

Income/Franchise:

West Virginia Tax Division Proposes Rules Implementing New Elective Pass-Through Entity Tax

Proposed Regs. sections 110-21G-1, 110-21G-2, 110-21G-3 et al., W.Va. Tax Div. (6/8/23). The West Virginia Tax Division issued proposed rules intended to implement new state law that permits some pass-through entities (PTEs) to make an annual election to pay an entity-level state income tax for taxable years beginning on and after January 1, 2022 [see S.B. 151 (2023), and recently issued Multistate Tax Alert for more details on this new law]. The proposed rules provide requirements, procedures, and limitations for filing and paying the new PTE tax. Additionally, as required by state statute, the proposed rules include a description of how the adjustments to income and credits under the new tax apply to direct and indirect owners of an electing PTE “based upon various ownership structures.” Comments on these proposed rules are due by July 10, 2023. Please contact us with any questions.

URL: <https://apps.sos.wv.gov/adlaw/csr/readfile.aspx?DocId=56227&Format=PDF>

URL: https://www.wvlegislature.gov/Bill_Status/bills_history.cfm?INPUT=151&year=2023&sessiontype=RS

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-multistate-tax-alert-west-virginia-enacts-pass-through-entity-tax-election.pdf>

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