

# 2009

# West Virginia Personal Income Tax Forms and Instructions



## NEW FOR TAX YEAR 2009



**IT-140W** - Beginning this year, it is no longer necessary to enclose your W-2, 1099 or other withholding documents with your return. However, you will be required to complete and enclose our new form **IT-140W** in order to be given credit for any West Virginia withholding shown on those documents. If the IT-140W is not enclosed, any credit claimed on your tax return will be disallowed resulting in the delay of your refund. (See page 17)



**Senior Citizen Property Tax Deferment** - Only seniors who are 65 or older and who experienced a property tax increase of at least \$300 on their owner-occupied West Virginia home over the past year may qualify for this deferment if they meet the income criteria. Application and approval must be obtained through their County Assessor to be able to claim the credit. (See page 9)



**Solar Energy Credit** - After July 1, 2009, a new credit became available for any taxpayer who installs a solar energy system on their residential property located in West Virginia. The credit is an amount equal to thirty percent of the cost to purchase and install the system up to a maximum amount of \$2,000. (See page 9)

## ELECTRONIC FILING

More than 60% of West Virginians electronically filed their 2008 income tax returns. Electronic filing is the preferred method for filing and allows the Tax Department to process data more quickly and issue refunds faster with fewer errors. If you filed a paper return for 2008 we encourage you to file electronically this year.

Another way to reduce the time it takes to receive your refund is to have it directly deposited into your bank account. After your return is processed and no errors are discovered, the deposit can be made in less than a week.

## ELECTRONIC SERVICES

**Free Filing** - West Virginia, in partnership with an alliance of tax software companies, offers free electronic filing for those who qualify. To take advantage of this free filing, you **must** access the participating software companies through the West Virginia State Tax Department's website [www.wvtax.gov](http://www.wvtax.gov) using the **Free Income Tax eFile** link.

**Online Filing** - Both state and federal returns may be transmitted at the same time from your home computer. However, with supporting software, you may be able to file the West Virginia return separately.

**Fill-In Forms** - You may complete your return by using web fill-in forms that are available on our website, [www.wvtax.gov](http://www.wvtax.gov). Calculations are automatically done for you in order to minimize mathematical errors.



## FEDERAL TAX CREDIT (EITC)

The Earned Income Tax Credit (EITC) is a refundable Federal Tax Credit for working families with income less than \$43,279 (\$48,279 married filing jointly) with three or more qualifying children. If you are eligible, you may receive money back from the Internal Revenue Service even if you don't owe taxes. Contact the IRS AT 1-800-829-1040 for additional information or see their website [www.irs.gov](http://www.irs.gov).

## VOLUNTEER TAX ASSISTANCE PROGRAMS

**Volunteer Income Tax Assistance Program (VITA) and Tax Counseling for the Elderly (TCE)** - These programs help older, disabled, low-income and non-English-speaking people complete their state and federal returns. For locations in your area, call the IRS at 1-800-829-1040. If you received a West Virginia and/or federal income tax package in the mail, take them with you when you go for assistance.

## Tips On Filing A Paper Return

The Tax Department can process E-filed returns much quicker than paper returns. However, if you decide to paper file, there are several things you can do that will speed-up the processing of your return. Faster processing means faster refunds.

Before starting your West Virginia return, make sure you have received all W-2's, 1099's and other tax documents for the 2009 tax year.

Complete your federal income tax return before your West Virginia return.

Do not use prior year forms.

Paper returns are electronically scanned. The processing of the return (and any refund) is delayed when the scanner cannot correctly read the information on the return. **To aid in the scanning process**, be sure to do the following:

- Use **BLACK INK**. Pencils, colored ink, and markers do not scan well.
- Write your name and address clearly using **BLOCK CAPITAL LETTERS** like this

<b>S M I T H</b> <small>Last Name</small>	<input style="width: 100%;" type="text"/> <small>Suffix</small>	<b>J O S E P H</b> <small>Your First Name</small>	<input style="width: 100%;" type="text"/> <small>Suffix</small>
<input style="width: 100%;" type="text"/> <small>Spouse's Last Name - Only if different from Last Name Above</small>	<b>2 3 7 5 N 7 S T</b> <small>First Line of Address</small>	<b>M A R Y</b> <small>Spouse' First Name</small>	<input style="width: 100%;" type="text"/> <small>Second Line of Address</small>
<b>A N Y W H E R E</b> <small>City or Post Office</small>	<b>W V</b> <small>State</small>	<b>5 5 5 5 5</b> <small>Zip Code</small>	<input style="width: 100%;" type="text"/>

- NEVER USE COMMAS when filling in dollar amounts. They can be read as a "1" by scanners.
- Round off amounts to **WHOLE DOLLARS – NO CENTS**.
- Do not use parentheses ( ) for a negative number. Use a dark, bold negative sign, -8300 rather than (8300).
- Print your numbers like this: **0 1 2 3 4 5 6 7 8 9** Do Not use: ~~0147~~
- Do not add cents in front of the preprinted zeros on entry lines as shown below.
 

Federal Adjusted Gross Income	20000.00
Additions to Income	.00
Subtractions from Income	8000.00
West Virginia Adjusted Gross Income	12000.00
- Do not write in the margins.
- Always put entries on the lines, not to the side, above or below the line.
- Do not submit photocopies to the department. Photocopies can cause unreadable entries.
- Lines where no entry is required should be left blank. Do not fill in zeros or zeros with lines through them.
- Do not draw vertical lines in entry fields. They can be read as a "1" by scanners.
- Do not use staples.
- Make sure all required forms and schedules are included with the tax return.
- Sign your return.

### PAYMENT OPTIONS

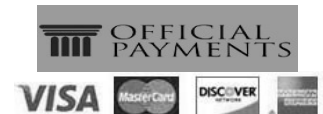
Returns filed with a balance of tax due may use any of the following payments options:

**Check or Money Order** - If you filed a paper return, enclose your check or money order with your return. If you electronically filed, mail your check or money order with the payment voucher IT-140V that is provided to you after the submission of your tax return. Do not mail a paper copy of your return if you electronically filed.

**Electronic Funds Transfer** - If you electronically filed your return, your tax payment may be automatically deducted from your checking account. You may elect to authorize the withdrawal to occur at the time the return is filed or delay payment until the tax due date of April 15, 2010.

**Payment by credit card** - Payments may be made through Official Payments Corp. using your Visa® Card, Discover® Card, American Express® Card or MasterCard®. Call 1-800-2PAYTAX<sup>SM</sup> or visit [www.officialpayments.com](http://www.officialpayments.com).

Official Payments Corporation is a private credit card payment service provider. A convenience fee of 2.5% will be charged to your credit/debit card. The State will not receive this fee. You will be informed of the exact amount of the fee before you complete your transaction. After you complete your transaction, you will be given a confirmation number, which you should keep for your records.



# General Information

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## Who Must File

### You must file a West Virginia income tax return if:

- you were a resident of West Virginia for the entire taxable year.
- you were a resident of West Virginia for a part of the taxable year (Part-Year Resident).
- you were not a resident of West Virginia at any time during 2009, but your federal adjusted gross income includes income from West Virginia sources (Nonresident); or
- you were a domiciliary resident of West Virginia but you
  - (a) maintained no permanent place of abode in West Virginia,
  - (b) spent less than 30 days in West Virginia during 2009, **and**
  - (c) maintained a permanent place of abode outside West Virginia (Nonresident).

### You are required to file a West Virginia return even though you may not be required to file a federal return if:

- your West Virginia adjusted gross income is greater than your allowable deduction for personal exemptions (\$2,000 per exemption, or \$500 if you claim zero exemptions). Your income and number of exemptions are to be determined as if you had been required to file a federal return.
- you are due a refund.

**You are not required to file a West Virginia return if** you and your spouse are 65 or older and your total income is less than your exemption allowance plus the senior citizen modification. For example, \$2,000 per exemption plus up to \$8,000 of income received by each taxpayer who is 65 or older. However, if you are entitled to a refund you **MUST** file a return.

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## What Form To Use

### IT-140 Resident

A **resident** is an individual who:

- spends more than 30 days in West Virginia with the intent of West Virginia becoming his/her permanent residence; or
- maintains a physical presence in West Virginia for more than 183 days of the taxable year, even though he/she may also be considered a resident of another state.

### IT-140 Part-Year Resident

A **part-year resident** is an individual who changes his/her residence either:

- from West Virginia to another state, or
- from another state to West Virginia during the taxable year.

### IT-140 Full Year Nonresident

A **full year nonresident** is an individual who is:

- a resident of another state who does not maintain a physical presence within West Virginia and does not spend more than 183 days of the taxable year within West Virginia; or
- a resident of West Virginia who spends less than 30 days of the taxable year in West Virginia, and maintains a permanent place of residence outside West Virginia.

### IT-140NRS Special Nonresidents

**You must file the special nonresident return (form IT-140NRS) if:**

- you were not a part-year resident of West Virginia; **and**
- you were a resident of Kentucky, Maryland, Ohio, Pennsylvania, or Virginia for the entire taxable year; **and**
- your only source of West Virginia income was from wages and salaries.

### IT-140NRC Composite Return

Nonresident individuals who are partners in a partnership, shareholders in an S-corporation or beneficiaries of an estate or trust who derive income from West Virginia sources may elect to file a nonresident composite income tax return, Form IT-140NRC. A \$50 processing fee is required for each composite return filed.

If a separate individual return is filed, the nonresident must include the West Virginia income derived from the pass-through entity filing the composite return. Credit may be claimed for the share of West Virginia income tax remitted with the composite return.

This form is available on our website at [www.wvtax.gov](http://www.wvtax.gov).

# General Information

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## Amended Return

For tax years beginning after January 1, 2007, use Form IT-140 and mark the "Amended Return" line on the front of the form. For tax years prior to January 1, 2007, use Form IT-140X. This form is available on our web site at [www.wvtax.gov](http://www.wvtax.gov).

You must file a West Virginia Amended Return if any of the following conditions occur:

- (1) To correct a **previously** filed West Virginia return; or
- (2) You filed an amended federal income tax return and that change affected your West Virginia tax liability; or
- (3) The Internal Revenue Service made any change to your federal return (i.e., change in federal adjusted gross income, change in exemptions, etc.).

If a change is made to your federal return, an amended West Virginia return must be filed within ninety (90) days. A copy of your amended federal income tax return must be enclosed with the West Virginia amended return.

If you are changing your filing status from married filing jointly to married filing separately or from married filing separately to married filing jointly, you must do so in compliance with federal guidelines. If your original return was filed jointly and you are amending to file separately, your spouse must also file an amended separate return.

If the amended return is filed after the due date, interest and penalty for late payment will be charged on any additional tax due. An additional penalty will be assessed if you fail to report any change to your federal return within the prescribed time.

Space is provided on page 28 to explain why you are filing an Amended Return.

