



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

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Cover Photo: by Tasha Parsons

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## IMPORTANT INFORMATION FOR 2023

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Annual returns will have a due date of April 15 and an extended due date of October 15. Fiscal and 52/53-week returns will be due on the 15th day of the fourth month following the end of the period with an extension period of six months.

### TAX RATES

- The Corporation Net Income Tax Rate is 6.5% (§11-24-4).
- Effective January 1, 2019, taxpayers who had annual remittance of any single tax equal to or greater than \$50,000 during the fiscal year are required to electronically file returns and make payments using Electronic Funds Transfer (EFT) for periods beginning on or after January 1.
- Failure to comply with the requirement to remit payments by EFT without first obtaining a waiver may result in a civil penalty of three (3) percent of each payment which was to be paid by EFT. Visit our website [www.tax.wv.gov](http://www.tax.wv.gov) for additional information.

### RETURNED PAYMENT CHARGE

**The Tax Division will recover a \$15.00 fee associated with any returned bank transactions. These bank transactions include but are not limited to the following:**

- Direct Debit (payment) transactions returned for insufficient funds.
- Stopped payments.
- Bank refusal to authorize payment for any reason.
- Direct Deposit of refunds to closed accounts.
- Direct Deposit of refunds to accounts containing inaccurate or illegible account information.

Checks returned for insufficient funds will incur a \$28.00 fee.

**The fee charged for returned or rejected payments will be to recover only the amount charged to the Tax Division by the financial institutions.**

**Important:** There are steps that can be taken to minimize the likelihood of a rejected financial transaction occurring:

- Be sure that you are using the most current bank routing and account information.
- If you have your tax return professionally prepared, the financial information used from a prior year return often pre-populates the current return as a step saver. It is important that you verify this information with your tax preparer by reviewing the bank routing and account information from a current check. This will ensure the information is accurate and current in the event that a bank account previously used was closed or changed either by you or the financial institution.
- If you prepare your tax return at home using tax preparation software, the financial information used from a prior year return often pre-populates the current return as a step saver. It is important that you verify this information by reviewing the bank routing and account information from a current check. This will ensure the information is accurate and current in the event that a bank account previously used was closed or changed either by you or the financial institution.
- If you prepare your tax return by hand using a paper return, be sure that all numbers requesting a direct deposit of refund entered are clear and legible.
- If making a payment using MyTaxes, be sure that the bank routing and account number being used is current.
- If scheduling a delayed debit payment for an electronic return filed prior to the due date, make sure that the bank routing and account number being used will be active on the scheduled date.
- Be sure that funds are available in your bank account to cover the payment when checks or delayed debit payments are presented for payment.

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## **TAXPAYER RESPONSIBILITIES**

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### **FILING YOUR CORPORATE RETURNS**

Returns should be filed by the due date. Forms may also be obtained from any of our regional field offices or from the Tax Division website at [tax.wv.gov](http://tax.wv.gov). You may obtain forms by calling 1-800-982-8297.

Failure to file returns will result in your account being referred to our Compliance Division for corrective action. Please file all required tax returns even if you owe no tax for the reporting period. All applicable pages of the return must be filed.

### **PAYMENT OF THE TAX**

The full amount of tax owed is due and payable on the original due date of the tax return. Failure to pay the full amount of tax by the due date will result in interest and penalties being added to any unpaid amount of tax. If you are unable to pay the full amount of tax on the due date, you should file your tax return along with a written explanation of why you are unable to pay and when you will pay the tax due.

### **REFUNDS**

You are entitled to a refund of any amount that you overpaid. All or part of any overpayment may be applied as a credit against your liability for such tax for other periods. A claim for refund (usually a tax return showing an overpayment) must be filed within three years of the due date of the return or two years from the date the tax was paid, whichever expires later. The overpayment will be used by the Tax Division against other tax liabilities due.

### **SELLING OR DISCONTINUING YOUR BUSINESS**

If you sell or discontinue your business, notify the Tax Division in writing as soon as possible after your business is sold or discontinued. All final tax returns should be filed.

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## GENERAL INFORMATION

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The information in this booklet is for calendar year 2023 returns and for fiscal year returns beginning in 2023 and ending in 2024. The information in this book is intended to help you complete your returns and is not a substitute for tax laws and regulations.

Starting in tax year 2020, the forms have been redesignated, changing “CNF” to “CIT”.

### TAXPAYER ASSISTANCE

Call a Taxpayer Services Representative at (304)558-3333 or toll-free at (800) 982-8297

### CORPORATION NET INCOME TAX

The Corporation Net Income Tax is a tax on the West Virginia taxable income of every domestic or foreign corporation which enjoys the benefits and protections of the government and laws in the State of West Virginia or derives income from property, activity or other sources in West Virginia. The term “corporation” includes a joint stock company and any association or other organization which is taxable as a corporation under federal income tax laws.

The West Virginia Corporation Net Income Tax is a federal conformity tax in that the starting point in computing West Virginia taxable income is the federal taxable income of the corporation. Certain increasing and decreasing adjustments, as required by state law, must be made to federal taxable income to arrive at West Virginia taxable income. Corporations are required to allocate certain types of nonbusiness income to West Virginia and apportion their remaining income. The Corporation Net Income Tax rate is six and one-half percent (.065).

### EXEMPT ORGANIZATIONS

Any corporation exempt from federal income tax is also exempt from West Virginia Corporation Net Income Tax. In addition, certain insurance companies, certain production credit associations, trusts established under 29 U.S.C. 186, and other organizations specifically exempt under the laws of West Virginia are also exempt.

If you are a tax-exempt organization with unrelated business income that is subject to federal tax, you must pay the West Virginia Corporation Net Income Tax.

### PAYMENT OF TAX

**DUE DATE:** A corporation’s annual West Virginia Corporation Net Income Tax Return is due on or before the 15th day of the fourth month after the close of the taxable year. The filing of returns is required whether any tax is due. A tax-exempt organization’s annual West Virginia Corporation Net Income Tax Return is due on or before the 15th day of the fifth month after the close of the taxable year. Make your remittance payable to the West Virginia Tax Division.

**PAYMENT OPTIONS:** Effective January 1, 2022, taxpayers who had annual remittance of any single tax equal or greater than \$50,000 during calendar year 2020 or fiscal year 2019 are required to electronically file returns and make payments using Electronic Funds Transfer (EFT) for periods beginning on or after January 1, 2022. Returns filed with a balance due may use any of the following payment options: Check or Money Order made payable to the West Virginia Tax Division, Electronic Funds Transfer or Payment by Credit Card. Visit [tax.wv.gov](http://tax.wv.gov) for additional payment information. Taxpayers filing as a Combined Separate or Combined Group **must** pay with EFT to the Surety account not to each separate member within the group.

### EXTENSION OF TIME TO FILE

An extension of time to file a federal return is automatically accepted by West Virginia as an extension of time to file the West Virginia return. A copy of the federal extension form must be attached to the West Virginia return when filed and the extended due date must be entered on top of the return. Returns filed after the due date, without supporting documents and extended due date entered on the top of the return, will be processed as late filed and interest and penalties will be assessed.

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A state extension of time to file may be obtained, even if a federal extension has not been requested. An extension of time to file does not extend the time for payment of any tax due. If you have an extension of time to file, payment of any tax due may be made by filing a West Virginia extension form (see instructions for Form CIT-120EXT). To avoid interest and penalties, payment must be received on or before the due date of the return.

### WHERE TO FILE

West Virginia Tax Division  
Tax Account Administration  
Corporate Tax Unit  
PO Box 1202  
Charleston, WV 25324-1202

### ESTIMATED TAXES

Estimated Corporation Net Income Tax payments are required for any corporation which can reasonably expect its West Virginia taxable income to be more than \$10,000 (which equals a tax liability after tax credits of more than \$650) and are due in four equal installments on the 15th day of the fourth, sixth, ninth, and twelfth months of the tax year.

