



# How Interest and Additions to Tax are Assessed

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

Any unpaid tax liability becomes subject to interest and additions to tax when it is 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.

INTEREST RATES FOR UNDERPAYMENT OF TAXES			
Effective From		Effective To	Rate
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	-	December 31, 2022	7.75%
January 1, 2023	-	December 31, 2023	11.5%
January 1, 2024	-	December 31, 2024	13%

The West Virginia Code requires the Tax Commissioner to establish interest rates for tax underpayments based on the adjusted prime rate. Each December, the Tax Commissioner will publish the rate of interest for the next calendar year through an Administrative Notice.

## Penalties

Penalties, otherwise known as additions to tax, are imposed to encourage voluntary compliance with West Virginia's tax laws. A penalty is imposed on taxpayers whose action, inaction, or delayed action warrants such a penalty. These penalties are imposed as a percentage of tax in the following way:

**For more information, you can:**

- **Call** a Taxpayer Services Representative at (304)558-3333 or toll-free at (800) 982-8297
- **Email** [taxhelp@wv.gov](mailto:taxhelp@wv.gov)
- **Go Online** to [tax.wv.gov](http://tax.wv.gov)

<u>Penalty</u>	<u>Rate</u>	<u>Measure</u>
Failure to timely file a return	5% per month – 25% maximum	Tax due (as shown on return or as adjusted by Tax Division)
Failure to timely pay tax due	0.5% per month – 25% maximum	Tax due (as shown on return or as adjusted by Tax Division)
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 can be imposed on a taxpayer at the same time; however the total penalty cannot exceed 5% per month and the maximum of both penalties cannot 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 set by the Tax Commissioner, or for filing a false or fraudulent return with the intent to evade tax, are nonwaivable. 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 such an unusual circumstance that would make imposition of a penalty unfair or inequitable.