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## Nonresident/ Part-year Resident Information

A part-year resident is subject to West Virginia tax on the following:

Taxable income received from **ALL** sources while a resident of West Virginia; West Virginia source income earned during the period of nonresidence; **and** applicable special accruals.

### West Virginia Source Income

The West Virginia source income of a nonresident is derived from the following sources included in your federal adjusted gross income:

- real or tangible personal property located in West Virginia;
- employee services performed in West Virginia;
- a business, trade, profession or occupation conducted in West Virginia;
- a corporation in which you are a shareholder which makes an election under federal tax law to be taxed as an S-corporation;
- your distributive share of West Virginia partnership income or gain;
- your share of West Virginia estate or trust income or gain and royalty income;
- West Virginia Unemployment Compensation benefits.

West Virginia source income of a nonresident **does not** include the following income even if it was included in your federal adjusted gross income:

- annuities and pensions;
- interest, dividends or gains from the sale or exchange of intangible personal property unless they are part of the income you received from conducting a business, trade, profession or occupation in West Virginia.

**NONRESIDENTS AND PART-YEAR RESIDENTS MUST FIRST COMPLETE LINES 1 THROUGH 7 OF FORM IT-140, THEN COMPLETE SCHEDULE A. To compute tax due, use the calculation worksheet located below Schedule A. (Line by line instructions for Schedule A can be found on pages 26, 35 and 36.)**

## Income

In Column A of Schedule A, you must enter the amounts from your federal return. Income received while you were a resident of West Virginia must be reported in Column B. Income received from West Virginia sources while a nonresident of West Virginia must be reported in Column C. For additional information regarding West Virginia source income, see above.

## Adjustments

The amounts to be shown in each line of Column B and/or Column C of Schedule A are those items that were actually paid or incurred during your period of West Virginia residency, or paid or incurred as a result of the West Virginia source income during the period of nonresidence. For example, if you made payments to an Individual Retirement Account during the entire taxable year, you may not claim any payments made while a nonresident unless the payments were made from West Virginia source income. However, you may claim the full amount of any payments made during your period of West Virginia residency.

**Special Accruals** In the case of a taxpayer changing from a RESIDENT to a NONRESIDENT status, the return must include all items of income, gain, or loss accrued to the taxpayer up to the time of his change of residence. This includes any amounts not otherwise includible on the return because of an election to report income on an installment basis. The return must be filed on the accrual basis whether or not that is the taxpayer's established method of reporting.

For example, a taxpayer who moves from West Virginia and sells his West Virginia home on an installment plan must report all income from the sale in the year of the sale, even though federal tax is deferred until the income is actually received.

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## Filing Status

There are five (5) filing status categories for state income tax purposes. Your filing status will determine the rate used to calculate your tax.

- (1) Single.
- (2) Head of Household.
- (3) Married Filing Separately. If you are married but filed separate federal returns, you **MUST** file separate state returns. If you file separate returns you must use the "Married Filing Separately" tax rate Schedule II to determine your state tax.
- (4) Married Filing Jointly. You must have filed a joint federal return to be eligible to file a joint state return. If you filed a joint federal return, you may elect to file your state return as either "Married Filing Jointly" using the state's tax Rate Schedule I or as "Married Filing Separately" using Rate Schedule II.
- (5) Widow(er) with a dependent child.

When joint federal but separate state returns are filed, each spouse must compute his or her West Virginia adjusted gross income separately as if the federal adjusted gross income of each had been determined on separately filed federal returns.

If one spouse was a resident of West Virginia for the entire taxable year and the other spouse a nonresident for the entire taxable year and they filed a joint federal income tax return, they may choose to file jointly as residents of West Virginia. The total income earned by each spouse for the entire year, regardless of where earned, must be reported on the joint return as taxable to West Virginia. No credit will be allowed for income taxes paid to the other state.

A joint return **may not** be filed if one spouse changes residence during the taxable year, while the other spouse maintained status as a resident or nonresident during the entire taxable year.

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## Deceased Taxpayer

A return must be filed for a taxpayer who died during the taxable year. Check the box "**DECEASED**" and enter the date of death to the right of the box. If a joint federal return was filed for the deceased and the surviving spouse, the West Virginia return may be filed jointly. The surviving spouse should write on the signature line for the deceased "filing as surviving spouse". If a refund is expected, a completed Schedule F must be enclosed with the return so the refund can be issued to the surviving spouse or to the decedent's estate.

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## Exemptions

The West Virginia personal exemption allowance is \$2,000 per allowable exemption or \$500 for zero exemptions. The number of West Virginia personal exemptions that you are allowed to claim are the same number as your federal exemptions. If you claim zero exemptions on your federal return because you are claimed as a dependent on another person's return, you must claim zero on your West Virginia return.

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## Itemized Deductions

The State of West Virginia **does not** recognize itemized deductions for personal income tax purposes. Consequently, itemized deductions claimed on the federal income tax return cannot be carried to the West Virginia return. Gambling losses claimed as itemized deductions on the federal income tax return **cannot** be deducted on the West Virginia tax return. Consequently, there is no provision in the West Virginia Code to offset gambling winnings with gambling losses.

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## Senior Citizens Tax Credit

Low-income taxpayers who are eligible for the homestead property tax exemption may be eligible for the Senior Citizens Tax Credit. **YOU MUST FILE A RETURN TO RECEIVE THIS REFUNDABLE CREDIT.**

Credit eligibility is restricted to taxpayers who participate in the Homestead Exemption program, who incur and pay property taxes and whose federal adjusted gross income is less than 150% of federal poverty guidelines. Taxpayers who pay the federal alternative minimum tax **cannot** claim this credit.

The maximum federal adjusted gross income level is \$16,245 for a single person household plus an additional \$5,610 for each additional person in the household (e.g., \$21,855 for a two-person household).

Additional information can be found on page 43 of this booklet and in Publication TSD-411 which can be found on our website at [www.wvtax.gov](http://www.wvtax.gov).



# General Information

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## Injured Spouse

You may be considered an injured spouse if you file a joint return and all or part of your refund was, or is expected to be, applied against your spouse's past due child support payments or a prior year tax liability. You must file an injured spouse allocation form (Form WV-8379) to claim your part of the refund if **all** three of the following apply:

- (1) You are not required to pay the past due amount.
- (2) You received and reported income (such as wages, taxable interest, etc.) on a joint return.
- (3) You made and reported payments such as West Virginia tax withheld from your wages or estimated tax payments.

If all of the above apply and you want your share of the overpayment shown on the joint return refunded, you must:

- (1) **Mark** the injured spouse line on the front of the return.
- (2) **Complete** the West Virginia Injured Spouse Allocation Form, WV-8379.
- (3) **Enclose** the completed form with your West Virginia personal income tax return.

**DO NOT** mark the injured spouse line unless you qualify as an injured spouse and have enclosed the completed form with your return. This will cause a delay in the processing of your refund.

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## Members of the Armed Forces

If your legal residence was West Virginia at the time you entered military service, assignment to duty outside the state does not change your West Virginia residency status. You must file your return and pay the tax due in the same manner as any other resident individual unless you did not maintain a physical presence in West Virginia for more than 30 days during the taxable year.

**If, during 2009, you spent more than 30 days in West Virginia**, you are considered to be a West Virginia resident for income tax purposes and must file a resident return and report **all** of your income to West Virginia.

If there is no West Virginia income tax withheld from your military income, you may find it necessary to make quarterly estimated tax payments using Form IT-140ES.

**If, during 2009, you did not spend more than 30 days in West Virginia** and had income from a West Virginia source, you may be required to file an income tax return with West Virginia as any other nonresident individual, depending upon the type of income received.

A member of the Armed Forces who is domiciled outside West Virginia is considered to be a nonresident of West Virginia for income tax purposes; therefore, his/her military compensation is not taxable to West Virginia even though he/she is stationed in West Virginia and maintains a permanent place of abode therein.

### Combat Pay

Combat pay received **during 2009** is not taxable on the federal income tax return. Therefore, it is not taxable on the state return.

### Active Duty Military Pay

Military income received while you were a member of the National Guard or Armed Forces Reserves called to duty pursuant to an Executive Order of the President of the United States is **not** taxable on the West Virginia return. This income is shown on Schedule M, line 43, as a decreasing modification to your federal adjusted gross income.

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### Taxpayers over age 65 or Disabled

An individual, regardless of age, who was certified by a physician as being permanently and totally disabled during the taxable year, or an individual who was 65 before the end of the taxable year may be eligible for certain modifications that will reduce their federal adjusted gross income for West Virginia income tax purposes up to \$8,000. See instructions for Schedule M on pages 12 and 13.

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### Certain State and Federal Retirement Systems

The modification for pensions and annuities received from the West Virginia Public Employees' Retirement System, the West Virginia Teachers' Retirement System, Military Retirement and Federal Retirement is limited to a maximum of \$2,000 and entered on Schedule M. The State of West Virginia does not impose an income tax on the retirement income received from any West Virginia state or local police, deputy sheriffs' or firemens' retirement system, including any survivorship annuities. See instructions for Schedule M on pages 12 and 13.

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### Additional Military Retirement

There is an additional modification for the first \$20,000 of military retirement income to the extent it is included in federal adjusted gross income.

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### US Railroad Retirement

The State of West Virginia does not tax this income. All types of United States Railroad Retirement Board benefits, including unemployment compensation, disability and sick pay included on the federal return should be entered on Schedule M, line 40.

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## Surviving Spouse

Regardless of age, a surviving spouse of a decedent may be eligible for a modification reducing his/her income up to \$8,000 provided he/she did not remarry before the end of the taxable year. The modification is claimed on Schedule M. The decedent must have attained the age of 65 prior to his/her death or, regardless of age, must have been certified as permanently and totally disabled. See specific definitions and line-by-line instructions for Schedule M to determine if you qualify for this modification. The surviving spouse should write on the signature line for the deceased "filing as surviving spouse".

A surviving spouse who has not remarried at any time before the end of the taxable year for which the return is being filed, may claim an additional exemption for the two (2) taxable years **following** the year of death of his/her spouse.

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## WV College Savings Plan And Prepaid Tuition Trust Funds

Taxpayers making payments or contributions to programs of the West Virginia Prepaid Tuition Trust and/or West Virginia Savings Plan Trust, operated under the trade names of **SMART529™** or **West Virginia Prepaid College Plan**, may be eligible for a modification reducing the federal adjusted gross income. This deduction can be claimed in the amount and in the year that the contribution is made or the remainder of the reducing modification may be carried forward for a period not to exceed five taxable years beginning in the tax year in which the payment or contribution was made. For more information regarding participation in this program, contact the SMART529™ Service Center at **1-866-574-3542**.

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## Filing Requirements For Children Under Age 18 Who Have Unearned (Investment) Income

Any child under the age of 18 who has investment income and whose parents qualify and elect to report that income on their return, is not required to file a return with the State of West Virginia. This election is made in accordance with federal guidelines.

Any child under the age of 18 whose income is not reported on his/her parents return must file their own West Virginia return and report all of their income. If the child is claimed as an exemption on their parent's return, he/she must claim zero exemptions on the state return and claim a \$500 personal exemption allowance.