### RETURN CHANGES

The following Schedules are new or have been updated in the 2022 tax period:

- Revised – UB-CR
- New Credits added to CIT-120TC

### FILING METHOD

The following filing methods may be used for filing your Corporation Net Income Tax (WV Code §11-24-13a).

**SEPARATE ENTITY BASED:** Use this method if filing a separate return and you are not engaged in a unitary business with one or more other corporations.

Forms and schedules you may/will need to complete for a separate entity-based corporation return:

CIT-120 pages 1 & 2	CIT-120 Schedule C	CIT-120 APT Schedule B	Schedule WV-K1, WV-K1C,
CIT-120 Schedule 1	CIT-120 Schedule D	CIT-120 Schedule TC	WV-NRW-2
CIT-120 Schedule 2	CIT-120 APT Schedules A1,	CIT-120 Schedule U	
CIT-120 Schedules B, B-1	A2	CIT-120 Schedule NOL	

What are the filing requirements? Corporations that are members of the same unitary business group must file a combined report including all required information of every business engaging in the unitary business with the corporation. This report must be filed with each members' separate return unless the group elects to designate a corporation as surety and file a combined return.

**SEPARATE COMBINED:** Use this method if filing a combined report but a separate return. Forms and schedules you may/will need to complete a separate combined return are the same as required for Separate Entity Filers except that the Schedule UB-CR is required.

**ALL COMBINED FILERS: Must complete UB-CR and electronically file with return.**

**GROUP COMBINED:** Corporations use this method if they are members of the same unitary business group and elect to designate a surety. Taxpayer must designate surety FEIN in space provided.

Forms and schedules you may/will need to complete a group combined return:

CIT-120 pages 1 & 2	CIT-120 Schedule C	CIT-120 Schedule NOL
CIT-120 Schedule UB	CIT-120 Schedule D	Schedule WV-K1, WV-K1C,
CIT-120 Schedule UB-CR	CIT-120 Schedule TC	WV-NRW-2

### TAXABLE YEAR/METHOD OF ACCOUNTING

You must use the same taxable year and method of accounting as you use for federal tax purposes.

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## **SUPPORTING FEDERAL INFORMATION**

Attach a copy of pages 1 through 6 of your signed federal income tax return and any applicable supporting documents/schedules, as filed with the Internal Revenue Service to the West Virginia tax return. If you attach a pro forma federal income tax return, the following consolidated return data is also required: a copy of pages 1 through 6 of the consolidated federal return plus supporting schedules showing the consolidation income statement, balance sheet, eliminations and adjustments; a copy of federal Form 851; and a signed statement explaining the differences, if any, between the income statement and balance sheet reported for federal consolidated filing and that reported for West Virginia purposes. Include Schedule M-3 when applicable.

Corporations shall attach the federal documents to the West Virginia Corporation Net Income Tax Return.

**For All Combined Filers:** Copy of Federal Return up to and including the Federal M-3's and proof of any other adjustments you are claiming on the West Virginia return.

## **INTEREST**

The entire tax due must be paid on or before the due date of the tax return (determined without regard for an extension of time to file). If the entire tax due is not paid on or before the due date, you must pay interest on the amount of the underpayment from the due date to the date paid. Interest is always due, without exception, on any underpayment of tax.

Interest is imposed by an adjusted rate established by the Tax Commissioner. The interest rate will be determined and in effect for periods of six months. Interest rates in effect for various periods are:

7/1/02 to 12/31/16	9.5%	1/1/20 to 12/31/20	9.25%
1/1/17 to 12/31/17	8%	1/1/21 to 12/31/22	7.75%
1/1/18 to 12/31/18	8.75%	1/1/23 to 12/31/23	11.50%
1/1/19 to 12/31/19	9.75%		

Contact the West Virginia Tax Division, Taxpayer Services Division at 1-800-982-8297, for the interest rate in effect for other periods. Also, Administrative Notices may be found online at [tax.wv.gov](http://tax.wv.gov) notifying of adjusted interest rates.

## **ADDITIONS TO TAX**

**LATE FILING.** Additions to tax are imposed for failure to file a return on or before the due date (determined with regard to an extension of time to file). On any amount of tax shown to be due on the return, the additions to tax for late filing is five percent (.05) per month or any part of a month not to exceed twenty-five percent (.25).

**LATE PAYMENT.** Additions to tax are imposed for failure to pay all tax shown to be due on a return on or before the due date (determined without regard to an extension of time to file). The additions to tax for late payment is imposed at the rate of one half of one percent (.005) per month or part of a month not to exceed twenty-five percent (.25).

When both the five percent (.05) additions to tax for late filing and the one half of one percent (.005) additions to tax for late payment are imposed, the maximum monthly percentage is five percent (.05) not to exceed fifty percent (.50) of the tax due.

**FAILURE TO PAY ESTIMATED TAX.** Corporations that are required to make estimated payments of their tax liability are subject to additions to tax for failing to pay at least ninety percent (.90) of their annual tax liability. The additions are imposed at the same rate as interest is imposed.

## **COMPLETION AND SIGNATURE**

All applicable sections of the return must be completed and all required supporting documents must be attached. An incomplete return will not be accepted as timely filed. The return must be signed by an authorized officer. If the return is prepared by someone other than the taxpayer, the preparer must also sign the return and enter his or her complete address.

## **CHANGES MADE BY THE IRS TO FEDERAL RETURN**

Any corporation whose reported income or deductions are changed or corrected by the Internal Revenue Service or through renegotiation of a contract with the United States is required to report the change or correction to the West Virginia Tax Division. This report must be made within ninety days of the final determination by filing an amended/RAR return and attaching a copy of the revenue agent's report detailing such adjustments.

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**For All Combined Filers:** Amended/ RAR Returns MUST be E-Filed. Complete new return with all new schedules, a copy of the prior return is not required.

### **CORPORATE AMENDED RETURNS**

A corporation that filed an amended return with the Internal Revenue Service must file an amended return with the West Virginia Tax Division within ninety days of filing the amended federal return.

- File Form CIT-120, pages 1 and 2, completing all appropriate lines and checking the Amended box under “Return Type” on page 1. Because WV uses barcodes on tax forms it is important to use the appropriate forms for the tax year being amended. **Example:** If amending a tax return for the period ending 12-31-2018; use the 2018 CNF-120 forms. **Note:** Tax forms for different years may use different line numbers; read the line instructions carefully.
- If you received a refund, or had an amount credited on the original return, enter that amount on Line 14 of Form CIT-120, page 2. For 2022, years prior to 2020 should file CNF-120, and enter any refund or amount credited on line 14, page 2.
- Attach all schedules that have amended figures in order to verify the changes made to the return. **Example:** There was a change made to your Adjustments to Federal Taxable Income; be sure to attach Schedule B with the amended figures.

Amended Returns filed for the purpose of obtaining a refund of an overpayment must be filed within three years of the due date of the return (with regard to an extension of time to file), or two years from the date the tax was paid, whichever expires later. If your Amended Return has a balance due, send the payment along with the tax return.

### **CONSISTENCY IN REPORTING**

In completing your West Virginia Corporation Net Income Tax Return, if you depart from or modify past procedures for classifying business income and nonbusiness income, valuing property or including or excluding property in the property factor, treating compensation paid in the payroll factor, including or excluding gross receipts in the sales factor, you must disclose by attaching a separates schedule detailing the nature and extent of the variances or modifications.

If a corporation makes sales of tangible personal property which are shipped into a state in which the corporation is not taxable, you must identify the state to which the property is shipped and report the total amount of sales assigned to such state.

### **CONFIDENTIAL INFORMATION**

Tax information which is disclosed to the West Virginia Tax Division, whether through returns or through Division investigation, is held in strict confidence by law. The Tax Division, the United States Internal Revenue Service and other states have agreements under which tax information is exchanged. This is to verify the accuracy and consistency of information reported on federal, other state, and West Virginia tax returns.

