



Credit for Coal Loading Facilities

West Virginia
State Tax
Department

TAX PERIOD

Beginning
DateEnd
DateBusiness
NameID
Number

COMPUTATION OF ELIGIBLE INVESTMENT

	Column 1 Net Cost	Column 2 Percentage	Column 3 Allowable Cost Investment
1. Coal loading facilities property with useful life of 4 or more but less than 6 years.....	\$	33 1/3%	\$
2. Coal loading facilities property with useful life of 6 or more but less than 8 years.....	\$	66 2/3%	\$
3. Coal loading facilities property with useful life of 8 years or more	\$	100%	\$
4. Total eligible coal loading facilities investment.....			\$
5. Total potential coal loading facilities credit (10% of line 4).....			\$
6. Available annual coal loading facilities credit (10% of line 5).....			\$
7. Available annual coal loading facilities credit from prior years			
Reference period (# of years prior to current tax period)	Tax Period Ending	Original Available Annual Credit	Adjustments
9			
8			
7			
6			
5			
4			
3			
2			
1			
Total			
8. Total available annual coal loading facilities credit (line 6 plus line 7).....			\$
9. a) Total severance tax.....			\$
b) Amount of other credits claimed.....			\$
c) Net limit (9a – 9b).....			\$
d) Credit limit (50% of 9a).....			\$
e) Coal loading facilities credit offset.....			\$

(Continued on the next page)

10. a) Total business and occupation tax.....	\$
b) Amount of other credits claimed.....	\$
c) Net limit (10a – 10b).....	\$
d) Credit limit (50% of 10a).....	\$
e) Coal loading facilities credit offset.....	\$
11. a) Total business franchise tax.....	\$
b) Amount of other credits claimed.....	\$
c) Net limit (11a – 11b).....	\$
d) Credit limit (50% of 11a).....	\$
e) Coal loading facilities credit offset.....	\$
12. Total credit claimed (lines 9e + 10e + 11e).....	\$

Note that the sum of credit claimed on lines 9e, 10e, and 11e may not exceed 50% of the sum of the liabilities reported on lines 9a, 10a, and 11a. This 50% limit also applies to the sum of all tax credit claimed under §11-13E of the West Virginia Code. Unused annual credit is forfeited.

TOTAL

Tax Period

Enter amount on page 1 Column 1, Line 1, Schedule C	Enter amount on Page 1 Column 1, Line 2, Schedule C	Enter amount on Page 1, Column 1, Line 3, Schedule C

COAL LOADING FACILITIES CREDIT

INFORMATION & INSTRUCTIONS

THE purpose of the Coal Loading Facilities Credit is to encourage the establishment of new or revitalized coal loading facilities in West Virginia.

NOTE: Coal Loading Facilities Credit no longer may be applied to reduce Sales and Use Taxes for taxable purchases of tangible personal property or services made for taxable years ending after June 30, 1993.

ELIGIBLE TAXPAYERS

Eligibility for the Coal Loading Facilities Credit is limited to:

1. those who construct and operate a new coal loading facility, and
2. those who revitalize and operate existing coal loading facilities.

TYPE OF COAL LOADING FACILITY ELIGIBLE FOR TAX CREDIT:

For purposes of determining eligibility for the tax credit, a coal facility includes any building or structure specifically designed and solely used to transfer coal from a coal processing or preparation facility, or from a coal storage facility, or both, or from any means of transportation, to any means of rail or barge transportation used to move coal. The credit applies only when the transfer of coal is to any means of rail or barge transportation and is not applicable when the transfer is to any other form of transportation. The cost of land, if directly associated and solely used for the loading of coal, is eligible for the credit. A coal loading facility also includes any device or combination of machinery and equipment that is directly associated with and solely used for the loading of coal. Such items as the coal loading tippie, conveyors, coal storage facilities, weighing equipment and rail trackage, if they are directly associated with and solely used for the loading of coal, are included within the definition.

Eligible investment in a coal loading facility does not include the cost of any coal processing, preparation, blending or sizing equipment facility. Such equipment and facilities are not included even though the equipment may physically be part of the coal loading facility and necessary or essential to the loading of commercially usable or marketable coal.