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## Refund Of Overpayment

A return must be filed to obtain a refund of any overpayment. In order to receive a refund of an overpayment of \$2 or less, you must enclose a signed statement with your return requesting that the refund be sent to you.

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## Direct Deposit

You may have your refund directly deposited into your bank account, providing the return contains no errors or does not require special processing. To avoid delay of your direct deposit, verify your routing and account numbers from a check before filing your return. Refunds are issued in the form of United States currency. If you choose to have your refund direct deposited, your depositor must be capable of accepting US currency.

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## Payment Of Tax Due

The balance of tax due must be paid in full on or before April 15, 2010. Make your check or money order payable to the **West Virginia State Tax Department**. If your check is returned for "insufficient funds" or "uncollected funds", the Department reserves the right to collect such funds electronically. Payment of tax in the form of a check, money order or funds transferred electronically must be made in the form of United States currency. See page 16 for additional payment options.

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## Penalties And Interest

Interest must be added to any tax due that is not paid by the due date of the return even if an extension of time for filing has been granted. The rate of interest will be determined every six months under regulations promulgated by the State Tax Commissioner. The annual rate of interest cannot be less than eight percent (8%).

***The applicable interest rate for taxable year 2009 for tax underpayments is nine and one-half percent (9.5%).***

Penalties (i.e. Additions to Tax) for late filing can be avoided by sending in your return by the due date. The law provides that a penalty of five percent (5%) of the tax due for each month, or part of a month, may be imposed for the late filing of the return up to a maximum of twenty-five percent (25%) unless reasonable cause can be shown for the delay.

The law provides that an additional penalty may be imposed for not paying your tax when due. This penalty is one-half of one percent (1/2 of 1%) of the unpaid balance of tax for each month, or part of a month, the tax remains unpaid, up to a maximum of twenty-five percent (25%).

You may access an Interest and Additions to Tax Calculator on our website at [www.wvtax.gov](http://www.wvtax.gov) or you may call (304) 558-3333 or 1-800-982-8297 for assistance.

The West Virginia Tax Crimes and Penalties Act imposes severe penalties for failing to file a return or pay any tax when due, or for making a false return or certification. The mere fact that the figures reported on your state return are taken from your federal return will not relieve you from the imposition of penalties because of negligence or for filing a false or fraudulent return. The statute of limitations for prosecuting these offenses is three years after the offense was committed.

## General Information

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### Penalty For Underpayment Of Estimated Tax

If your return shows a balance due greater than \$600, you may be subject to a penalty for not prepaying enough personal income tax through withholding and/or quarterly estimated tax payments. The penalty is computed separately for each installment due date. Therefore, you may owe the penalty for an earlier due date even if you paid enough tax later to make up the underpayment. This is true even if you are due a refund when you file your tax return. However, you may be able to reduce or eliminate the penalty by using the annualized income installment method. Use form IT-210 on page 31 to calculate your penalty. Instructions can be found on page 37. If you do not complete form IT-210, the West Virginia State Tax Department will calculate the penalty for you. You will receive a notice for the amount of penalty due.

To avoid future penalties, you should increase your withholding tax or begin making quarterly estimated payments for tax year 2010.

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### Credit For Estimated Tax

You must make quarterly estimated tax payments if your estimated tax liability (your estimated tax reduced by any state tax withheld from your income) is at least \$600, unless that liability is less than ten percent (10%) of your estimated tax. The total estimated tax credit to be claimed on your return is the sum of the payments made with the quarterly installments for taxable year 2009, any overpayments applied from your 2008 personal income tax return and any payments made with your West Virginia Application for Extension of Time to File (Schedule L).

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### Extension Of Time

If you obtain an extension of time to file your federal income tax return, you are automatically allowed the same extension of time to file your West Virginia income tax return. Enter on your West Virginia return the date to which the federal extension was granted. If a federal extension was granted electronically, write "Federal Extension Granted" and the confirmation number at the top of the West Virginia return. Enter the extended due date in the appropriate box. A copy of Federal Schedule 4868 must be enclosed with your return. If you need an extension of time for West Virginia purposes but not for federal purposes, or if you expect to owe tax to West Virginia, you must submit a completed West Virginia Application for Extension of Time to File (Schedule L) and pay any tax expected to be due. See page 33.

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### Signature

Your return **MUST** be signed. A joint return must be signed by both husband and wife. If you and your spouse (if filing a joint return) do not sign the return, it will not be processed. If the return is prepared by an authorized agent of the taxpayer, the agent must also sign on the line provided and enter his/her address and telephone number. If a joint federal return was filed for a deceased taxpayer, the surviving spouse should write on the signature line for the deceased "filing as surviving spouse".

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### Failure To Receive A Withholding Tax Statement (W-2)

If you fail to receive a withholding tax statement (Form W-2, W-2G, or 1099) from an employer by February 15th, you may file your income tax return using a substitute form. All efforts to obtain a W-2 statement from the payer must be exhausted before a substitute form will be accepted. West Virginia Substitute W-2 (Form WV/IT-102-1) must be completed and retained for your records in the same manner as Form W-2 for a period of not less than three years. This information may be obtained from your pay stub(s). The federal Form 4852 (Substitute for Form W-2) does not provide all the information necessary to process your state return. It **WILL NOT** be accepted in lieu of Form WV/IT-102-1.

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### Prior Year Tax Liabilities

Taxpayers who have delinquent tax liabilities, state or federal, may not receive the full amount of their tax refund. If you have an outstanding state or federal tax lien, your refund will be reduced and applied to your past due liability. If a portion of your refund is captured, you will receive a notice and a check for the balance of the refund. Any final unpaid West Virginia personal income tax liabilities may be referred to the United States Treasury Department in order to capture that amount from your federal income tax refund.

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### IRS Information Exchange

The West Virginia State Tax Department and the Internal Revenue Service share tax information including results of any audits. Differences, other than those allowed under state law, will be identified and may result in the assessment of a negligence penalty. Taxpayers so identified will be subject to further investigation and future audits.

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### The American Jobs Creation Act

This Act, in part, is a federal tax benefit that allows a deduction for certain domestic production activities. The deduction is attributable to the qualifying production activities of a partnership or S corporation. West Virginia law does not allow this deduction and any amount deducted under **Section 199 Internal Revenue Code** must be reported as an increasing modification on Schedule M.

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### Pension Benefit Guaranty Modification

If you retired under an employer-provided defined benefit plan that terminated prior to or after retirement and the pension plan is covered by a guarantor whose maximum benefit guarantee is less than the maximum benefit to which you were entitled, you may be allowed a reducing modification of the difference between the amount you would have received had the plan not terminated and the amount actually received from the guarantor. Enclose the completed Schedule PBGC (page 28) and a completed IT-140W. Failure to do so will delay the processing of your return.

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**Senior Citizen Property Tax Deferment**

Only Seniors who received the Homestead Property Tax Exemption at the county level as a result of reaching sixty-five (65) years, who experienced a property tax increase on their Homestead Property of at least \$300 in the past year and who have gross household income of no more than \$25,000 qualify for this deferment. Persons who pay the federal alternative minimum tax are not eligible to claim this credit.

This credit must be preapproved by your County Assessor's Office. In order to find out if you qualify, an application must be submitted to that office in order to determine the amount of your credit. If you have questions regarding the qualification for the deferment/credit, contact your County Assessor.

Senior Citizens who qualify for this credit have the option to receive a refundable personal income tax credit from the State equal to the property tax increase increment or choose to defer their property tax in the identical amount.

For most low-income seniors, the best option available will continue to be the refundable Senior Citizens Tax Credit or the alternative Homestead Excess Property Tax Credit and not the deferment. **Seniors cannot claim more than one of these three credit alternatives.** It is very important that Seniors evaluate these three options carefully before filing their personal income tax return for the year or paying their property tax.

Based upon recent filing statistics, the refundable Senior Citizens Tax Credit is the best option for more than 90% of all eligible households. The Homestead Excess Property Tax Credit is the best option for less than 9% of all eligible households. The Property Tax Deferment Credit is the best option for less than 1% of all eligible households.

**Tax Department Processing And Procedures**

The Tax Department has implemented a modern tax system that allows us to better serve you. This new system decreases processing time and allows us to contact taxpayers in a timely manner. If a change has been made to your return you will first receive a letter from us explaining the change. If there is an additional amount due the State, you will receive a Statement of Account. If you disagree with the amount shown to be due, return a copy of the statement with your comments and provide any additional schedules to substantiate your claim. You will receive a statement of account on a monthly basis until such time as your outstanding liability is either paid or your account is settled. If you send us information and receive a second statement of account, it may be a timing issue. Please allow sufficient time for mailing and processing of the additional information before you contact us again.

**Solar Energy Tax Credit**

After July 1, 2009, a new credit became available for any taxpayer who installs a solar energy system on their residential property located in West Virginia. The credit is an amount equal to thirty percent of the cost to purchase and install the system up to a maximum amount of \$2,000.

In order to receive the credit for a solar energy system, the system must use solar energy to:

- (1) Generate electricity;
- (2) Heat or cool a structure; or
- (3) Provide hot water for use in the structure or to provide solar process heat.

The system used to provide hot water must derive at least fifty percent of its energy to heat or cool from the sun. However, the available credit does not include a swimming pool, hot tub or any other energy storage medium that has a function other than storage.

If the amount of the available credit exceeds the tax liability for the taxable year, the excess may be carried over and applied as a credit against the tax liability for subsequent years. This credit will not be available for solar energy systems installed after July 1, 2013. **Form WV/SETC** must be completed and enclosed with your tax return in order to receive proper credit.

**Form IT-140 Instructions**

The due date for filing your 2009 West Virginia Personal Income Tax return is April 15, 2010, unless you have a valid extension of time to file.

The starting point for the West Virginia income tax return is your federal adjusted gross income. Therefore, you must complete your federal return before you can begin your State return. Your Federal return will contain information which you must enter on the State return. It is not necessary to enclose a copy of your Federal return with your West Virginia return.

**Social Security Number** Print your social security number as it appears on your social security card. Enter your name and address in the spaces provided.

**Name Address** If you are married and filing a joint return or married filing separate returns, fill in your spouse's name and your spouse's social security number. If the taxpayer or spouse died during the taxable year, check the box by the decedent's social security number and enter date of death to the right of the box.

**Amended Return** Enter a check mark on this line if you are filing an amended return. Enter a check mark on both lines if you are filing an amended return reflecting a net operating loss.

**Nonresident or Part-Year Resident** Enter a check mark on this line if you are filing as a nonresident or part-year resident. (See page 3)

**Injured Spouse** Filing an injured spouse claim (Form WV-8379), enter a check mark on the injured spouse line. (See page 6)

# Form IT-140 Instructions

**Exemptions** If your filing status for West Virginia purposes is the same as on your federal return, enter the total number of exemptions claimed on your federal return on line 1. If you claimed zero exemptions on your federal return, you must claim zero exemptions on your state return. If you are married filing a joint federal return but are filing separate state returns, enter the total number of exemptions you would have been entitled to claim if you had filed separate federal returns.