### **REPORTING WEST VIRGINIA INCOME TAX WITHHOLDING CREDIT**

A West Virginia Income Tax Withholding Credit is created when a payment is made by another entity for the benefit of the Corporation filing this return.

### **ELECTRONIC FILED RETURNS**

If you are claiming a withholding credit you must submit Form WVK-1C, WVK-1, NRW-2, or 1099 as part of your electronic return. **Only electronically submitted data is acceptable. No PDF attachments will be accepted for claiming a withholding credit.** These documents will be used to verify the withholding credits claimed on your return. If withholding is claimed as a result of the Nonresident Sale of Real Estate, the form WV/NRSR and all supporting documentation should be on file with the Tax Division prior to filing the CIT-120. **No PDF attachments will be accepted for claiming a NRSR withholding credit.** Failure to file the required WV/NRSR, federal Schedule D and other supporting documents prior to filing the CIT-120 will result in return processing delays.

### **PAPER FILED RETURNS**

Enter the total amount of West Virginia tax withheld on your behalf by another entity on your return. A completed Form WVK-1C, WVK-1, NRW-2, or 1099 must be enclosed with your paper return. Failure to submit these documents will result in the disallowance of the withholding credit claimed.

**Note:** Local or municipal fees cannot be claimed as West Virginia income tax withheld. If the withholding source is for a nonresident sale of real estate transaction, a form WV/NRSR must be completed and on file with the Tax Division prior to submitting a tax return. Additionally, a Federal Schedule D must be submitted. If withholdings are related to form WV/NRSR, please indicate in the box provided on line 12.

## FORM CIT-120 INSTRUCTIONS

Enter beginning and ending tax year dates covered by this return. Clearly print or type your name and address. If filing under extension, enter the extended due date. In the "Check Applicable Boxes" section, mark all that apply to the corporate return being filed.

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Attachments and statements required: Attach all additional information and statements required as they apply to your filing method.

Attach a copy of pages 1 through 6 of your signed federal return (Form 1120), and Schedule M-3 if applicable. If filing separate West Virginia and consolidated federal, attach your pro forma federal, consolidated federal Form 851 (Affiliation Schedule), plus spreadsheets of the income and expenses, and balance sheet entries for EVERY corporation included in the consolidated federal return.

Attach a schedule of other states in which you have property or paid salaries during the taxable year. Indicate those states in which you are filing corporate tax returns based on, or measured by, net income for this taxable year.

Attach a schedule of other states in which you have sales of tangible personal property during the taxable year and in which you are not taxed (e.g. P.L.86-272). Indicate by state the amount of sales not subject to tax.

If filing as a Separate Filer, complete Schedule 1 if you are a wholly WV corporation or Schedule 2 if you have multistate activity.

### SCHEDULE 1

#### SEPARATE ENTITY FILER WEST VIRGINIA CORPORATIONS WHOLLY IN WV

- Line 1** – Enter total taxable income from your federal income tax return Form 1120 or your pro forma return.
- Line 2** – Enter total increasing adjustments from Form CIT-120, Schedule B, line 12.
- Line 3** – Enter total decreasing adjustments from Form CIT-120, Schedule B, line 25.
- Line 4** – West Virginia adjusted taxable income. Add line 1 plus line 2 minus line 3.
- Line 5** – Enter the total from column 6 of Schedule NOL.
- Line 6** – Subtract line 5 from line 4.
- Line 7** – REIT Inclusion and other Taxable income.
- Line 8** – Add lines 6 and 7.
- Line 9** – 2023 WV Corporate Tax Rate .065.
- Line 10** – Multiply line 8 by the Corporation Net Income Tax Rate in line 9.
- Line 11** – Enter the result from column 2, TOTAL CREDITS Line of completed Form CIT-120TC. The total amount of credits cannot exceed the net income tax on line 10.
- Line 12** – Subtract line 11 from line 10. This is your Adjusted Corporation Net Income Tax. Enter this amount on CIT-120, page 2, line 9.



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## SCHEDULE 2 SEPARATE ENTITY FILER WITH MULTISTATE ACTIVITY

- Line 1** – Enter total taxable income from your federal income tax return Form 1120 or your pro forma return.
- Line 2** – Enter total increasing adjustments from Form CIT-120, Schedule B, line 12.
- Line 3** – Enter total decreasing adjustments from Form CIT-120, Schedule B, line 25.
- Line 4** – West Virginia adjusted taxable income. Add line 1 plus line 2 minus line 3.
- Line 5** – Total nonbusiness income allocated everywhere (Form CIT-120APT, Schedule A-1, line 9, column 3).
- Line 6** – Subtract line 5 from line 4. This is your total income subject to apportionment.
- Line 7** – Complete Form CIT-120APT Schedule B and enter the result of part 1, line 8; part 2 or part 3, column 3.

**\*\* IMPORTANT NOTE REGARDING LINE 7 \*\***  
**FORM CIT-120APT SCHEDULE B MUST BE COMPLETED AND ATTACHED.**  
**FAILURE TO ATTACH COMPLETED FORM WILL RESULT IN 100%**  
**APPORTIONMENT TO WEST VIRGINIA.**

- Line 8** – Line 6 multiplied by line 7
- Line 9** – Enter the total allocation of nonbusiness income allocated to West Virginia from CIT-120APT, Schedule A2, line 13.
- Line 10** – Add lines 8 and 9.
- Line 11** – Enter the total from column 6 of Schedule NOL.
- Line 12** – Subtract line 11 from line 10.
- Line 13** – REIT Inclusion and other Taxable income.
- Line 14** – Add lines 12 and 13.
- Line 15** – 2023 WV Corporate Tax Rate .065.
- Line 16** – Multiply line 14 by the Corporation Net Income Tax Rate in line 15.
- Line 17** – Enter the result from column 2, TOTAL CREDITS Line of completed Form CIT-120TC. The total amount of credits cannot exceed the net income tax on line 16.
- Line 18** – Subtract line 17 from line 16. This is your Adjusted Corporation Net Income Tax. Enter this amount on CIT-120, page 2, line 9.

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## CIT-120, PAGE 2

- Line 9** – Enter the adjusted Corporation Net Income Tax amount from either Schedule 1, line 12, Schedule 2, line 18 or Schedule UB-CR, total of all groups.
- Line 10** – Prior year carry forward credit from your previous Corporation Net Income Tax return.
- Line 11** – Enter total estimated tax payments and any extension payment made with Form CIT-120EXT.
- Line 12** – Enter the total amount of withholding credit from Form WVK-1C, NRW-2, and/or 1099. Check box if withholding is from NRSR (nonresident sale of real estate).
- Line 13** – Build WV Property Value Adjustment Credit
- Line 14** – Add lines 10 through 13. The sum of lines 10 through 13 should match the total payments on Schedule C.
- Line 15** – If this is an amended return, enter the amount of any overpayment previously refunded or credited.
- Line 16** – Subtract line 15 from line 14. This is your company's total payments.
- Line 17** – If line 16 is larger than line 9 enter your overpayment here.
- Line 18** – Enter the amount of the overpayment on line 17 to be credited to next year's taxes.
- Line 19** – Enter the amount of the overpayment on line 17 to be refunded (subtract line 17 from line 18).
- Line 20** – If line 16 is smaller than line 9, enter the tax due on this line.
- Line 21** – Determine the amount of interest due. For information regarding interest, see the general information on page 8 of this instruction booklet.
- Line 22** – Determine additions to tax due. For information regarding additions to tax, see the general information on page 8 of this instruction booklet.
- Line 23** – Enter the amount of penalty for underpayment of estimated tax
- Line 22** – Add lines 19 through 23. This is the balance due with this return. Make checks payable to the West Virginia Tax Division or see [www.tax.wv.gov](http://www.tax.wv.gov) for other payment options.

