WEST VIRGINIA CODE: §11-24-8

§11-24-8. Accounting periods and methods of accounting.

(a) Period of computation of West Virginia taxable income. -- For purposes of the tax imposed by this article, a taxpayer's taxable year shall be the same as the taxpayer's taxable year for federal income tax purposes.

(b) Change of taxable year. -- If a taxpayer's taxable year is changed for federal income tax purposes, the taxpayer's taxable year for purposes of this article shall be similarly changed.

(c) Methods of accounting. -- (1) Same as federal. -- A taxpayer's method of accounting under this article shall be the same as the taxpayer's method of accounting for federal income tax purposes. In the absence of any method of accounting for federal income tax purposes, West Virginia taxable income for purposes of this article shall be computed under such method that in the opinion of the Tax Commissioner clearly reflects such income.

(2) Change of accounting methods. -- If a taxpayer's method of accounting is changed for federal income tax purposes, his method of accounting for purposes of this article shall be similarly changed.

(d) Adjustments. -- In computing a taxpayer's West Virginia taxable income for any taxable year under a method of accounting different from the method under which the taxpayer's West Virginia taxable income for the previous year was computed, there shall be taken into account those adjustments which are determined, under regulations prescribed by the Tax Commissioner, to be necessary solely by reason of the change in order to prevent amounts from being duplicated or omitted.

(e) Limitation on additional tax. -- (1) Change other than to installment method. -- If a taxpayer's method of accounting is changed, other than from an accrual to an installment method, any additional tax which results from adjustments determined to be necessary solely by reason of the change shall not be greater than if such adjustments were rateably allocated and included for the taxable year of the change and the preceding taxable years, not in excess of two, during which the taxpayer used the method of accounting from which the change is made.

(2) Change From Accrual to Installment Method. -- If a taxpayer's method of accounting is changed from an accrual to an installment method, any additional tax for the year of such change of method and for any subsequent year which is attributable to the receipts of installment payments properly accrued in a prior year shall be reduced by the portion of tax for any prior taxable year attributable to the accrual of such installment payments, under regulations prescribed by the Tax Commissioner.

(f) Application of federal accounting adjustments. -- Notwithstanding any of the other provisions of this section, any accounting adjustments made for federal income tax purposes for any taxable year shall be applied in computing the taxpayer's taxable income for such taxable year.

(g) Taxpayer currently on the installment method of accounting. -- If a taxpayer is using the installment method of accounting at the time of the enactment of this article, any tax for the year of the enactment of this article and for any subsequent year which is attributable to the receipts of installment payments properly accrued in a period prior to the enactment of this article and which were subject to the privilege tax as imposed by article thirteen of chapter eleven of this code shall, under regulations of the Tax Commissioner, be reduced by the portion of such privilege tax previously paid on such receipts.