If you are eligible to claim an additional exemption as a surviving spouse, enter the spouse's social security number and year of death and enter "1" on line 2. See page 7 for additional information.

Enter the total number of exemptions claimed on lines 1 and 2 on line 3.

**Filing Status** CHECK ONLY ONE. Your filing status is generally the same filing status shown on your federal return. See page 5 for more information regarding your filing status.

## COMPLETE LINES 1 THROUGH 27 OF FORM IT-140 ACCORDING TO THE FOLLOWING INSTRUCTIONS.

**Line 1** **FEDERAL ADJUSTED GROSS INCOME.** Enter your federal adjusted gross income as shown on Federal Form 1040, Form 1040A or Form 1040EZ.

**Line 2** **ADDITIONS TO INCOME.** Enter the total additions to income shown on line 34 of Schedule M (page 19). See page 12 for additional information.

**Line 3** **SUBTRACTIONS FROM INCOME.** Enter the total subtractions from income shown on line 48 of Schedule M (page 19). See page 12 for additional information.

**Line 4** **WEST VIRGINIA ADJUSTED GROSS INCOME.** Enter the result of line 1 plus line 2 minus line 3.

**Line 5** **LOW-INCOME EARNED INCOME EXCLUSION.** To determine if you qualify for this exclusion, complete the worksheet on page 41 and enter the qualifying exclusion on this line.

**Line 6** **EXEMPTIONS.** Enter the number of exemptions shown on Line 3 above and multiply that number by \$2,000. If you claimed zero exemptions, enter \$500 on this line.

**Line 7** **WEST VIRGINIA TAXABLE INCOME.** Line 4 minus lines 5 and 6 and enter the result on this line. If less than zero, enter zero.

**Line 8** **WEST VIRGINIA INCOME TAX.**

### CHECK THE APPROPRIATE BOX TO INDICATE THE METHOD YOU USED TO CALCULATE YOUR TAX.

**RESIDENTS**-If your filing status is single, head of household, widow(er) with a dependent child or married filing jointly and your taxable income is less than \$100,000, apply the amount of taxable income shown on line 7 to the Tax Table on page 44 and enter your tax on this line. If your taxable income is over \$100,000, use Rate Schedule I on page 46 to compute your tax.

If your filing status is **MARRIED FILING SEPARATELY**, you **MUST** use Rate Schedule II on page 46 to compute your tax.

**NONRESIDENTS AND PART-YEAR RESIDENTS**-If you are a nonresident or part-year resident of West Virginia, you must first complete lines 1 through 7 of Form IT-140, then complete Schedule A on page 25. Compute your tax by using the tax calculation worksheet located below Schedule A.

If you are subject to the Federal Alternative Minimum Tax, use **Schedule T** on page 20 to compute your total West Virginia income tax.

**Line 9** **FAMILY TAX CREDIT.** Enter the amount of allowable credit, if any, shown on line 8 of the West Virginia Family Tax Credit Worksheet found on page 40.

**Line 10** **ADJUSTED WEST VIRGINIA TAX.** Line 8 minus line 9.

**Line 11** **WEST VIRGINIA USE TAX DUE.** Individual purchaser's use tax is due on the purchase of goods or services when Sales Tax has not been paid. See page 42 for additional information and the worksheet to be used to calculate this tax if applicable.

**Line 12** **TOTAL TAXES DUE.** Line 10 plus line 11.

**Line 13** **WEST VIRGINIA INCOME TAX WITHHELD.** Enter the total amount of West Virginia tax withheld as shown on your Form-IT-140W. If you are filing a joint return, be sure to include any withholding for your spouse. A completed IT-140W must be enclosed with your return. Failure to submit this document will result in the disallowance of the credit claimed. Local or municipal fees cannot be claimed as West Virginia income tax withheld.

## Form IT-140 Instructions (continued)

- Line 14** **ESTIMATED TAX PAYMENTS.** Enter the total amount of estimated tax payments paid by you (and your spouse) for taxable year 2009. Include any 2008 overpayment you carried forward to 2009 and any payment made with your West Virginia Application for Extension of Time to File (Schedule L).
- Line 15** **CREDITS FROM TAX CREDIT RECAP SCHEDULE.** Enter Total Credits shown on line 19 of the Tax Credit Recap Schedule found on page 20.
- Line 16** **AMENDED RETURN ONLY.** Enter the amount, if any, paid on your original return.
- Line 17** **SUM OF PAYMENTS AND CREDITS.** Add lines 13 through 16 and enter the result on this line. Amounts must be entered in lines 13 through 16 to support the amount entered on line 17. If you enter an amount on line 17 without entering anything on lines 13 through 16, the processing of your return will be delayed.
- Line 18** **AMENDED RETURN ONLY.** Enter the amount of any overpayment previously refunded or credited from your original return.
- Line 19** **TOTAL PAYMENTS AND CREDITS.** Line 17 minus line 18.
- Line 20** **BALANCE OF TAX DUE.** If line 12 is greater than line 19, there is a balance of tax due. Subtract line 19 from line 12 and enter the result here.
- Line 21** **PENALTY DUE.** If line 20 is greater than \$600, you may be subject to a penalty for underpayment of tax. The penalty is computed separately for each installment due date. Therefore, you may owe the penalty for an earlier due date even if you paid enough tax later to make up the underpayment. This is true even if you are due a refund when you file your tax return. However, you may be able to reduce or eliminate the penalty by using the annualized income installment method. Check the box on this line if you are requesting a Waiver of Penalty or are enclosing the Annualized Income Worksheet. See page 37 for additional information.
- Line 22.** **BALANCE DUE THE STATE.** Add lines 20 and 21 and enter the result on this line. Write your social security number and "2009 Form IT-140" on your check or money order. The Tax Department may convert your check into an electronic transaction. Receipt of your check is considered your authorization for the Tax Department to convert your check into an ACH Debit entry (electronic withdrawal) to your bank account. Your check information will be captured and reported on your bank statement.
- Line 23.** **OVERPAYMENT.** If line 19 is greater than line 12, there is an overpayment. Subtract line 12 from line 19 and enter the result here. If you have a penalty due shown on line 21, your penalty will reduce the amount of the overpayment.
- Line 24** **AMOUNT TO BE CREDITED TO YOUR 2010 ESTIMATED TAX ACCOUNT.** Enter the amount (all or part) of your overpayment you wish to have credited to your 2010 Estimated Tax account.
- Line 25** **THE WEST VIRGINIA CHILDREN'S TRUST FUND** funds community projects that keep children free from abuse and neglect. Examples include public awareness activities, school-based programs, programs for new parents and family resource centers.
- If you (and your spouse) wish to make a contribution, enter the total amount of your contribution on line 25. Your overpayment will be reduced or your payment increased by this amount. If you do not have an overpayment and want to make a contribution, a check or money order for tax due plus the desired contribution (line 22 plus line 25) must be made payable to the West Virginia State Tax Department and enclosed with your return.
- To learn more about the WV Children's Trust Fund or to make a direct contribution, visit the website <http://wvctf.org> or write to **West Virginia Children's Trust Fund, P.O. Box 5424, Charleston, West Virginia 25361 or call 304-558-4637.**
- Donations made to the West Virginia Children's Trust Fund are tax deductible on your federal income tax return as an itemized deduction.
- Line 26** **DEDUCTIONS FROM OVERPAYMENT.** Add lines 24 and 25. **This amount will be subtracted from your overpayment to determine your refund.**
- Line 27** **REFUND.** Subtract line 26 from line 23 and enter the result here. This is the amount of your refund. To receive a refund of \$2 or less, you must enclose a signed statement with your return requesting that the refund be sent to you.



## Schedule M - Instructions

Complete Schedule M to report increasing or decreasing modifications to your federal adjusted gross income.

### ***Modifications Increasing Federal Adjusted Gross Income (additions to income).***

- Line 28** **INTEREST OR DIVIDEND INCOME ON FEDERAL OBLIGATIONS.** Enter the amount of any interest or dividend income (received by or credited to you during the taxable year) on bonds or securities of any United States authority, commission or instrumentality which the laws of the United States exempt from federal income tax but not from state income tax.
- Line 29** **INTEREST OR DIVIDEND INCOME ON STATE AND LOCAL BONDS (OTHER THAN WEST VIRGINIA).** Enter the amount of any interest or dividend income on state and local bonds (other than West Virginia and its political subdivisions) received by or credited to you.
- Line 30** **INTEREST ON MONEY BORROWED TO PURCHASE BONDS EARNING EXEMPT WEST VIRGINIA INCOME.** Enter the amount of any interest deducted, as a business expense or otherwise, from your federal adjusted gross income in connection with money borrowed to purchase or carry bonds or securities, the income from which is exempt from West Virginia income tax.
- Line 31** **LUMP SUM PENSION DISTRIBUTIONS.** Enter the amount of any qualifying 402(e) lump sum distributions **not** included in your federal adjusted gross income that was separately reported and taxed on federal Form 4972.
- Line 32** **OTHER INCOME EXCLUDED FROM FEDERAL ADJUSTED GROSS INCOME BUT SUBJECT TO STATE TAX.** West Virginia income tax is based on federal adjusted gross income. However, certain income must be added back. For example; income deducted under Section 199 of the Internal Revenue Code. Enclose Schedule K-1(s).
- Line 33** **WITHDRAWALS FROM A PREPAID TUITION / SAVINGS PLAN NOT USED FOR PAYMENT OF QUALIFYING EXPENSES.** Enter the basis amount in a withdrawal from a WV Prepaid Tuition/SMART529 Savings Plan which was spent for **OTHER** than qualifying expenses, if a deduction was previously taken.
- Line 34** **TOTAL ADDITIONS.** Add lines 28 through 33. Enter the result here and on line 2 of Form IT-140.

### ***Modifications Decreasing Federal Adjusted Gross Income (subtractions from income).***


If filing a joint return, enter the modification(s) for both you and your spouse in Columns A and B. In cases of joint ownership of income-producing tangible or intangible property, each spouse should use the total income multiplied by the relative percentage of ownership. See example on page 14.