# SCHEDULE B ADJUSTMENTS TO FEDERAL TAXABLE INCOME

## ADJUSTMENTS INCREASING FEDERAL TAXABLE INCOME

- Line 1** – Enter exempt interest or dividends from any state or local bonds or securities from your federal return Form 1120, Schedule K or on Schedule M-1.
- Line 2** – Enter the amount of US Government obligation interest or dividends not exempt from state tax, less any related expenses not deducted on the federal return. Attach supporting documentation.
- Line 3** – Attach an itemized schedule of taxes based upon income from line 17 of your federal income tax return, Form 1120 or pro forma Form 1120.
- Line 4** – Taxpayers can elect to expense the cost of certain air and water pollution control facilities located in West Virginia in the year in which the cost of acquisition, construction or development was paid or incurred. Eligible air and water pollution control facilities are those located in West Virginia that are “certified pollution control facilities” as defined by Section 169 of the Internal Revenue Code. If this election is made, the total amount of any federal deduction for depreciation or amortization of such facilities is disallowed. The election is made on the return for the year in which the cost is paid or incurred. Once made, the election or non-election is irrevocable.
- A taxpayer who reports all income to this state will make the adjustments for the cost of the facilities on CIT-120 Schedule B, line 20. The depreciation or amortization on the facilities, including that attributable to cost expensed this year as well as prior years, deducted on the federal return, is entered on CIT-120 Schedule B, line 4. A taxpayer who is subject to allocation and apportionment makes the adjustment for the cost of the facilities on Form CIT-120APT Schedule A-2, line 10, column 3. The depreciation or amortization on the facilities deducted on the federal return for this year as well as previous years, is entered on Form CIT-120APT Schedule A-2, lines 11 and 12 of column 3.
- Line 5** – Corporations which are exempt from federal income tax are also exempt from West Virginia Corporation Net Income Tax. If such a corporation has unrelated business taxable income (as defined by Section 512 of the Internal Revenue Code), they must pay West Virginia Corporation Net Income Tax on the unrelated business taxable income. Enter the unrelated business taxable income as reported on Federal Form 990T.
- Line 6** – Enter the amount of Federal Net Operating Loss from Federal Form 1120, line 29a.
- Line 7** – If you claim the West Virginia Neighborhood Investment Program Tax Credit, any deduction, decreasing adjustment, or decreasing modification taken on your federal return for any charitable contribution made to such Neighborhood Investment Program and for which the West Virginia credit is claimed, must be added back on this line.
- Line 8** – Taxpayers with foreign source income must adjust their federal taxable income by the amount of their taxable income or loss from sources outside the United States. In determining foreign source income, the provisions of Sections 861, 862, and 863 of the Internal Revenue Code apply.

Complete the following worksheet.

### *FOREIGN SOURCE INCOME WORKSHEET PETITIONING FOR AN ALTERNATIVE METHOD OF APPORTIONMENT*

1. Taxable income from sources outside the United States	
2. LESS foreign dividend gross-up	
3. LESS subpart F income	
4. West Virginia adjustment	

If the amount on line 4 of the worksheet is a positive figure, enter it on CIT-120, Schedule B, line 19. If it is a negative figure, enter the amount of the loss on CIT-120, Schedule B, line 8 without the negative sign.

Attach copies of Federal Form 1118 to support your calculation. If you did not file Federal Form 1118, you must prepare and file a pro forma Federal Form 1118 to support your adjustment. If you filed a consolidated Federal Form 1118 and file separate or unitary West Virginia returns, attach both the true consolidated and a pro forma Federal Form 1118 to support your adjustment.

- Line 9** – Enter the amount of foreign taxes as deducted on your Federal Form 1120.

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**Line 10** – Add back for expenses related to certain REIT’s and regulated investment companies and certain interest and intangible expenses (WV Code §11-24-4b).

**Line 11** – Other increasing adjustments. Enter a brief description of any adjustment in the space provided. **Submit a statement for any adjustment entered.**

**Line 12** – Add lines 1 through 11. Enter the total on Form CIT-120, Schedule 1, line 2 or CIT-120, Schedule 2, line 2.

**ADJUSTMENTS DECREASING FEDERAL TAXABLE INCOME**

**Line 13** – Enter the amount of refund or credit of income taxes or taxes based upon net income imposed by this state or any other jurisdiction included in federal taxable income. Attach supporting documentation.

**Line 14** – Enter the amount of interest expense on obligations or securities of any state or its political subdivisions disallowed in determining federal taxable income. Attach supporting documentation.

**Line 15** – Enter the amount of US Government obligation interest or dividends included in federal but exempt from state tax, less related expenses deducted on your federal return. Attach supporting documentation.

**Line 16** – Enter total salary expense not allowed on your federal return due to claiming the federal jobs credit and include a copy of Federal Form 3800 or 5884. Note: this decreasing adjustment is only applicable to the Work Opportunity Credit from Federal Form 5884.

**Line 17** – Enter the total foreign dividend gross-up (IRC Section 78) from Federal Form 1120.

**Line 18** – Enter the total subpart F income (IRC Section 951) from Federal Form 1120.

**Line 19** – See instructions for CIT-120 Schedule B, line 8. If Foreign Source Income from worksheet line 4 is positive, enter the amount here.

**Line 20** – See instructions for CIT-120 Schedule B, line 4. Multistate corporations must use CIT-120APT, Schedule A2, line 10.

**Line 21** – A decreasing adjustment to federal taxable income is allowed for employer contributions to a medical savings account established pursuant to WV Code §33-16-15, to the extent included in federal taxable income, less any portion of the employer’s contributions withdrawn for purposes other than payment of medical expenses. The amount taken as a decreasing adjustment may not exceed the maximum amount that would have been deducted from the corporation’s federal taxable income if the aggregate amount of the corporation’s contributions to individual medical savings accounts established under WV Code §33-16-15 had been contributions to a qualified plan as defined under the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

**Line 22** – Qualified Opportunity Zone business income. You must include a copy of IRS 8996.

**Line 23** – Other decreasing adjustments. Enter a brief description of any adjustment in the space provided. **Submit a statement for any adjustment entered.**

**Line 24** – Taxpayers that own certain tax-exempt government obligations and/or obligations secured by certain residential property located in West Virginia can take a special allowance that further reduces federal taxable income. Complete Form CIT-120, Schedule B-1 to determine the amount of the allowance.

**Line 25** – Add lines 13 through 24. Enter the amount here and on CIT-120, Schedule 1, line 3 or CIT-120, Schedule 2, line 3.

## SCHEDULE B-1 ALLOWANCE FOR GOVERNMENTAL OBLIGATIONS/ OBLIGATIONS SECURED BY RESIDENTIAL PROPERTY (§ 11-24-6 (f))

Taxpayers that own certain tax-exempt government obligations and obligations secured by certain residential property located in West Virginia can take a special allowance that further reduces federal taxable income. Complete CIT-120 Schedule B-1 to determine the amount of the allowance. The value of these obligations and loans is determined using the average of the monthly beginning and ending account balances. These account balances are determined at cost in the same manner that such obligations, investments and loans are reported on the balance sheet of your federal tax return.

**Lines 1 through 4** - Attach copy of worksheets supporting the calculation of average monthly balance.

**Line 6** – Average the beginning and ending balance of Federal Form 1120, Schedule L, line 15.

**Line 8** – CIT-120, Schedule 1, line 1 or Schedule 2, line 1 plus CIT-120, Schedule B, line 12 minus the sum of lines 13 through 23, plus Form CIT-120APT, Schedule A2, lines 10, 11, and 12.

## SCHEDULE C SCHEDULE OF TAX PAYMENTS

If the number of payments reported on Schedule C exceeds 10, you must file electronically.

**Column 1** – Enter the name of the entity making the payment or issuing the withholding credit.

**Column 2** – Enter the FEIN of the entity making the payment or issuing the withholding credit.

**Column 3** – Enter the date of any payments made by, or on behalf of, the entity.

**Column 4** – Enter a description of the type of payment made by, or on behalf of, the entity.

**Column 5** – Enter the amount of the payment made by, or on behalf of, the entity.

**Total Line** – Sum of the payments shown in Column 5.

The total amount of payments must equal the amount reported on Form CIT-120, line 13.

