

Schedule IMSTTC-1

West Virginia Innovative Mine Safety Technology Tax Credit Information & Instructions (For periods on AFTER January 1, 2015)

The purpose of the West Virginia Innovative Mine Safety Technology Tax Credit is to encourage new investment in innovative coal mine safety technology in West Virginia.

Only Innovative Mine Safety Technology Tax Credit that has been approved and allocated by the Office of Miners' Health, Safety and Training may be used to offset West Virginia Taxes.

Pertinent definitions relative to the Innovative Mine Safety Technology Tax Credit included in the Statute are as follows:

"Eligible taxpayer" means a coal mining company which purchases eligible safety property.

"Eligible safety property" means safety technology equipment, that at the time of acquisition, is on the list of approved innovative mine safety technology.

"List of approved innovative mine safety technology" means the list required to be compiled and maintained by the Mine Safety Technology Task Force and approved and published by the director (Director of the Office of Miners' Health, Safety and Training).

"Coal mining company" means:

- (A) Any person subject to tax imposed on the severance of coal by section three, article thirteen-a of the West Virginia Code (W.Va. Code §11-13A-3); or
- (B) Any person working as a contract miner of coal, which mines coal in this state, under contract with a person subject to tax imposed on the severance of coal by section three, article thirteen-a of the West Virginia Code (W.Va. Code §11-13A-3).

"Director" means the Director of the Office of Miners' Health, Safety and Training or West Virginia Office of Miners' Health, Safety and Training established under article one, chapter twenty two-a of the West Virginia Code (W.Va. Code §22-1 et seq.).

"Qualified purchase" means and includes only acquisitions of eligible safety property for use in West Virginia.

"Qualified purchase" does not include:

- (i) Purchases or leases of realty or any cost for, or related to, the construction of any building, facility or structure attached to realty;
- (ii) Purchases or leases of any property not exclusively used in West Virginia;
- (iii) Repair costs including materials used in the repair,

unless for federal income purposes, the cost of the repair must be capitalized and not expensed;

- (iv) Motor vehicles licensed by the Department of Motor Vehicles;
- (v) Clothing;
- (vi) Airplanes;
- (vii) Off-premises transportation equipment;
- (viii) Lease of tangible personal property having a primary term of less than five years;
- (ix) Property that is used outside West Virginia; and
- (x) Property that is acquired incident to the purchase of the stock or assets of an industrial taxpayer, which property was or had been used by the seller in his or her industrial business in West Virginia, or in which investment was previously the basis of any other West Virginia tax credit.

A proposed list of approved innovative mine safety technology is to be compiled annually by the Mine Safety Technology Task Force. The Director of the Office of Miners' Health, Safety and Training amends or approves the list.

Instructions for Computation of Innovative Mine Safety Technology Tax Credit

PART A — Innovative Mine Safety Technology Tax Credit Summary

- Line 1** Enter current year allocations of Innovative Mine Safety Technology Tax Credit as approved by the West Virginia Office of Miners' Health, Safety and Training.
- Line 2** Owners of a pass-through entity: Enter the amount of Innovative Mine Safety Technology Tax Credit allocated to you by the pass-through entity that received a direct allocation of the credit.
- Line 3** Add the amounts for lines 1 and 2.
- Line 4** Corporation Net Income Tax:
 - A. Enter total West Virginia Corporation Net Income Tax (before application of any other tax credits). Owners of a pass-through entity whose Innovative Mine Safety Technology Tax Credit is entirely attributable to allocation from a pass-through entity, enter only the Corporation Net Income Tax imposed on the conduit income directly derived from the pass-through entity

- B. Enter the amount determined from multiplying the amount on line 6A by 0.50 (50%).
- C. Enter the result of subtracting the amount on Line 3 from \$100,000.
- D. Enter the lesser of the amounts on Line 5, Line 4B, and Line 4C.

Line 5 Subtract the amount on Line 4D from the amount on Line 3.

Line 6 If the Taxpayer is a pass-through entity, enter the portion of the amount of Line 7 that is to be allocated to the pass-through entities

PART B — Innovative Mine Safety Technology Tax Credit Allocated by Office of Miners’ Health Safety and Training

Line 1 **Lines A & B** - Enter information on the amount of Innovative Mine Safety Technology Tax Credit allocated by the Office of Miners’ Health Safety and Training for the current year.

Line C – Determine the annual amount of Innovative Mine Safety Technology Tax Credit available for the current year and the next succeeding 4 years by dividing the amount on Line 1B by 5.

Line 2 Enter annual amounts of Innovative Mine Safety Technology Tax Credit from prior years.

Line 3 Compute a preliminary total annual Innovative Mine Safety Technology Tax Credit by adding the amounts on Line 1C and Line 2E.

Line 4 Enter \$100,000 – the maximum Innovative Mine Safety Technology Tax Credit that can be used this year.

Line 5 Compute the Innovative Mine Safety Technology Tax Credit available this year as the lesser of the amount on Line 3 and the amount on Line 4.

PART C – Innovative Mine Safety Technology Tax Credit Received from a Pass-Through Entity in which the Taxpayer has an Ownership Interest.

If Innovative Mine Safety Technology Tax Credit has been allocated by a Pass-Through Entity in which the Taxpayer has

an ownership interest, then enter the name and Employer Identification Number (EIN) of the pass-through entity and the amount of tax credit allocated to the Taxpayer.

If the Pass-Through Entity did not file a Schedule IMSTTC-1 with their West Virginia tax returns showing the allocation of Innovative Mine Safety Technology Tax Credit to their owners, you must attach a copy of the Office of Miners’ Health, Safety and Training certificate that allocated credit to the pass-through entity.

PART D – Current Year Unused Innovative Mine Safety Technology Tax Credit to be Allocated to Owners.

If any current year Innovative Mine Safety Technology Tax Credit remains after application against the Taxpayer’s West Virginia tax liabilities and the Taxpayer is a Pass-Through Entity, then the unused Innovative Mine Safety Technology Tax Credit may be allocated to the Taxpayer’s Owners.

Line 1 Enter the total current year Innovative Mine Safety Technology Tax Credit available to the Taxpayer (this should be the same as the amount on Part B Line 3)

Line 2 Maximum Innovative Mine Safety Technology Tax Credit that can be used by the Taxpayer and the Taxpayer’s owners. Enter the lesser of \$100,000 and the amount on Line 1.

Line 3 Enter the amount of Innovative Mine Safety Technology Tax Credit used by the Taxpayer to reduce Corporation net Income tax liability.

Line 4 Amount of current year unused Innovative Mine Safety Technology Tax Credit for potential allocation to owners of the Taxpayer. Enter the amount resulting from subtracting the value on line 3 from the value on line 2.

If any of the amount on Line 5 is to be allocated to the owners of the Taxpayer, enter the Owner’s name, Owner’s Employer Identification Number (EIN), the Owner’s percentage of ownership of the Taxpayer, and compute the amount of Innovative Mine Safety Technology Tax Credit to be allocated as the product of the amount on Line 5 and the Owner’s percentage of ownership of the Taxpayer.