- Line 35** **INTEREST OR DIVIDENDS ON UNITED STATES OBLIGATIONS.** Enter the total amount of interest or dividend income on obligations of the United States and its possessions and bonds or securities from any United States authority, commission or instrumentality that are included in your federal adjusted gross income but exempt from state income tax under federal law. This will include United States Savings Bonds and federal interest dividends paid to shareholders of a regulated investment company under Section 852 of the IRS Code. Include on this line interest earned on West Virginia bonds which are subject to federal tax but exempt from state tax under West Virginia law.
- Line 36** **ANY WEST VIRGINIA STATE OR LOCAL POLICE, DEPUTY SHERIFFS' OR FIREMENS' RETIREMENT.** Enter the taxable amount of retirement income reported on your federal return which was received from any **West Virginia** state or local police, deputy sheriffs' or firemens' retirement system, regardless of your age. This is the taxable amount of retirement income received from these sources, including any survivorship annuities.
- Line 37** **WEST VIRGINIA TEACHERS' RETIREMENT AND WEST VIRGINIA PUBLIC EMPLOYEES' RETIREMENT.** Regardless of age, enter the taxable amount of retirement income (not to exceed \$2,000) reported on your federal return received from The West Virginia Teachers' Retirement System and/or The West Virginia Public Employees' Retirement System. **Do not enter more than \$2,000.**
- Line 38** **MILITARY RETIREMENT AND FEDERAL RETIREMENT.** Regardless of age, enter the taxable amount of retirement income (not to exceed \$2,000) reported on your federal return received from Military Retirement and/or Federal Retirement. **Do not enter more than \$2,000.**

**Combined amounts of lines 37 and 38 must not exceed \$2,000.**

- Line 39** **MILITARY RETIREMENT MODIFICATION.** There is an additional modification of a maximum of \$20,000. If your pension is equal to or greater than \$22,000, enter \$20,000 here. If the pension is less than \$22,000, enter the total amount of the pension received less the \$2,000 claimed on line 38. In no case should the combined amount (line 38 and line 39) exceed the total amount of military retirement income or \$22,000, whichever is less.

## Schedule M - Instructions (continued)

- Line 40** **RAILROAD RETIREMENT.** Enter the amount(s) of income received from the United States Railroad Retirement Board including unemployment compensation, disability and sick pay that is included in your federal adjusted gross income. West Virginia does not impose tax on this income.
- Social Security benefits that are taxable on your federal return are also taxable to West Virginia and should NOT be included on this line.**
- Line 41** **REFUNDS OF STATE AND LOCAL INCOME TAXES.** Enter the amount reported on your federal return. Only refunds included in your federal adjusted gross income qualify for this modification.
- Line 42** **CONTRIBUTIONS TO THE WEST VIRGINIA PREPAID TUITION TRUST/WEST VIRGINIA SAVINGS PLAN TRUST.** Enter any payments paid to a prepaid tuition trust fund/savings plan trust, but only to the extent the payments have not been previously allowed as a deduction when arriving at your federal adjusted gross income. The Tax Department may request documentation that supports this deduction.
- 
- Line 43** **OTHER DEDUCTION(S).** Enter here payments for premiums paid for long-term care insurance but only to the extent the payments have not been previously allowed as a deduction when arriving at your federal adjusted gross income. The Tax Department may request documentation that supports this deduction. If the modification is a result of Schedule PBGC, you must enclose the Schedule PBGC with your return.
- Line 44** **WEST VIRGINIA "EZ PASS" DEDUCTION.** Enter the amount, not less than \$25 and not to exceed \$1,200, of any payment for amounts expended for tolls paid electronically through use of a West Virginia Parkways, Economic Development and Tourism Authority PAC card (Parkways Authority Commuter Card) for non-commercial passes for travel on toll roads in West Virginia, not including amounts refunded or reimbursed by an employer. Any amount of qualified tolls paid and eligible for this decreasing modification and not used in the taxable year when paid shall carry forward for up to three (3) years subsequent to the taxable year. Qualified toll payments not used by the end of the carry forward period shall be forfeited.
- Line 45** **SENIOR CITIZEN OR DISABILITY DEDUCTION.** Taxpayers **MUST** be at least age 65 OR certified as permanently and totally disabled during 2009 to receive this deduction. **Taxpayers age 65 or older simply have to enter their year of birth in the space provided in order to claim the deduction as a Senior Citizen.** Joint income must be divided between husband and wife with regard to their respective percentage of ownership. **ONLY THE INCOME OF THE SPOUSE WHO MEETS THE ELIGIBILITY REQUIREMENTS QUALIFIES FOR THE MODIFICATION.** See an example on page 14. The **Disability Deduction** can be claimed by taxpayers under age 65 who have been **medically certified** as unable to engage in any substantial gainful activity due to physical or mental impairment. **IF** 2009 is the first year of a medically certified disability, you **MUST** enclose a 2009 West Virginia **Schedule H or a copy of Federal Schedule R AND enter 2009 as the year the disability began in the space provided.** **IF** the disability deduction has been claimed in prior years **AND** documentation has been submitted with prior claims, **then only the year that the disability began, entered in the space provided, is needed to claim the deduction.** The **Surviving Spouse** of a deceased taxpayer may also qualify for this modification. See line 46 instructions and page 7 for more information.
- Line 45(a)** Enter all income (for each spouse, if joint return) that has not been reported on lines 35 through 44 of Schedule M.
- Line 45(b)** \$8,000 is the maximum modification allowed for each senior citizen or disabled taxpayer.
- Line 45(c)** Add lines 35 through 39 for each spouse and enter on this line.
- Line 45(d)** Subtract line 45(c) from line 45(b) for each spouse. If line 45(c) is larger than line 45(b), enter zero on line 45(d).
- Compare the amounts shown on lines 45(a) and 45(d) for each spouse. Enter the **smaller** of these two amounts on line 45 for that spouse. For example, if one spouse only has \$4,000 in income, then the maximum deduction for that spouse is \$4,000.
- Line 46** **INCOME RECEIVED BY SURVIVING SPOUSE.** A surviving spouse is a taxpayer whose spouse died during the year **prior to the taxable year** for which the annual return is being filed and who has not remarried at any time before the end of that year.
- The surviving spouse, regardless of age, of a decedent who was 65 or older OR was certified as permanently and totally disabled prior to his/her death, may take a modification if they received taxable income from any source not included on line 45. This is a one-time modification and must be claimed on the annual income tax return in the year **following the year** in which the death of the spouse occurred. If the total deductions from income shown on lines 35 through 39 and 45 are \$8,000 or more, you are not eligible for an additional modification on line 46.
- Line 47** Add lines 35 through 46 for each column and enter the results here.
- Line 48** **TOTAL SUBTRACTIONS.** Add Columns A and B from line 47 and enter the result here and on line 3 of Form IT-140.

**DO NOT DEDUCT LOTTERY WINNINGS ANYWHERE ON SCHEDULE M.**



### EXAMPLE OF SENIOR CITIZEN DEDUCTION CALCULATION

John Doe, age 69, and Mary Doe, age 65, file a joint tax return. They received the following income in 2009.

	<i>John</i>	<i>Mary</i>
West Virginia Police Retirement	7,000	0
IRA Distributions	4,000	1,000
Wages and Salaries	0	10,000
Interest (jointly held)	1,500	1,500
US Savings Bond Interest (jointly held)	500	500
Total Income	<u>13,000</u>	<u>13,000</u>

Their federal adjusted gross income which they report on line 1 of their West Virginia Form IT-140 is \$26,000. Property which John and Mary hold jointly is split between them according to their percentage of ownership. In this case, each taxpayer owned 50% of the joint income.

1. Mr. Doe's total income is \$13,000. However, he reported his police pension on line 36 and his share of their joint savings bond interest on line 35 of Schedule M. Therefore, he reports \$5,500 on line 45(a) of Schedule M (\$13,000 minus \$7,000 minus \$500).
2. Mrs. Doe's total income is also \$13,000. She enters \$12,500 on line 45(a) of Schedule M (\$13,000 less her share of their jointly-held savings bond interest reported (\$500) on line 35).
3. Mr. Doe enters \$7,500 on line 45(c) of Schedule M (\$500 from line 35 plus \$7,000 from line 36). He then subtracts line 45(c) from line 45(b) and enters the result (\$500) on line 45(d).
4. Mrs. Doe enters the \$500 from line 35 on line 45(c). She then subtracts line 45(c) from line 45(b) and enters the result (\$7,500) on line 45(d).
5. Mr. and Mrs. Doe are each allowed the smaller of the amounts shown on line 45(a) and 45(d) as their senior citizen deduction. Therefore, Mr. Doe enters \$500 on line 45 and Mrs. Doe enters \$7,500 on line 45.

	<i>John</i>	<i>Mary</i>
45(a)	5,500	12,500
45(b)	8,000	8,000
45(c)	7,500	500
45(d)	500	7,500

## Schedule T - Instructions

You are required to complete Schedule T if your 2009 federal total tax includes an amount of Alternative Minimum Tax.

The amount to be entered on line 1 of Schedule T is the Federal Alternative Minimum Tax shown on Federal Form 6251.

NOTE: If you received interest income that is specifically exempt from taxation by the West Virginia Code (including interest received from West Virginia Housing Development Authority Bonds) and it is included in your federal base income, you must recompute your Federal Alternative Minimum Tax excluding the nontaxable income for purposes of calculating your West Virginia Minimum Tax. The amount entered on line 1 of Schedule T should be the recomputed Federal Alternative Minimum Tax.

You should check "Schedule T" on line 8 of Form IT-140.

## Schedule E - Instructions

**Residents** Subject to certain limitations, a West Virginia **resident** may be eligible to claim a credit for income taxes paid to another state on income derived from sources within that state. The purpose of this credit is to prevent **dual taxation** of such income.

Note: Income from "guaranteed payments" shown on a W-2 as wages but taxed as business income on the Ohio income tax return qualifies for the Schedule E credit. See Publication TSD - 422 for additional information.

**Part-year residents** **Part-year residents** may only claim credit for taxes paid to another state during their period of West Virginia residency.

**Nonresidents** **Nonresidents** are not entitled to a Schedule E credit under any circumstances.

**Limitations** The amount of a Schedule E credit is subject to the following limitations:

- (A) The credit cannot exceed the amount of tax payable to the other state on income also subject to West Virginia tax. This is the amount of income tax computed on the nonresident return filed with the other state.
- (B) The credit cannot exceed the percentage of the West Virginia tax determined by dividing the portion of the taxpayer's West Virginia income subject to taxation in another state by the total amount of the taxpayer's West Virginia income.
- (C) The credit cannot reduce the West Virginia tax due to an amount less than what would have been due if the income subject to taxation by the other state was excluded from the taxpayer's West Virginia income.

(continued on page 34)

## Schedule A - Instructions

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**Line 49 WAGES, SALARIES, AND TIPS.**  
Column A - Enter total wages, salaries, tips and other employee compensation reported on your federal income tax return.  
Column B - Enter the amount received during your period of West Virginia residency.  
Column C - Enter the amount received from West Virginia source(s) while you were a nonresident of West Virginia.

**RESIDENTS OF KENTUCKY, MARYLAND, OHIO, PENNSYLVANIA AND VIRGINIA** - wages and salaries received from West Virginia should NOT be reported in Column C.

**Lines 50 and 51 INTEREST AND DIVIDEND INCOME.**  
Column A - Enter total interest and dividend income reported on your federal income tax return.  
Column B - Enter the amount received during your period of West Virginia residency.  
Column C - Enter the amount received from a business, trade, profession or occupation carried on in West Virginia while you were a nonresident of West Virginia.

