

Income/Franchise:

West Virginia: Revised Rules Reflect Newly Adopted Single Sales Factor and Market-Based Sourcing

Notice of Approval of Proposed Amended Regs. Sections 110-24-1, 110-24-2, 110-24-3 et al., W. Va. Dept. of Rev. (7/27/21); Proposed Amended Regs. Sections 110-24-1, 110-24-2, 110-24-3 et al., W. Va. Dept. of Rev. (6/2/21). The West Virginia Department of Revenue (Department) adopted amended state corporation net income tax rules reflecting recently enacted legislation [see H.B. 2026 (2021) and previously issued Multistate Tax Alert for more details on this new law] that includes:

URL: <https://apps.sos.wv.gov/adlaw/registers/readpdf.aspx?did=39963>

URL: <http://apps.sos.wv.gov/adlaw/csr/readfile.aspx?DocId=54235&Format=PDF>

URL: https://www.wvlegislature.gov/Bill_Status/bills_history.cfm?INPUT=2026&year=2021&sessiontype=RS

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-west-virginia-adopts-single-factor-sales-and-market-sourcing-apportionment.pdf>

- Moving from a three-factor apportionment formula consisting of property, payroll and double-weighted sales to a single-sales factor formula, effective for tax years beginning on or after January 1, 2022;
- Eliminating the sales factor “throw-out” rule for certain sales of tangible personal property made on or after January 1, 2022; and
- Adopting market-based sourcing for certain receipts derived from services and intangible property on sales made on or after January 1, 2022, in place of its “costs of performance” sourcing methodology.

Please contact us with any questions.

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