayer timely pays estimated tax equal to eleven-twelfths (.92) or more of the actual tax liability. The amount of the underpayment is determined to be the difference between the amount that should have been paid and that which was actually paid. The period of underpayment of an installment is from the due date of the installment payment to the earlier of either the due date of the annual return for the taxable year or the date upon which such portion is paid.

Complete Schedule WV/11-10-18b lines 1 through 7 to determine if subject to underpayment of estimated

tax penalty. Schedule may be obtained from Taxpayer Services at 1-800-982-8297 or (304) 558-3333.

CREDIT FOR COAL LOADING FACILITIES (11-13E):

This credit is available to taxpayers subject to Severance Tax. The credit for Business Franchise Tax applies to tax years prior to January 1, 2015. The credit is based on purchases of real or personal property or a combination thereof, for the purpose of building or constructing a new or expanded coal loading facility or who revitalize an existing coal loading facility which was located in the State on April 1, 1983. The facility is to be used solely for the purpose of transferring coal from a coal processing or preparation facility, or from a coal storage facility, or both, or from any means of transportation, to any means of rail or barge transportation used to move coal, including such land as is directly associated with and solely used for the coal loading facility. The coal loading facility credit attributable to investment made on or after March 1, 1985 is limited to fifty percent (50%) of the gross tax payable for Severance Tax and Business Franchise Tax.

CREDIT FOR INDUSTRIAL EXPANSION AND/OR REVITALIZATION (11-13D):

A credit is allowed against business and occupation tax, severance tax and business franchise tax to certain industrial taxpayers who make capital investments in a new or expanded industrial facility in this State or who replace or modernize building, equipment, machinery and other tangible personal property used in the operation of an industrial facility located in this State, including the acquisition of any real property necessary to the expansion or revitalization. The amount of industrial expansion and revitalization credit taken may not exceed fifty percent (50%) of the tax attributable to the processing of purchased coal. The credit for Business Franchise Tax applies to tax years prior to January 1, 2015.

Forms and schedules may be obtained from our website at tax.wv.gov.