**Line 52 REFUNDS OF STATE AND LOCAL INCOME TAXES.**  
Column A - Enter total taxable state and local income tax refunds reported on your federal income tax return.  
Column B - Enter the amount received during your period of West Virginia residency.  
Column C - Do not enter any refunds received during the period you were a nonresident of West Virginia.

**Line 53 ALIMONY RECEIVED.**  
Column A - Enter total alimony received reported on your federal income tax return.  
Column B - Enter the amount received during your period of West Virginia residency.  
Column C - Do not enter any alimony received while you were a nonresident of West Virginia.

**Line 54 BUSINESS INCOME** (include business profit or loss and income from rents, royalties, partnerships, estates, trusts and S-Corporations).  
Column A - Enter the total amount of ALL business income reported on your federal income tax return.  
Column B - Enter the amount received during your period of West Virginia residency.  
Column C - Enter any amount derived from West Virginia source(s) while you were a nonresident of West Virginia.

**Business conducted in West Virginia.** A business, trade, profession, or occupation (not including personal services as an employee) is considered to be conducted in West Virginia if you maintain, operate or occupy desk space, an office, a shop, a store, a warehouse, a factory, an agency or other place where your affairs are regularly conducted in West Virginia. This definition is not all inclusive. Business is considered to be conducted in West Virginia if it is transacted here with a fair measure of permanency and continuity.

**Business conducted within and without West Virginia.** If, while a nonresident, a business, trade or profession is conducted within and without West Virginia and your accounts clearly reflect income from West Virginia operations, enter the net profit or loss from business conducted within West Virginia on line 54, Column C.

If the West Virginia income of the business cannot be determined from your books, explain your method of allocation of profits to West Virginia on a separate sheet.

**Rent and Royalty Income.** As a nonresident, enter in Column C any rents and royalties from:

- real property located in West Virginia, whether or not the property is used in connection with a business;
- tangible personal property not used in a business if such property is located in West Virginia; and
- tangible and intangible personal property used in or connected with a business, trade, profession or occupation conducted in West Virginia.

If a business is conducted both within West Virginia and from sources outside West Virginia, attach your method of allocation on a separate sheet.

Do not allocate income from real property. Real property must be included in its entirety. Real property located outside West Virginia must be excluded.

Report in Column C your share of rent and royalty income from a partnership of which you are a member shown on Form WV/SPF-100 or from an estate or trust of which you are a beneficiary shown on Form IT-141.

(continued on page 35)

## SPECIFIC INSTRUCTIONS FOR RESIDENTS OF THE FOLLOWING STATES:

**IMPORTANT NOTICE** These instructions are based upon those statutes and reciprocity practices in effect at the time of printing. Amendments may occur that would cause these instructions to change.

**KENTUCKY, MARYLAND, OR OHIO RESIDENTS.** If your West Virginia income during 2009 was from wages and/or salaries only, you may file the Special Nonresident Form IT-140NRS as a claim for refund of any West Virginia income tax withheld during 2009. If you had West Virginia income from a source other than wages and/or salaries, you **must** file the West Virginia Income Tax Return (Form IT-140) and indicate residency status by checking the Nonresident/Part-Year Resident box. You are not allowed a Schedule E credit against your West Virginia income tax whenever your West Virginia income is other than wages and/or salaries. You should apply for the appropriate credit on the income tax return filed with your state of residence.

**PENNSYLVANIA OR VIRGINIA RESIDENTS.** If your West Virginia income during 2009 was from wages and/or salaries only AND YOU DID NOT SPEND MORE THAN 183 DAYS WITHIN WEST VIRGINIA DURING 2009, you may file the Special Nonresident Form IT-140NRS as a claim for refund of any West Virginia income tax withheld during 2009. If you had West Virginia income from a source other than wages and/or salaries, you **must** file the West Virginia Income Tax Return (Form IT-140) and indicate residency status by checking the Nonresident/Part-Year Resident box. You are not allowed a Schedule E credit against your West Virginia income tax when your West Virginia income is other than wages and/or salaries. You should apply for the appropriate credit on the income tax return filed with your state of residence.

**A domiciliary resident of Pennsylvania or Virginia who spends more than 183 days within West Virginia during 2009 is also a resident of West Virginia for income tax purposes and is required to file a resident return (Form IT-140) with West Virginia. A Schedule E credit would not be allowed on the West Virginia return. You should apply for the appropriate credit on the income tax return filed with your state of residence.**

**SPECIAL NOTE:** Residents of these states may be relieved from filing an annual claim for refund of West Virginia taxes withheld from their wages and/or salaries by requesting Form WV/IT-104 (West Virginia Certificate of Nonresidence) from their employer. Form WV/IT-104 may be completed and returned to the employer who would then be authorized to stop withholding West Virginia income tax on wages and/or salaries earned in this state.

### ***Underpayment Of Estimated Tax By Individuals Annualized Income Worksheet Instructions***

- Line 1** **Total income.** Compute your total income through the period indicated at the top of each column, including any adjustments to income includible in your federal adjusted gross income.
- Line 3** **Annualized income.** Multiply the amount on line 1 by the annualization factors on line 2.
- Line 4** **West Virginia modifications to income.** Enter any modifications to federal adjusted gross income which would be allowed on your 2009 West Virginia personal income tax return. Be sure to show any negative figures.
- Line 5** **West Virginia income.** Combine lines 3 and 4; annualized income plus or minus modifications.
- Line 6** **Exemption allowance.** Multiply the number of exemptions you are allowed to claim by \$2,000; if you must claim zero exemptions, enter \$500 on this line.
- Line 7** **Annualized taxable income.** Subtract line 6 from line 5.
- Line 8** **Tax.** Compute the tax on the taxable income shown on line 7. **If you are not subject to Federal Minimum Tax,** use the tax tables or rate schedules to calculate your tax. **If you are subject to Federal Minimum Tax,** multiply the Federal Minimum Tax by .25, and compare that figure with the tax from the tax tables or rate schedules; the larger of the two figures is your tax. **If you are filing as a nonresident/part-year resident,** multiply the tax figure already calculated by the ratio of your West Virginia income to your federal income.
- Line 9** **Credits against tax.** Show any credits against your West Virginia tax liability except West Virginia income tax withheld and estimated tax payments.
- Line 10** **Tax after credits.** Subtract line 9 from line 8; if line 9 is larger than line 8, enter zero.
- Complete lines 12 through 19 for each column before moving to the next column.**
- Line 12** **Required payments.** Multiply the amount on line 10 by the factor on line 11.
- Line 13** **Previous required installments.** Add the amounts from line 19 of all previous columns and enter the sum.
- Line 14** **Annualized installment.** Subtract line 13 from line 12. If less than zero, enter zero.
- Line 15** Enter one-fourth of line 8, Part 1, of Form IT-210 in each column.
- Line 16** Enter the amount from line 18 of the previous column of this worksheet.
- Line 17** Add lines 15 and 16 and enter the total.
- Line 18** Subtract line 14 from line 17. If less than zero, enter zero.
- Line 19** **Required installment.** Compare lines 14 and 17 and enter the smaller figure here and on line 1, PART IV of Form IT-210.

## Schedule E - Instructions (continued from page 14)

**A separate Schedule E must be completed and attached for each state for which you are claiming a credit.**

Failure to enclose a copy of the other state's return will result in the claimed credit being **disallowed**. This credit is not allowed for income tax imposed by a city, township, borough, or any political subdivision of a state or any other country. Local or municipal fees cannot be claimed.

You may claim credit on your West Virginia Resident Income Tax Return for state income tax paid, as a nonresident, to the following states:

Alabama	Delaware	Indiana	Michigan	New Hampshire	Oklahoma
Arizona	District of Columbia	Iowa	Minnesota	New Jersey	Oregon
Arkansas	Georgia	Kansas	Mississippi	New Mexico	Rhode Island
California	Hawaii	Louisiana	Missouri	New York	South Carolina
Colorado	Idaho	Maine	Montana	North Carolina	Utah
Connecticut	Illinois	Massachusetts	Nebraska	North Dakota	Vermont
<b>***NOTE: THE LIST ABOVE IS SUBJECT TO CHANGE AT ANY TIME***</b>					
Wisconsin					

- Line 75** Enter the tax imposed by the state of nonresidence on income also taxed by this state. Do not use the amount of any tax which may have been withheld from your wages; this does not represent the actual tax paid to the other state. Do not include the amount of any interest, additions to tax or other penalty which may have been paid with respect to such tax.
- Line 76** Enter the West Virginia total income tax shown on line 10 of Form IT-140.
- Line 77** Enter the net income from the state that is included in your West Virginia total income.
- Line 78** Enter total West Virginia income. **NOTE:** Residents – enter the amount shown on line 4, Form IT-140. Part-Year residents - enter the amount shown on Schedule A, line 74, IT-140.
- Line 79** **LIMITATION OF CREDIT.** Multiply line 76 by line 77 and divide the result by line 78.
- Line 80** **ALTERNATIVE WEST VIRGINIA TAXABLE INCOME.** **Residents** - Subtract line 77 from line 7, Form IT-140. **Part-year residents** – Subtract line 77 from line 78.
- Line 81** **ALTERNATIVE WEST VIRGINIA INCOME TAX.** Apply the Tax Rate Schedule to the amount shown on line 80.
- Line 82** **LIMITATION OF CREDIT.** Subtract line 81 from line 76.
- Line 83** **MAXIMUM CREDIT.** Line 76 minus the sum of lines 5 through 18 of the Tax Credit Recap Schedule.
- Line 84** **TOTAL CREDIT (THE SMALLEST OF LINES 75, 76, 79, 82 OR 83).** Enter amount here and on line 4 of the Tax Credit Recap Schedule.

### SPECIAL INSTRUCTIONS FOR THE FOLLOWING STATES:

Kentucky                      Maryland                      Ohio                      Pennsylvania                      Virginia

**KENTUCKY, MARYLAND OR OHIO.** If your income during 2009 was from wages and/or salaries only, you may not claim a Schedule E credit. In order to receive a refund of the erroneously withheld tax, you must file a return with the state in which taxes were withheld. If you had income from a source other than wages and/or salaries, you are allowed a credit for income taxes paid by completing Schedule E and attaching a copy of your return. You should also attach a statement explaining the source of income for which the credit is claimed.

**NOTE.** The State of West Virginia is now required to withhold Maryland state tax from the wages of any Maryland resident who works for a West Virginia state government agency. For further information, contact the personnel office of the agency for which you are employed.

**PENNSYLVANIA OR VIRGINIA.** If your income during 2009 was from wages and/or salaries only, you may not claim a Schedule E credit. In order to receive a refund of the erroneously withheld tax, you must file a return with these states. If you spent more than 183 days in one of these states and are considered an actual resident for tax purposes, or, if you had income from a source other than wages and/or salaries, you are allowed credit for income taxes paid to the Commonwealth of Pennsylvania or Virginia by completing Schedule E and attaching a copy of that state's return, including a statement if you are claiming a Schedule E credit because you were also taxed as a resident. You should also attach a statement explaining the source of income for which the credit is claimed.