AMOUNT OF CREDIT

The tax credit shall be limited to 10% (1% for each often consecutive years) of the total qualified investment in a coal loading facility. The amount of credit employed in any given year shall not reduce the taxpayer's liability for each of the following by more than 50%: Severance Tax (§11-13A), Business Franchise Tax (§11-23), and Business and Occupation (§11-13). Any unused credit for a particular year is forfeited.

PROPERTY PURCHASED FOR A COAL LOADING FACILITY

Property purchased for a coal loading facility is defined as real property and improvements thereto, and tangible personal property, but only if such real or personal property is constructed or purchased for use as a component part of a new or expanded coal loading facility, or the revitalization of an existing coal facility located in West Virginia. Tangible personal property is included within the above definition only if depreciation or amortization, in lieu of depreciation, is allowable in determining federal personal or corporation net income tax.

The property to be included must have a useful life of four years or more. Useful life is defined as the period over which the asset may reasonably be expected to be useful in the taxpayer's business.

The leasing of property for a term of ten years or longer, if used as a component part of a coal loading facility, shall be considered property purchased for a coal loading facility.

INELIGIBLE PROPERTY

Property purchased for a coal loading facility shall not include the following:

1. Property which qualifies or was qualified for the Business Investment and Jobs Expansion Credit (WV Code 11-13C-1 et seq.) or the Industrial Expansion and Revitalization and Research Development Credits (WV Code 11-13D-1 et seq.);
2. Repair costs, including materials used in making the repair, unless under Generally Accepted Accounting Principles the cost of the repair must be capitalized



and not expensed;

3. Motor vehicles licensed by the Department of Motor Vehicles;
4. Airplanes;
5. Off-premise transportation equipment;
6. Property located or primarily used outside of West Virginia;
7. Property acquired incident to the purchase of the stock or assets of an industrial taxpayer, which has been previously designated property purchased for Business Investment and Jobs Expansion Credit, Industrial Expansion or Revitalization Credit, or Research and Development Credit.
8. Property purchased prior to April 1, 1983.

NET COST

Net Cost is the net monetary consideration provided for acquisition of title and/or ownership to the subject property. Net cost does not include the value of any property given in trade or exchange for the property purchased for a coal loading facility. If property is damaged or destroyed by fire, flood, storm, or other casualty or is stolen, the cost of replacement shall not include any insurance proceeds received in compensation.

In the case of leased property, net cost shall be the rent reserved for the primary term of the lease, not to exceed 20 years. Lease renewals, subleases or assignments shall not be considered.

In the case of self-constructed property, the cost thereof shall be the amount properly charged to the capital account for purposes of depreciation.

PROPERTY PURCHASED FOR MULTIPLE BUSINESS USES

If property is purchased for multiple business uses including use as a component part of a new expanded or revitalized coal loading facility together with some other business or occupation not qualifying (for example, coal processing), the cost of the property must be apportioned. The apportionment of multiple-use properties must be thoroughly supported and explained by separate documents submitted with the application.

ELIGIBLE INVESTMENT

To determine the amount of investment eligible for the Coal Loading Facility Credit, the net cost of each property purchased is multiplied by the applicable percent shown below according to the useful life of the property. In order to

be eligible for the credit, the property must have been placed into use in West Virginia during the taxable year.

If useful life is:	The applicable percentage is:
4 years or more but less than 6 years	33 $\frac{1}{3}$ %
6 years or more but less than 8 years	66 $\frac{2}{3}$ %
8 years or more	100%

Example:

If a taxpayer purchases for \$25,000 after April 1, 1983, a conveyor belt for use in its coal loading facility which has a useful life of 6 years, the eligible investment is equal to \$16,666.66. The eligible investment is calculated by multiplying the cost of the equipment, (\$25,000), times the applicable percentage according to the useful life, (66 $\frac{2}{3}$ %) to arrive at \$16,666.66. The credit is equal to 10% of the eligible investment (\$1,666.67). This credit must be claimed over a period of 10 years at a rate of 10% (\$166.67) per year.