## SCHEDULE D REPORTABLE ENTITIES

If any box is checked in the Reportable Entities Section of page 1, the name and FEIN of each reportable entity must be entered on Schedule D.

If the number of entities exceeds ten (10) you must file electronically.

**Column 1** – Enter the name of the reportable entity.

**Column 2** – Enter the FEIN of the reportable entity.

**Column 3** – Enter the name of the reportable entity's parent.

**Column 4** – Enter the FEIN of the parent.

**Column 5**– Enter the Alpha Character designation for the explanation of the relationship between reportable entity and entity submitting this West Virginia Return.

A Pass through entity you are a partner, member, or shareholder doing business in WV

B Entity you own 80% of voting stock

C Entity that owned more than 80% of your stock

D Disregarded entity or QSUB

E Controlled Foreign Corporation

If the number of entities reported on Schedule D exceeds 10, you must file electronically.

## CIT-120TC SUMMARY OF CORPORATION NET INCOME TAX CREDITS

The CIT-120TC, Summary of Corporation Net Income Tax Credits, is a form used by corporations to summarize the tax credits that they claim against their Corporation Net Income Tax liability. In addition to completing the CIT-120TC, each tax credit has a schedule or form that is used to determine the amount of credit that can be claimed. Please note that some tax credit schedules require a completed application to be submitted and approved before the tax credit schedule can be filed. Both the CIT-120TC and the appropriate credit calculation schedule(s) or form(s) must be attached to your return in order to claim a tax credit.

**Line 19** – Total credits: Add column 2, lines 1 through 18.

**Note:** The amount of credit used cannot be greater than the Corporation Net Income Tax assessed on the return. For additional information and a copy of the tax credit schedules and applications please visit [tax.wv.gov](http://tax.wv.gov).

If you are claiming the Neighborhood Investment Program Credit, you are no longer required to enclose the WV NIPA-2 credit schedule with your return. You must maintain the schedule in your files.

## SCHEDULE NOL WV NET OPERATING LOSS CARRYFORWARD CALCULATION (§11-24-6(d))

### WHO SHOULD COMPLETE SCHEDULE NOL?

All corporations claiming a West Virginia net operating loss carry forward deduction on Form CIT-120, Schedule 1, line 5, CIT-120, Schedule 2, line 11 or Schedule UB-CR, column 16 must complete this schedule to support their net operating loss deduction. Schedule NOL is not a claim for refund. It is a calculation schedule to support the net operating loss carryforward deduction.

Any amount claimed as a federal net operating loss deduction must be added back to federal taxable income on West Virginia Form CIT-120, Schedule B, line 6 for a separate filer or column 2f (entity specific of applicable group) if a combined filer. The West Virginia net operating loss carryforward deduction is entered on Form CIT-120, Schedule 1, line 5, Schedule 2, line 11 or Schedule UB-CR, column 16 of each applicable group.

West Virginia NOL generated in periods after 2017 can be carried forward indefinitely. Any WV Net Operating Loss deduction is limited to 80% of taxable income starting in the 2022 taxable year. Note that rules for pre-2018 WV NOL remain the same.

A net operating loss deduction of a multistate corporation is subject to West Virginia allocation and apportionment rules.

The West Virginia net operating loss deduction is limited to net operating losses incurred by a corporation which performed business in West Virginia and filed Corporation Net Income Tax Returns in prior taxable years.

The amount of net operating loss deduction available to an affiliated group, which elects for the first time to file a consolidated return for a taxable year ending after July 1, 1988, is limited to the net operating losses incurred by members of the affiliated group which did business in West Virginia and filed separate West Virginia returns in prior years.

A West Virginia net operating loss deduction will not be allowed for net operating losses of those members of the affiliated group which did no business in West Virginia in prior taxable years and were not required to file West Virginia Corporation Net Income Tax Returns.

### SRLY RULES.

The separate return limitation years (SRLY) rules set forth in Treasury Regulation §1.1502 apply in determining the allowable West Virginia net operating loss deduction.

When the SRLY rules apply, a member of an affiliated group's net operating loss carried forward from its separate return year can only offset that portion of the taxable income attributable to that member of the group.

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Schedule NOL is designed to support the claiming of a West Virginia net operating loss carryforward deduction by providing information on the year of the loss and how the loss was/is being used.

**Column 1** – Enter the applicable tax year ending date(s) for the year(s) that you had net operating loss(es).

**Column 2** – To claim loss in tax years 2009 and later (including each unitary group member), provide the name and FEIN of the entity that incurred the loss.

**Column 3** – Enter the amount of West Virginia net operating loss that corresponds to the year of the loss shown in Column 1.

**Column 4** – Enter the total amount of loss for the taxable year entered in column 1 that was carried back to a year, or years prior to the year of the actual loss.

**Column 5** – Enter the total amount of loss for the taxable year entered in column 1 that was carried forward to a year, or years, prior to the current taxable year.

**Column 6** – Enter the amount remaining from prior year. This should match the last column of the NOL from the prior year.

**Column 7**– Enter the amount of loss for the taxable year entered in column 1 that is being used to offset West Virginia taxable income for the current taxable year.

**Column 8** – Enter the amount of loss for the tax year entered in column 1 that remains to be carried to a taxable year subsequent to the current taxable year.

**TOTAL NET OPERATING LOSS CARRYFORWARD DEDUCTION FOR CURRENT TAXABLE YEAR.**

The amount of the West Virginia net operating loss carryforward deduction claimed on Form CIT-120, Schedule 1, Schedule 2 or Schedule UB-CR of the current year's tax return must equal the sum of Form CIT-120, Schedule NOL, column 6. The West Virginia net operating loss carryforward deduction cannot reduce West Virginia taxable income below zero.

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## CIT-120 APT

# ALLOCATION AND APPORTIONMENT FOR MULTISTATE CORPORATIONS

### SCHEDULES A1 & A2 – ALLOCATION OF NONBUSINESS INCOME

If the corporation's business activities take place both inside and outside of West Virginia and the corporation is also taxable in another state, certain items of nonbusiness income that are included in federal taxable income are directly allocated. All other income must be apportioned.

Business income arises from transactions and activities in the regular course of the corporation's trade or business and includes income from tangible and intangible property if the acquisition, management or disposition of the property constitutes integral parts of the corporation's trade or business.

Nonbusiness income includes all income that is not properly classified as business income less all expenses attributable to the production of this income. Nonbusiness income is allocated to West Virginia if (1) the corporation's commercial domicile, the principal place from which the trade or business is managed is located in West Virginia; or (2) property creating the nonbusiness income is utilized in West Virginia. Nonbusiness income from real property is allocated to West Virginia if the corporation's commercial domicile is located in West Virginia, or, in the case of patents or copyrights, if they are used in West Virginia.

For additional information regarding the nonbusiness income, you may request a copy of Publication TSD-392, "Corporation Net Income Tax Nonbusiness Income", online at [tax.wv.gov](http://tax.wv.gov).

Determine nonbusiness income allocated to West Virginia and outside West Virginia by completing Form CIT-120APT, Schedules A1 and A2. Only those types of nonbusiness income listed on Form CIT-120APT, Schedules A1 and A2 can be allocated. Any other types of income that the corporation classifies as nonbusiness must be apportioned.

**Line 9** – Enter the amount from Form CIT-120APT, Schedule A1, column 3, line 9 on Form CIT-120, Schedule 2, line 5.

**Line 13** – Enter the amount from Form CIT-120APT, Schedule A2, column 3, line 13 to Form CIT-120, Schedule 2, line 9.

### SCHEDULE B – APPORTIONMENT FORMULA

If the corporation's business activities take place both within and without West Virginia and the corporation is also taxable in another state, all net income, after deducting those items of nonbusiness income allocated on Form CIT-120APT, Schedules A1 and A2 must be apportioned to West Virginia by using the appropriate apportionment formula. Completion of CIT-120APT, Schedule B is required even if apportionment is zero.