**SPECIAL NOTE:** You may be relieved from having another state's income tax withheld from your wages. Contact your employer or the other state's taxing authority for additional information.

## **Schedule A - Instructions (continued from page 26)**

**Partnerships.** As a nonresident, enter in Column C your distributive share of partnership income from Form NRW-2, Schedule K-1, or Form WV/SPF-100.

**S-Corporation shareholders.** As a nonresident, enter in Column C your pro rata share of income or loss from an electing West Virginia S-Corporation from Form NRW-2, Schedule K-1, or Form WV/SPF-100.

**Estates and Trusts.** Enter in Columns B and C your share of estate or trust income as a part-year resident or a nonresident from West Virginia source(s) obtained from information provided by the fiduciary shown on Form NRW-2, Schedule K-1, or Form IT-141.

**Passive activity loss limitations.** A nonresident must recompute any deduction taken on the federal return for passive activity losses to determine the amounts that would be allowed if federal adjusted gross income took into account only those items of income, gain, loss or deduction derived from or connected with West Virginia source(s).

**Line 55 CAPITAL GAINS OR LOSSES.**

Column A - Enter the total amount of capital gain or loss from the sale or exchange of property, including securities reported on your federal return.

Column B - Enter any capital gain or loss which occurred during your period of West Virginia residency.

Column C - Compute the amount to be reported as capital gain or loss from West Virginia sources in accordance with federal provisions for determining capital gains or losses and deductions for capital loss carryover from West Virginia sources to the extent included in computing your federal adjusted gross income and enter in this column.

Capital transactions from West Virginia sources include capital gains or losses derived from real or tangible property located within West Virginia whether or not the property is connected with a business or trade and capital gains or losses from stocks, bonds, and other intangible personal property used in or connected with a business, trade, profession or occupation carried on in West Virginia. Also include your share of any capital gain or loss derived from West Virginia sources from a partnership of which you are a member, from an estate or trust of which you are a beneficiary or from an electing West Virginia S-Corporation of which you are a shareholder. Any capital gains or losses from business property (other than real property) of a business conducted both in and out of West Virginia must be allocated for West Virginia purposes. Gains or losses from the sale or disposition of real property are not subject to allocation. In all cases, use the federal basis of property for computing capital gains or losses.

**Line 56 SUPPLEMENTAL GAINS OR LOSSES.**

Column A - Enter the total of any other gains or losses from the sale or exchange of non-capital assets used in a trade or business reported on your federal return.

Column B - Enter any supplemental gain or loss which occurred during your period of West Virginia residency.

Column C - Compute the amount to be reported in this column by applying the federal provisions for determining gains or losses from sale or exchange of other than capital assets to your West Virginia transactions.

Non-capital transactions from West Virginia sources are those transactions from your federal return pertaining to property used in connection with a business, trade, profession or occupation carried on in West Virginia. Also included is your share of any non-capital gains or losses from a partnership of which you are a member, from an estate or trust of which you are a beneficiary or from an electing West Virginia S-Corporation of which you are a shareholder. Use the federal adjusted basis of your property in all computations.

**Line 57 PENSIONS AND ANNUITIES.**

Column A - Enter the total taxable amount of pensions and annuities reported on your federal return.

Column B - Enter the taxable amount of any pensions and annuities received during your period of West Virginia residency.

Column C - Enter income from pensions and annuities derived from or connected with West Virginia sources. Pension and annuity income received by a nonresident is NOT subject to West Virginia tax unless the annuity is employed or used as an asset in a business, trade, profession or occupation conducted in West Virginia.

**Line 58 FARM INCOME OR LOSS.**

Column A - Enter total amount reported on your federal return.

Column B - Enter the amount that represents farm income or loss during your period of West Virginia residency.

Column C - Enter the amount that represents income or loss from farming activity in West Virginia while you were a nonresident of West Virginia.



## Schedule A - Instructions (continued)

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- Line 59 UNEMPLOYMENT COMPENSATION.**  
Column A - Enter the total amount reported on your federal return.  
  
Column B - Enter the amount received during your period of West Virginia residency.  
  
Column C - Enter the amount received while a nonresident, but derived or resulting from employment in West Virginia.
- Line 60 SOCIAL SECURITY AND RAILROAD RETIREMENT BENEFITS.**  
Column A - Enter the total amount of **taxable** social security and railroad retirement benefits reported on your federal return.  
  
Column B - Enter the amount received during your period of West Virginia residency.  
  
Column C - **Do not** enter any amount received while you were a nonresident of West Virginia.
- Line 61 OTHER INCOME.**  
Column A - Enter the total of other income reported on your federal return. Identify each source in the space provided. Enclose additional statements if necessary.  
  
Column B - Enter the amount received during your period of West Virginia residency.  
  
Column C - Enter the amount derived from or connected with West Virginia sources and received while you were a nonresident of West Virginia.
- NOTE: If you have special accrual income, it should be included in Columns A and B of this line. See page 5 for more information regarding special accruals.
- Line 62 TOTAL INCOME.**  
Add lines 49 through 61 of each column and enter the result on this line.
- Lines 63 - 69 ADJUSTMENTS INCLUDED IN FEDERAL ADJUSTED GROSS INCOME.**  
Column A - Enter the adjustments to income reported on Federal Form 1040 or 1040A. These adjustments include penalty on early withdrawal of savings, IRA deductions, deductions for self-employment tax and other deductions.  
  
Column B - Enter any adjustments incurred during your period of West Virginia residency.  
  
Column C - Enter any adjustments connected with income from West Virginia sources while you were a nonresident of West Virginia.  
  
The amount shown in Column A for any adjustments must be the same as reported on the federal return. The adjustments should be allocated for Column B and Column C as described above.  
  
Include in Column B only the portion of alimony adjustment attributable to the period of West Virginia residency.
- Line 70 TOTAL ADJUSTMENTS.**  
Enter the total of all adjustments from lines 63 through 69 for each column.
- Line 71 ADJUSTED GROSS INCOME.**  
Subtract line 70 from line 62 in each column and enter the result on this line.
- Line 72 WEST VIRGINIA INCOME.**  
Add Column B and Column C of line 71 and enter the total here.
- Line 73 INCOME SUBJECT TO WEST VIRGINIA STATE TAX BUT EXEMPT FROM FEDERAL TAX.**
- Part-Year Residents Only.** Enter any income subject to West Virginia tax but not included in federal adjusted gross income. This income will be shown as an addition to federal adjusted gross income on Schedule M.
- Line 74 TOTAL WEST VIRGINIA INCOME.**  
Add the amounts shown on lines 72 and 73 and enter the total here and on line 2 of the Nonresident/Part-Year Resident Tax Calculation worksheet below the Schedule A.

## Who Must Pay the Underpayment Penalty

You may be charged a penalty if you did not have enough West Virginia state income tax withheld from your income or pay enough estimated tax by any of the due dates. This may be true even if you are due a refund when you file your return. The penalty is computed separately for each due date (quarter). You may owe a penalty for an earlier due date (quarter) even if you make large enough payments later to make up the underpayment.

You may owe the penalty if you did not pay at least the smaller of:

1. 90% of your 2009 tax liability; or
2. 100% of your 2008 tax liability (if you filed a 2008 return that covered a full 12 months).

**Exceptions to the Penalty** You will not have to pay any penalty if either of these exceptions apply:

1. You had no tax liability for 2008 and you meet ALL the following conditions:
  - your 2008 tax return was (or would have been had you been required to file) for a taxable year of twelve months;
  - you were a citizen or resident of the United States throughout the preceding taxable year;
  - your tax liability for 2009 is less than \$5,000.
2. The total tax shown on your 2009 return minus the tax you paid through West Virginia withholding is less than \$600. To determine if you meet this exception, complete lines 1 through 5, PART I. If you meet this exception, you do not have to file Form IT-210.

If you file your tax return and pay any tax due on or before February 1, 2010, no fourth quarter penalty is due. Include the tax paid with your return in column (d) of line 2, PART IV; this will result in no penalty due for the January 15, 2010 installment.

## Special Rules for Farmers

If at least two-thirds of your gross income for 2009 was from farming sources, the following special rules apply:

1. You are only required to make one payment for the taxable year (due January 15, 2010); and
2. The amount of estimated tax required to be paid (line 6) is sixty-six and two-thirds percent (66-2/3%) instead of ninety percent (90%);
3. If you fail to pay your estimated tax by January 15, but you file your return and pay the tax due on or before the first day of March, 2010, no penalty is due.

Mark box 10 in PART I and complete PART III or only column (d) of PART IV to figure your penalty. Be sure to use .02340 instead of .06312 when calculating line 6 of PART III. When using PART IV, carry the entire figure shown on line 8 of PART I to column (d), line 1.

## Waiver of Penalty

If you are subject to underpayment penalty, all or part of the penalty will be waived if the West Virginia State Tax Department determines that:

1. The penalty was caused by reason of casualty or disaster;
2. The penalty was caused by unusual circumstances which makes imposing the penalty unfair or inequitable.

To request a waiver of the penalty, check the box for line 9 in PART I and enclose a signed statement explaining the reasons you believe the penalty should be waived (see page 28 of the return). If you have documentation substantiating your statement, enclose a copy. The Department will notify you if your request for waiver is not approved.

## PART I - FOR ALL FILERS

- Line 1** Enter the amount from line 8 of Form IT-140.
- Line 2** Enter the amount shown on line 9 plus line 15 of Form IT-140.
- Line 3** Subtract line 2 from line 1 and enter the result.
- Line 4** Enter the amount of withholding tax shown on line 13 of Form IT-140.
- Line 5** Subtract line 4 from line 3 and enter the result. ***IF LINE 5 IS LESS THAN \$600, YOU ARE NOT SUBJECT TO THE PENALTY AND NEED NOT FILE FORM IT-210.***
- Line 6** Multiply line 3 by ninety percent (90%) and enter the result.
- Line 7** Enter your tax after credits from your 2008 West Virginia return. Your tax after credits will be line 10 reduced by line 15 of Form IT-140.
- Line 8** Compare the amounts shown on lines 6 and 7. If line 7 is zero and line 3 is more than \$5,000, enter the amount shown on line 6. Otherwise, enter the smaller of line 6 or line 7.

## ***IT-210 - Instructions (continued)***

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### **PART III - SHORT METHOD**

You may use the short method to figure your penalty only if:

1. You made no estimated tax payments (or your only payments were West Virginia income tax withheld); or
2. You paid estimated tax and the payments were made in four equal installments on the due dates.

**NOTE:** If any of your payments were made earlier than the due date, you may use the short method to calculate your penalty; however, using the short method may cause you to pay a higher penalty (if the payments were only a few days early, the difference is likely to be very small).

You may not use the short method if:

1. You made any estimated tax payments late; or
2. You checked the box on line 11 in PART I, or used PART II (Annualized Income Worksheet).

