

## Income/Franchise:

### West Virginia: Adopted Rule Changes Reflect Single Sales Factor Apportionment and Market-Based Sourcing

*Amended Regs. sections 110-24-1, 110-24-2, 110-24-3 et al., W. Va. State Tax Dept. (eff. 7/1/22). Notice of Agency Approval of Proposed Amended Regs. sections 110-24-1, 110-24-2, 110-24-3 et al. and filing with Legislative Rule-Making Review Committee, W. Va. Dept. of Rev. (7/27/21).* Pursuant to state corporation net income tax legislation enacted in 2021 [see H.B. 2026 (2021) and previously issued Multistate Tax Alert for more details on this legislation], the West Virginia State Tax Department has adopted amended rules reflecting West Virginia law that includes:

**URL:** <https://apps.sos.wv.gov/adlaw/registers/readpdf.aspx?did=40014>

**URL:** [https://www.wvlegislature.gov/Bill\\_Status/bills\\_history.cfm?INPUT=2026&year=2021&sessiontype=RS](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.

The amended rules took effect on July 1, 2022. Please contact us with any questions.

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