Special apportionment formulas apply to motor carriers and to financial organizations. If you are filing for a financial organization, follow the apportionment instructions for Form CIT-120APT, Schedule B, Part 3. If you are filing for a motor carrier, follow the apportionment instructions for Form CIT-120APT Schedule B, Part 2.

### **MULTISTATE CORPORATIONS – SINGLE SALES FACTOR**

#### **PART 1**

To determine your West Virginia apportionment percentage, first determine the following factors:

#### **SALES FACTOR.**

The term "sales" means all gross receipts of the taxpayer that are business income. The sales factor includes all gross receipts derived from transactions and activity in the regular course of your trade or business, less returns and allowances. Do not include interest or dividends from obligations of the United States government, which are exempt from taxation in West Virginia, or gross receipts from an activity that produced nonbusiness income.

**The numerator** (column 1) of the sales factor includes all gross receipts attributable to West Virginia and derived from transactions and activity in the regular course of your trade or business. All interest income, service charges or time-price differential charges incidental to such gross receipts must be included regardless of the place where the accounting records are maintained or the location of the contract or other evidence of indebtedness.



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**The denominator** (column 2) of the sales factor includes all gross receipts derived from transactions and activity in the regular course of your trade or business that was reflected in your gross income reported and as appearing on your federal income tax return unless otherwise excluded. Sales of tangible personal property delivered or shipped to a purchaser within a state in which the corporation is not taxed (e.g. under Public Law 86-272) are no longer to be excluded from the denominator.

Divide column 1 by column 2 and enter the result in column 3. State the result as a decimal fraction and round to six (6) places after the decimal. Enter the six (6) digit decimal fraction from column 3 on CIT-120, Schedule 2, line 7.

## **MOTOR CARRIERS – SPECIAL SINGLE FACTOR FORMULA**

### **PART 2 – VEHICLE MILES.**

Motor carriers of property or passengers are subject to special apportionment rules. Motor carriers must apportion their business income by using a single factor formula of vehicle miles.

A motor carrier is any person engaged in the transportation of passengers and/or property for compensation by a motor propelled vehicle over roads in West Virginia, whether on a scheduled route or otherwise. The term “vehicle miles” means the operations of a motor carrier over one mile.

The special apportionment formula for motor carriers does NOT apply if:

- a. The motor carrier neither owns nor rents any real or tangible personal property located in West Virginia, has made no pickups or deliveries within West Virginia, and has traveled less than 50,000 miles in West Virginia during the taxable year; or
- b. The motor carrier neither owns nor rents any tangible personal property located in West Virginia except vehicles and makes no more than 12 trips into or through West Virginia during the taxable year.

Under either (A) or (B), the mileage traveled in West Virginia may not be more than five percent (.05) of the total vehicle miles traveled in all states during the taxable year.

Determine the apportionment factor by entering the appropriate vehicle miles for West Virginia in column 1, and vehicle miles everywhere in column 2.

Divide column 1 by column 2 and enter the result in column 3. State the result as a decimal fraction and round to six (6) places after the decimal. Enter the six (6) digit decimal fraction from column 3 on CIT-120, Schedule 2, line 7.

## **FINANCIAL ORGANIZATIONS – SPECIAL SINGLE FACTOR FORMULA**

### **PART 3 – GROSS RECEIPTS.**

Financial organizations subject to apportionment must apportion their business income by using a single factor gross receipts formula.

A financial organization is any holding company or regulated financial corporation or subsidiary thereof, or any corporation deriving more than fifty percent (.5) of its gross receipts from one or more of the following:

1. Making, acquiring, selling, or servicing loans or extensions of credit.
2. Leasing or acting as an agent, broker, or advisor in connection with leasing real and personal property that is the economic equivalent of an extension of credit.
3. Operating a credit card business.
4. Rendering estate or trust services.
5. Receiving, maintaining, or otherwise handling deposits.
6. Engaging in any other activity with an economic effect comparable to any of the above.

Financial organizations regularly engaging in business in West Virginia shall apportion their business income by means of a single factor of gross receipts apportionment formula. A financial organization not having its commercial domicile in West Virginia is presumed to be regularly engaging in business in West Virginia if during any year it obtains or solicits business with 20 or more persons within West Virginia, or the sum of its gross receipts attributable to sources in West Virginia equals or exceeds \$100,000.00.

Gross receipts from the following ownership interest (and certain related activities) will not be considered in determining whether a financial organization is subject to taxation.

1. An interest in a real estate mortgage investment conduit, a real estate investment, or a regulated investment company;

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2. An interest in a loan backed security representing ownership or participation in a pool of promissory notes or certificates or interest that provide for payments in relation to payments or reasonable projections of payments on the notes or certificates;
  3. An interest in a loan or other asset from which the interest is attributed to a consumer loan, a commercial loan or a secured commercial loan, and in which the payment obligations were solicited and entered into by a person that is independent and not acting on behalf of the owner; or an interest in the right to service or collect income from such a loan or asset; or
  4. An amount held in an escrow or trust account with respect to property described above.

However, if a financial organization is subject to taxation when gross receipts from these interests are not considered, such receipts must then be included when determining the amount of taxes owed.

Neither the numerator nor the denominator of the gross receipts factor should include gross receipts from obligations and certain loans on which you claim the special allowance on Form CIT-120, Schedule B-1.

Divide column 1 by column 2 and enter in column 3. State the result as a decimal fraction and round to six places after the decimal. Enter the six (6) digit decimal fraction from column 3 on Form CIT-120, Schedule 2, line 7.

### **PETITIONING FOR AN ALTERNATIVE METHOD OF APPORTIONMENT OR ALLOCATION**

**To use an alternate method of allocation and apportionment to determine your taxable net income, you must petition the Tax Commissioner.** Your petition for an alternate method must be filed no later than the normal due date of your return. You must have written permission to use an alternate apportionment method before filing your return. Permission will only be granted if you can show that the statutory formula does not properly reflect your taxable income, and if the alternate method properly and fairly shows your West Virginia taxable income.

Your petition should include your name and address, state of incorporation and principal place of business, a description of the kind(s) of business in which you are engaged, a detailed statement of how sales are made in West Virginia, a computation of your West Virginia taxable income using the statutory apportionment formula and using your proposed alternate formula, and a summary of the facts that support your position.

Send your petition to the West Virginia Tax Division, Tax Account Administration Division, Corporate Tax Unit, PO Box 1202, Charleston, WV 25324-1202.

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## COMBINED REPORTING

### COMBINED CORPORATION NET INCOME REPORTING REQUIRED (§11-24-13a(j)).

For tax years beginning on or after January 1, 2009, any taxpayer engaged in a unitary business with one or more other corporations shall file a combined report which includes the income, allocation, and apportionment of income of all corporations that are members of the unitary business. Notwithstanding any provision to the contrary in this article, the income of an insurance company, the allocation or apportionment related thereto, and the apportionment factors of an insurance company shall not be included in a combined report filed under this article unless specifically required to be included by the Tax Commissioner.

Net operating loss (NOL) carryovers earned during a year in which the taxpayer filed a consolidated tax return (§11-24-13c). West Virginia computes net operating losses on a post-apportionment basis, including business and nonbusiness income adjustments. NOLs can only be carried forward (or backwards) to be applied against West Virginia source income of the combined group members to which it is attributable. NOL's that were incurred by an entity in a period in which the entity filed separately, cannot be used by other members of the combined group. There is an exception for NOL's earned when the taxpayer was filing on a consolidated basis. Those NOL's can be carried over and applied against the income of any former member of the consolidated (controlled) group. (see NOL Calculation instructions on page 14)

### **WATER'S-EDGE REPORTING.**

Water's-Edge Reporting is mandated absent an affirmative election to report based upon a worldwide unitary combined report. Members of the Water's-Edge Reporting group include:

1. Any unitary member incorporated in the United States or formed under the laws of any state, the District of Columbia or any territory or possession of the United States;
2. Any unitary member whose average property, payroll and sales factors within the United States is twenty percent or more;
3. Any unitary member which is a domestic international sales corporation, a foreign sales corporation, or an export trade corporation as defined by federal law;
4. Any unitary member with effectively connected income with the conduct of a trade or business within the United States to the extent of that effectively connected income;
5. Any unitary member that is a "controlled foreign corporation", to the extent of the members' Subpart F income, unless that income is subject to an effective rate of tax that is greater than ninety percent of the maximum federal rate;
6. Any unitary member that earns more than twenty percent of its income from intangible property or service-related activities that are deductible against the business income of other members of the Water's-Edge group; and
7. Any unitary member doing business in a tax haven.