CREDIT RECAPTURE

Credit attributable to property that ceases to be used in this State prior to the end of its categorized useful life must be recalculated for all tax years according to actual useful life. For example, Company C invested \$12 million in a coal loading facility with a designated useful life of over 8 years in 2000. The credit for Company C was calculated to equal \$1,200,000 or \$120,000 per year for 10 years. However, Company C closed its facility in 2005, so the facility's actual useful life in West Virginia is reduced to only five years. The corresponding credit is reduced according to the above formula from \$1,200,000 to \$400,000 or \$40,000 per year. A reconciliation statement for 2000 through 2005 reflecting an over utilization of credit must then be submitted with payment of additional tax, interest and penalties owed.

INSTRUCTIONS FOR COMPUTATION OF COAL LOADING FACILITIES CREDIT

- Column 1** Enter the net costs of the property in Column 1 on the appropriate line determined by the life of the property.
- Column 2&3** Multiply the net costs in Column 1 by the applicable percentages in Column 2. Enter the results in Column 3.
- Line 4** Add the figures in Column 2 and enter on Line 4. This is the taxpayer's eligible investment.

COMPUTATION OF POTENTIAL CURRENT ANNUAL CREDIT

5 To determine the taxpayer's total potential current annual credit, which can be taken over a period of ten years, multiply the total eligible investment (Line 4) by 10%. Enter the result on Line 5.

COMPUTATION OF CURRENT ANNUAL CREDIT:

6 To determine the taxpayer's annual credit earned during the taxable year, multiply the total potential credit on Line 5 by 10%. Enter the result on Line 6.

CREDIT FROM PREVIOUS YEARS:

7 Enter any annual Coal Loading Facilities Credit from prior year(s). For eligible investments for multiple year(s) a worksheet must be provided showing the computation.

COMPUTATION OF TOTAL ANNUAL CREDIT:

8 To determine the total amount of credit available in the current taxable year, add the credit earned during the current year shown on Line 6 to the amounts available from previous years shown on Line 7. Enter the total on Line 8.

9a Enter your total amount of pre-credit Severance Tax liability.

9b Enter sum of Business Investment and Jobs Expansion Credit (Super Credit), Industrial Expansion and Revitalization Credit, Research and Development Project Credit and Residential Housing Development Project Credit, if any, applied against your Severance Tax liability.

9c Subtract amount of Line 9b from the amount on Line 9a.

9d Enter 50% of Line 9a.

9e Enter the lesser of the amount shown on Line 8, or the amount shown on Line 9c, or the amount shown on Line 9d. This represents the maximum Coal Loading Facilities Credit available against your Severance Tax liability.

10a Enter your total amount of pre-credit Business and Occupation Tax liability.

10b Enter sum of Business Investment and Jobs Expansion Credit (Super Credit), Industrial Expansion and Revitalization Credit, Research and Development Project Credit and Residential Housing Development Project Credit, if any, applied against your Business and Occupation Tax liability.

10c Subtract amount on Line 10b from the amount on Line 10a.

10d Enter 50% of Line 10a.

10e Enter the lesser of the amount shown on Line 8, or the amount shown on Line 10c, or the amount shown on Line 10d. This represents the maximum Coal Loading Facilities Credit available against your Business and Occupation Tax liability.

11a Enter your total amount of Business Franchise Tax remaining after deduction for the Subsidiary Credit, Business and Occupation Credit and Bank Shares Credit.

11b Enter sum of Business Investment and Jobs Expansion Credit (Super Credit), Industrial Expansion and Revitalization Credit, Research and Development Project Credit and Residential Housing Development Project Credit, if any, applied against your Business Franchise Tax liability.

11c Subtract amount on Line 11b from the amount on Line 11a.

11d Enter 50% of Line 11a.

11e Enter the lesser of the amount shown on Line 8, or the amount shown on Line 11c, or the amount shown on Line 11d. This represents the maximum Coal Loading Facilities Credit available against your Business Franchise Tax liability.

12 Enter the sum of credit claimed on line 9e, 10e, and 11e.