If you can use the short method, complete lines 1 through 5 to compute your total underpayment for the year and lines 6 through 8 to compute your penalty due. If you checked the box for line 10 in PART I because you are a farmer, the figure to use on line 6 is .02340 instead of .06312.

In certain instances, the penalty due may be waived. See Waiver of Penalty (page 37) for more details.

### **PART IV - REGULAR METHOD**

Use the regular method to compute your penalty if you are not eligible to use the short method.

#### **Section A - Compute Your Underpayment**

**Line 1** Enter in columns (a) through (d) the amount of your required installment for the due date shown in each column heading. For most taxpayers, this is the amount shown on line 8 of PART I divided by four. If you used PART II, enter the amounts from line 19 of the Annualized Income Worksheet in the appropriate columns.

**Line 2** Enter the estimated tax payments you made plus any West Virginia income tax withheld from your income. In column (a), enter the tax payments you made by April 15, 2009, for the 2009 tax year; in column (b), enter payments you made after April 15, and on or before June 16, 2009; in column (c), enter payments you made after June 15, and on or before September 15, 2009; and in column (d), enter payments you made after September 15, and on or before January 15, 2010.

When calculating your payment dates and the amounts to enter on line 2 of each column, apply the following rules:

1. For West Virginia income tax withheld, you are considered to have paid one-fourth of these amounts on each payment due date, unless you check the box on line 11 in Part 1 and show otherwise.
2. Include in your estimated tax payments any overpayment from your 2008 West Virginia tax return that you elected to apply to your 2009 estimated tax. If you filed your return by the due date (including extensions), treat the overpayment as a payment made on April 15, 2009.
3. If you file your return and pay the tax due on or before February 1, 2010, include the tax you pay with your return in column (d) of line 2. In this case, you will not owe a penalty for the payment due January 15, 2010.

**Line 3** Enter any overpayment from the previous column on line 3.

**Line 4** Add lines 2 and 3 in each column and enter the result on line 4.

**Line 5** Add lines 7 and 8 from the previous column and enter the result in each column.

**Line 6** Subtract line 5 from line 4 in each column and enter the result on line 6. If line 6 is equal to or more than line 4 in any column, enter zero on line 6 in that column.

**Line 7** Subtract line 4 from line 5 for any column where line 5 is more than line 4; otherwise, enter zero.

**Line 8** Subtract line 6 from line 1 for any column where line 1 is more than line 6; otherwise, enter zero. If line 8 is zero for all payment periods, you do not owe a penalty. However, if you checked any box in PART I, you must file Form IT-210 with your return.

**Line 9** Subtract line 1 from line 6 for any column for which line 6 is more than line 1; otherwise, enter zero. Be sure to enter the amount from line 9 on line 3 of the next column.

**Section B - Compute Your Penalty**

Caution: Read the following instructions before completing Section B.

Compute the penalty by applying the appropriate rate against each underpayment on line 8. The penalty is computed for the number of days that the underpayment remains unpaid.

The rates are established twice during each calendar year, on January 1 and July 1. If an underpayment remains unpaid for more than one rate period, the penalty for that underpayment may be computed using more than one rate. The annual rate is nine and one-half percent (9.5%) for 2009 and will require only one rate for all underpayments.

Use line 10 to compute the number of days the underpayment remains unpaid. Use line 12 to compute the actual penalty amount by applying the proper rate to the underpayment for the number of days it was unpaid.

Each payment must be applied to the oldest outstanding underpayment. It does not matter if you designate a payment for a later period. For example, if you have an underpayment for the April 15 installment period, the payment you make June 15 will first be applied to pay off the April 15 underpayment; any remaining portion of the payment will be applied to the June 15 installment.

Also, apply the following rules:

1. Show the West Virginia withholding tax attributable to each installment due date; do not list the withholding attributable on or after January 1, 2010.
2. Any balance due paid on or before April 15, 2010 with your personal income tax return is considered a payment and should be listed on line 2, column (d). For the payment date, use the date you file your return, or April 15, 2010, whichever is earlier.

**Chart of Total Days Per Rate Period**

<b>Rate Period</b>	<b>Line 10</b>
(a)	365
(b)	303
(c)	212
(d)	90

For example, if you have an underpayment on line 8, column (a), you would enter 365 in column (a) of line 10.

The following line-by-line instructions apply only to column (a) of Section B. If there is an underpayment shown in any other column on line 8, complete lines 10 and 12 in a similar fashion.

**Line 10** Enter in column (a) the total number of days from April 15, 2009 to the date of the first payment. If no payments enter 365.

**Line 11** The daily penalty rate is equal to the annual interest rate applied to tax underpayments divided by 365. **The annual interest rate for underpayments is nine and one-half percent (9.5%) for 2009, resulting in a daily rate of .000260.**

**Line 12** Make the computation requested and enter the result. Note that the computation calls for the "underpayment on line 8". The amount to use as the "underpayment" depends on whether or not a payment is listed.

**If There Is A Payment** - If the payment is more than the underpayment, apply only an amount equal to the underpayment and apply the remainder to the tax due for the next quarter. If the payment is less than your underpayment, the penalty for the remaining underpayment will require a separate computation. Use a separate sheet of paper to show any additional computations. **If There Are No Payments** - The "underpayment" is the entire amount shown on line 8.

**The Following Conditions Determine If Additional Computations Are Needed For Column (a):**

1. The first payment was enough to reduce the underpayment to zero. There are no further computations for column (a).
2. No payments. Only one computation is needed. The penalty for column (a) is line 8 multiplied by the number of days in the chart above multiplied by line 11.
3. The payment did not reduce the underpayment to zero. Compute the penalty on the remaining underpayment on a separate sheet of paper. If additional payments apply, reduce the underpayment for each installment and compute the penalty on the remainder of tax due until paid or April 15, 2010, whichever is earlier.

Enter the total penalty calculation on line 12 and proceed to the next column.

**Columns (b) through (d)**

To complete columns (b) through (d), use the same procedures as for column (a). However, apply only those payments in each column which have not been used in a previous column.

**Line 13** Add all figures from line 12. Enter the sum on line 13 and on the appropriate PENALTY DUE line of your personal income tax return.

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## AUTOMATED INFORMATION & INTERNET SERVICES

Our Interactive Voice Response System, which is available 24 hours a day, can be used to check the status of your refund and request forms or publications and get tax information. Beginning March 1, 2010, you can check on your refund by calling (304) 344-2068 or toll-free 1-800-422-2075 from your touch tone phone or access the Tax Department's website at [www.wvtax.gov](http://www.wvtax.gov), click on "Where's my refund?", then follow the instructions. When checking the status of your refund, you will be asked to provide the social security number listed first on the return and the dollar amount of the refund.

Only one inquiry may be made within a seven day period. You must allow adequate time for your return to be received and processed before you check the status of your refund. Due to the large volume of paper returns the Tax Department receives around April 15th, processing may be slowed down and your refund may not be issued as promptly as if you had filed earlier in the year or electronically. To assure that you receive your refund in as few days as possible, we encourage you to E-file your return.

Answers to a number of Frequently Asked Questions may be found on our website or, if you are unable to find your answer, you may email us at [wvtaxaid@tax.state.wv.us](mailto:wvtaxaid@tax.state.wv.us). Please allow us 10 to 15 working days to provide you with a response.



**West Virginia State Tax Department**  
**P. O. Box 1071**  
**Charleston, West Virginia 25324-1071**

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**MAILING ADDRESSES PERSONAL INCOME TAX RETURNS**

Returns due a **REFUND** mail to:

West Virginia State Tax Department  
PO Box 1071  
Charleston, WV 25324-1071

**BALANCE DUE** returns mail to:

West Virginia State Tax Department  
PO Box 3694  
Charleston, WV 25336-3694

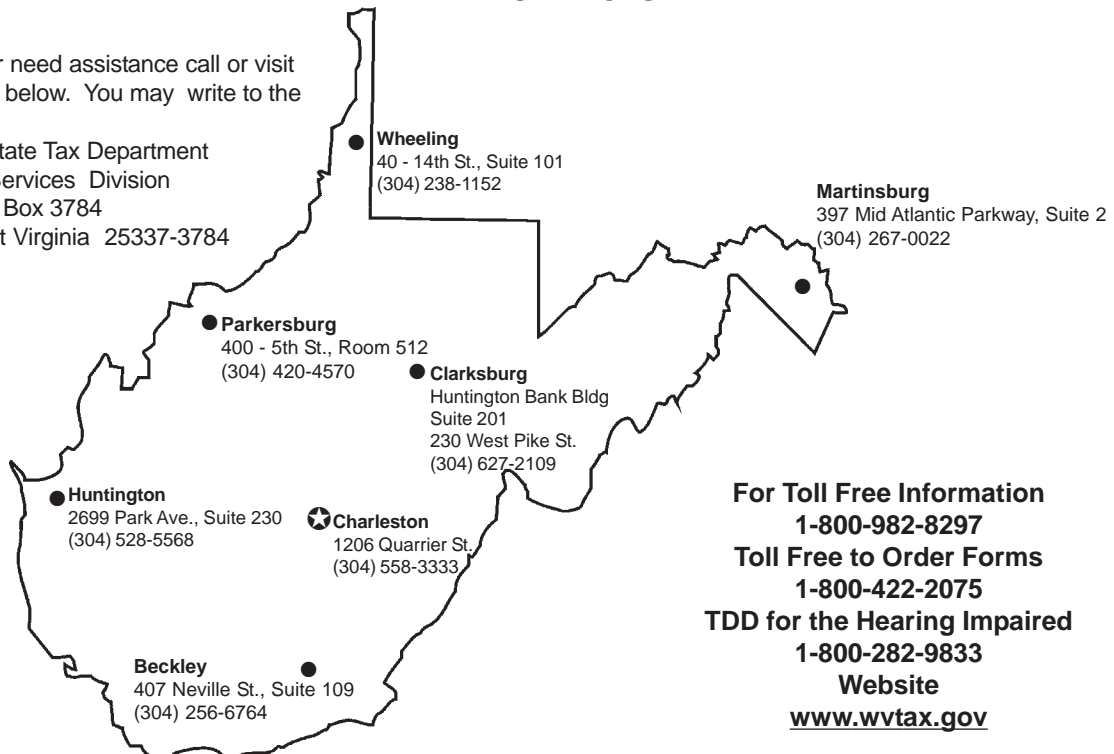
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**FREE TAXPAYER SERVICES**

If you have questions or need assistance call or visit any of our offices shown below. You may write to the

West Virginia State Tax Department  
Taxpayer Services Division  
P. O. Box 3784  
Charleston, West Virginia 25337-3784



**For Toll Free Information**  
**1-800-982-8297**  
**Toll Free to Order Forms**  
**1-800-422-2075**  
**TDD for the Hearing Impaired**  
**1-800-282-9833**  
**Website**  
**[www.wvtax.gov](http://www.wvtax.gov)**