**Worldwide Unitary Combined Reporting:** A corporation may choose to file Worldwide Unitary Combined Reporting. To do so, please fill out and sign West Virginia Form CIT-120 OPT and attach to your return. This election is binding for 10 years unless a written request to withdraw for reasonable cause has been sent to the commissioner and granted.

### GENERAL INFORMATION

**What is the purpose of the UB Schedules?** The purpose of the UB Schedules is to enable a unitary business group to determine the amount of its unitary business income that is attributable to West Virginia. A unitary business group's business income includes all income that may be apportioned by formula among the states in which the group is doing business without violating the Constitution of the United States.

**What is a unitary business group?** The term "unitary business group" means a group of persons related through common ownership whose business activities are integrated with, dependent upon, and contribute to each other. In the case of a corporation, common ownership is defined as the direct or indirect ownership or control of more than fifty percent (.5) of the outstanding voting stock. For further instructions see WV Code 11-24-13f (a) waters-edge reporting-subdivision (1) through (7).

**What are the filing requirements?** Corporations that are members of the same unitary business group must file a combined report including all required information of every business engaging in the unitary business with the corporation. This report

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must be filed with each member's separate return unless the group elects to designate a corporation as surety and file a combined return.

## **SPECIFIC INSTRUCTIONS**

### **SCHEDULE UB – LIST OF MEMBERS IN A UNITARY COMBINED GROUP.**

List all members of the unitary business group including group number (1-3), name, FEIN, month and year ending, total tax from UB-CR, total payments, and prior year credits. Make copies of the blank Schedule UB as needed. The following list defines the group numbers:

Group 1 – Regular entities

Group 2 – Motor carriers

Group 3 – Financial organizations

### **SCHEDULE UB-CR. COMBINED REPORT.**

The purpose of the Schedule UB-CR Combined Report is to provide a method of reporting the separate business income of multiple companies within a unitary group onto one statement. The business income is reported and apportioned for each company as if it were filed separately. The income for all companies is then combined, after eliminations, to allow the business income of the unitary group to be filed on one CIT-120 return.

The UB-CR MUST be used when filing a combined report and/or combined return. Taxpayers who file combined returns must file their West Virginia CIT-120 return electronically. The UB-CR must be supported within the electronic filing software in order to file a combined return.

For most filers, the unitary business structure will be in one of the following groups: Regular Entities, Motor Carriers, or Financial Organizations. Therefore, the Combined row of the appropriate WV Net Income Tax group from Schedule UB-CR will be what is transferred to the CIT-120, page 2, line 9. In the event of multiple groups, add the Taxable Income from each group together and enter on CIT-120, page 2, line 9.

Group 1 - Regular Entities

Group 2 – Motor Carriers

Group 3 – Financial Organizations

**Note: The spreadsheet for each Group type is the same except for the way the WV apportionment is calculated.**

Enter Name of each entity on the appropriate Group tab

Enter the FEIN of each entity on the appropriate Group tab

**Column 1** – Enter the Federal taxable income for each entity in the appropriate group

### **PART 1 – INCREASING ADJUSTMENTS TO FEDERAL INCOME**

Column 2a Enter the interest or dividends on obligations or securities from any state or political subdivision not exempt from state tax.

Column 2b Enter US obligation interest/dividends not exempt from state tax

Column 2c Enter income/other taxes based upon net income, imposed by this state or any other jurisdiction, deducted on your federal return

Column 2d Enter federal depreciation/amortization for wholly WV corporation water/air pollution facilities

Column 2e Enter unrelated business taxable income of a corporation exempt from federal tax (IRC Sec 512)

Column 2f Enter federal net operating loss

Column 2g Enter contributions to NIPA

Column 2h Enter net operating losses from sources outside the US

Column 2i Enter foreign taxes deducted on your federal return

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Column 2j Enter add back for expenses related to certain REIT's and Regulated Investment Companies and certain interest and intangible expenses (WV Code §11-24-4b)

Column 2k Enter other increasing adjustments (you must include a statement of explanation with your return)

Column 3 Sum of the increasing adjustments

## **PART 2 – DECREASING ADJUSTMENTS TO FEDERAL INCOME**

Column 4a Enter refund/credit on taxes based upon net income included in federal taxable income

Column 4b Enter interest expense on obligations/securities of any state or political subdivision disallowed in determining federal taxable income

Column 4c Enter salary expense not allowed on federal return due to claiming Work Opportunity Credit

Column 4d Enter foreign dividend gross-up (IRC Sec 78)

Column 4e Enter Subpart F income (IRC Sec 951)

Column 4f Enter taxable income from sources outside the US

Column 4g Enter cost of wholly WV water/air pollution control facilities

Column 4h Enter federal taxable income employer contributions to medical savings accounts withdrawn for nonmedical purposes

Column 4i Qualified Opportunity Zone business income

Column 4j Enter allowance for obligations/investments

Column 4k Enter other decreasing adjustments (you must include a state of explanation with your return)

Column 5 Sum of the decreasing adjustments

## **PART 3 – TAXABLE INCOME CALCULATION**

Column 6 Adjusted taxable income of each entity

Column 7 Total nonbusiness income from everywhere of each entity

Column 8 Total non-unitary business income everywhere of each entity

Column 9 Income subject to apportionment per entity

Column 10 Group income subject to apportionment

Column 11 WV apportionment factor per entity

Column 12 WV apportioned income

Column 13 Enter nonbusiness income allocated to WV

Column 14 Enter total non-unitary business income apportioned to WV

Column 15 WV Taxable Income

## **APPORTIONMENT FACTOR CALCULATIONS**

### **GROUP 1 - REGULAR ENTITIES**

**WV Sales** Enter the amount of WV sales for each entity

**Everywhere Sales** – Enter the amount of the Sales by each entity in all locations (WV plus all others). **All sales are to be included** (Throw-out rule is no longer valid) unless otherwise excluded on the federal return. That sum will be used as the denominator in the apportionment factor calculation.

### **GROUP 2 – MOTOR CARRIERS**

**WV Vehicle Mileage** – Enter the WV vehicle mileage for each entity

**Everywhere Vehicle Mileage** – Enter the amount of vehicle mileage in all locations (WV and all others). This amount will be summed in the “Combined entities” row. That sum is the amount that will be used in the apportionment factor calculation.

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## GROUP 3 – FINANCIAL ORGANIZATIONS

**WV Gross Receipts** – Enter the WV gross receipts for each entity

**Every Gross Receipts** – Enter the amount of gross receipts in all locations (WV and all others). This amount will be summed in the “Combined entities” row. That sum is the amount that will be used in the apportionment factor calculation.

### PART 4 – WV NOL SECTION

- NOL 1 NOL generated as the result of filing a consolidated return prior to 2009
- NOL 2 NOL carryforward generated by the entity from an individual return or a combined report from 2009 to 2017
- NOL 3 NOL carryforward generated by the entity from an individual return or a combined report after 2017
- NOL 4 Total WV NOL available for use in the tax period per entity
- NOL 5 NOL generated by entity in this period
- NOL 6 NOL available for use in future periods by entity
- Column 16 (NOL 7) WV Net Operating Loss used this tax period per entity
- Column 17 Subtotal (See NOL pg 8)
- Column 18 REIT inclusion and other WV taxable income
- Column 19 WV net taxable income per entity
- Column 20 Tax rate in 2022 tax period (.065)
- Column 21 WV income tax before credits per entity

### PART 5 – CREDITS SECTION

- C1. a Economic Opportunity Tax Credit (§11-13Q) Schedule WV/EOTC-1
- C1. b High Technology Manufacturing Business (§11-13Q-10a) Schedule EOTC-HTM
- C1. c Manufacturing Investment Tax Credit (§11-13S) Schedule WV/MITC-1
- C1. d Historic Rehabilitated Buildings Investment Credit (§11-24-23a) Schedule RBIC
- C1. e West Virginia Neighborhood Investment Program Credit (§11-13J) Form WV/NIPA-2
- C1. f Environmental Agricultural Equipment Tax Credit (§11-13k) Form WV/AG-1
- C1. g Electric, Gas, and Water Utilities Rate Reduction Credit (§11-24-11) Schedule L
- C1. h West Virginia Military Incentive Credit (§11-24-12) Schedule J
- C1. i Apprentice Training Tax Credit (§11-13w) Schedule WV/ATTC-1
- C1. j Manufacturing Property Tax Adjustment Credit (§11-13Y) Schedule WV/MPTAC-1
- C1. k Alternative Fuel Tax Credit (§11-6d) Schedule AFTC-1
- C1. l Innovative Mine Safety Technology Tax Credit (§11-13BB) Schedule IMSTTC-1
- C1.m Farm to Food Bank Tax Credit (§11-13DD)
- C1.n Post Coal Mine Site Business Credit (§11-28) Schedule PCM-1
- C1.0 Downstream Natural Gas Manufacturing Investment Tax Credit (§11-13GG) Schedule DNG-1
- C1.p Natural Gas Liquids (§11-13HH) Schedule NGL-1
- C1.q Donation or Sale of Vehicle to charitable Organizations (§11-13FF) Schedule DSV-1
- C1.r Small Arms And Ammunition Manufacturers Credit (§11-13KK) Schedule SAAM-1
- C1.s Capital Investment in Child-Care Property Tax Credit (§11-21-97) Schedule CICC-1
- C1.t Operating Costs of Child Care Property Tax Credit (§11-21-97) Schedule CICC-2
- C1.u Industrial Advancement Act Credit (§11-13LL-1)

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- C1.v West Virginia Film Industry Investment Tax Credit (§11-13X) Schedule FIIA-TCS
  - C1.w Build WV Property Value Adjustment Tax Credit (§5B-2L) Schedule PVA-1
  - C2. Total credits claimed
  - C3. Total credits available for use by each entity this period

#### **PART 5 – WV NET INCOME**

- C4 WV Net Income Tax per entity (enter the sum of the Combined Total row of this column for Regular Entities, plus the Combined Total row of this column for Motor Carriers plus the sum of the Combined Total row of this column for Financial Organizations on the CIT-120, page 2, line 9).

#### **MULTISTATE CORPORATIONS – APPORTIONMENT FACTOR FORMULA**

To determine the corporation's West Virginia apportionment percentage, first determine the following factors for each member of the unitary groups

#### **PART 1 – SALES.**

Regular Entities must apportion their business income by using a single factor formula of sales. The term "sales" means all gross receipts of the taxpayer that are business income. The sales factor includes all gross receipts derived from transactions and activity in the regular course of your trade or business, less returns and allowances. Do not include interest or dividends from obligations of the United States government, which are exempt from taxation in West Virginia, or gross receipts from an activity that produced nonbusiness income.

**The numerator** (column 1) of the sales factor includes all gross receipts attributable to West Virginia and derived from transactions and activity in the regular course of your trade or business. All interest income, service charges or time-price differential charges incidental to such gross receipts must be included regardless of the place where the accounting records are maintained or the location of the contract or other evidence of indebtedness.

**The denominator** (column 2) of the sales factor includes all gross receipts derived from transactions and activity in the regular course of your trade or business that was reflected in your gross income reported and as appearing on your federal income tax return unless otherwise excluded. Sales of tangible personal property delivered or shipped to a purchaser within a state in which the corporation is not taxed (e.g. under Public Law 86-272) are no longer to be excluded from the denominator.

Divide column 1 by column 2 and enter the result in column 3. State the result as a decimal fraction and round to six (6) places after the decimal. Enter the six (6) digit decimal fraction from column 3 on CIT-120, Schedule 2, line 7.

#### **MOTOR CARRIERS – SPECIAL SINGLE FACTOR FORMULA**

#### **PART 2 – VEHICLE MILES.**

Motor carriers of property or passengers are subject to special apportionment rules. Motor carriers must apportion their business income by using a single factor formula of vehicle miles.

A motor carrier is any person engaged in the transportation of passengers and/or property for compensation by a motor propelled vehicle over roads in West Virginia, whether on a scheduled route or otherwise. The term "vehicle miles" means the operations of a motor carrier over one mile.

The special apportionment formula for motor carriers does NOT apply if:

- A. The motor carrier neither owns nor rents any real or tangible personal property located in West Virginia, has made no pickups or deliveries within West Virginia, and has traveled less than 50,000 miles in West Virginia during the taxable year; or
- B. The motor carrier neither owns nor rents any tangible personal property located in West Virginia except vehicles and makes no more than 12 trips into or through West Virginia during the taxable year.

Under either (A) or (B), the mileage traveled in West Virginia may not be more than five percent (.05) of the total vehicle miles traveled in all states during the taxable year.

Determine the apportionment factor by entering the appropriate vehicle miles for West Virginia in column 1, and vehicle miles everywhere in column 2.

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Divide column 1 by column 2 and enter the result in column 3. State the result as a decimal fraction and round to six (6) places after the decimal. Enter the six (6) digit decimal fraction from column 3 on CIT-120, Schedule 2, line 7.

## FINANCIAL ORGANIZATIONS – SPECIAL SINGLE FACTOR FORMULA

### PART 3 – GROSS RECEIPTS.

Financial organizations subject to apportionment must apportion their business income by using a single factor gross receipts formula.

A financial organization is any holding company or regulated financial corporation or subsidiary thereof, or any corporation deriving more than fifty percent (.5) of its gross receipts from one or more of the following:

1. Making, acquiring, selling, or servicing loans or extensions of credit.
2. Leasing or acting as an agent, broker, or advisor in connection with leasing real and personal property that is the economic equivalent of an extension of credit.
3. Operating a credit card business.
4. Rendering estate or trust services.
5. Receiving, maintaining, or otherwise handling deposits.
6. Engaging in any other activity with an economic effect comparable to any of the above.

Financial organizations regularly engaging in business in West Virginia shall apportion their business income by means of a single factor of gross receipts apportionment formula. A financial organization not having its commercial domicile in West Virginia is presumed to be regularly engaging in business in West Virginia if during any year it obtains or solicits business with 20 or more persons within West Virginia, or the sum of its gross receipts attributable to sources in West Virginia equals or exceeds \$100,000.00.

Gross receipts from the following ownership interest (and certain related activities) will not be considered in determining whether a financial organization is subject to taxation.

1. An interest in a real estate mortgage investment conduit, a real estate investment, or a regulated investment company;
2. An interest in a loan backed security representing ownership or participation in a pool of promissory notes or certificates or interest that provide for payments in relation to payments or reasonable projections of payments on the notes or certificates;
3. An interest in a loan or other asset from which the interest is attributed to a consumer loan, a commercial loan or a secured commercial loan, and in which the payment obligations were solicited and entered into by a person that is independent and not acting on behalf of the owner; or an interest in the right to service or collect income from such a loan or asset; or
4. An amount held in an escrow or trust account with respect to property described above.

However, if a financial organization is subject to taxation when gross receipts from these interests are not considered, such receipts must then be included when determining the amount of taxes owed.