

# WEST VIRGINIA CODE: §11-13MM-3

## §11-13MM-3. Motor vehicle property tax adjustment credit.

(a) Credit allowed. — There shall be allowed to every eligible taxpayer a credit, as determined under this section, against the tax imposed under §11-21-1 *et seq.* of this code, or against the tax imposed under §11-24-1 *et seq.* of this code, as applicable.

(b) “Eligible taxpayer” defined.—

(1) “Eligible taxpayer” - Owned motor vehicles — “Eligible taxpayer” means any person who owns a motor vehicle for which the ad valorem property tax has been paid during the corporation net income tax taxable year or the personal income tax taxable year, as applicable. For purposes of this definition, ownership of a motor vehicle includes ownership and possession of a motor vehicle for which a title has been issued by the Division of Motor Vehicles to the eligible taxpayer. For purposes of this definition, ownership of a motor vehicle also includes ownership and possession of a motor vehicle, subject to a purchase financing arrangement whereby a financial institution holds a lien on the motor vehicle, or for which ultimate issuance of title by the Division of Motor Vehicles to the taxpayer, as owner of the motor vehicle, is contingent upon payment in full of the purchase price of the motor vehicle pursuant to an installment payment financing arrangement.

(2) “Eligible taxpayer” - Leased motor vehicles — “Eligible taxpayer” also means and includes any lessor of a motor vehicle, as herein defined, who owns a motor vehicle for which the ad valorem property tax has been paid during the corporation net income tax taxable year or the personal income tax taxable year, as applicable: *Provided, That,* the lessor shall pass on to the lessee the value of the tax credit asserted by the lessor by causing a decreasing in the amount of rent or lease payment payable by the lessee on the leased motor vehicle.

(3) “Eligible taxpayer” - Pass through entities — “Eligible taxpayer” also means and includes any owner, interest holder, partner or S corporation shareholder that derives conduit income from a pass-through entity.

(4) “Eligible taxpayer” - Prohibition for motor vehicle dealers — “Eligible taxpayer” does not mean or include any motor vehicle dealer, motor vehicle dealership, retailer or any business that sells new or used motor vehicles at the retail level, other than a lessor of motor vehicles. In circumstances where any such motor vehicle dealer, motor vehicle dealership, retailer or business that sells new or used motor vehicles at the retail level is engaged in both retail sales of motor vehicles, and leasing of motor vehicles as lessor, the tax credit authorized by this article may only be asserted by such business based upon the ad valorem property tax paid on leased motor vehicles, and only to the extent that the lessor has passed on, to the lessee, the value of the tax credit asserted by the lessor by causing a decreasing in the amount of rent or lease payment payable by the lessee on the leased motor vehicle. No

credit may be asserted or applied by the business based upon ad valorem property tax paid on motor vehicle retail inventories, not actively leased to lessees. To the extent that motor vehicle retail inventories may be held as both motor vehicle retail inventories, and as motor vehicles potentially subject to lease during the taxable year, ad valorem property tax paid on such motor vehicles is excluded from eligibility for the tax credit authorized by this article.

(c) Amount of credit. – The amount of credit allowed under this article to the eligible taxpayer is the amount of West Virginia ad valorem property tax timely paid during the personal income taxable year or the corporation net income tax taxable year, as applicable, to a county sheriff on the value of a motor vehicle owned by the eligible taxpayer: *Provided*, That in no case shall any credit be allowed under this article for any untimely ad valorem property tax paid, or any payment of delinquent ad valorem property tax, or payment of “back tax” ad valorem property taxes.

(d) Application of credit against personal income tax and corporation net income tax. –

(1) Personal income tax – If the eligible taxpayer is subject to the personal income tax imposed by §11-21-1 *et seq.* of this code, the amount of credit allowed shall be taken against the personal income tax liability of the eligible taxpayer for the current personal income tax taxable year.

(2) Corporation net income tax — If the eligible taxpayer is subject to the corporation net income tax imposed by §11-24-1 *et seq.* of this code, the amount of credit allowed shall be taken against the corporation net income tax liability of the eligible taxpayer for the current corporation net income tax taxable year.

(e) Refundable portion of annual credit allowance. — If annual tax credit allowed under this article exceeds the amount of personal income tax or corporation net income tax, as applicable, subject to offset under this article in any taxable year, the eligible taxpayer may claim, for that taxable year, the excess amount as a refundable tax credit.

(f) Transfer or sale of the motor vehicle. —

(1) Where there is a sale or transfer of the motor vehicle from an eligible taxpayer to any other person or entity, the transferor retains entitlement to the tax credit authorized under this article for the timely paid ad valorem property tax paid by the transferor in the transferor’s personal income tax taxable year or corporation net income tax taxable year, as applicable, on the transferred motor vehicle.

(2) If the transferee meets all requirements for qualification as an eligible taxpayer under this article and meets all requirements for entitlement to the tax credit authorized under this article, then the transferee shall be entitled to the tax credit authorized under this article for the timely paid ad valorem property tax paid by the transferee in the transferee’s personal income tax taxable year or corporation net income tax taxable year, as applicable on the eligible motor vehicle.

(3) In no case shall the transferor and the transferee take the tax credit authorized under this article for the same taxable year.

(g) Annual schedule. — The Tax Commissioner shall prescribe and supply all necessary instructions and forms for administration of this section. For purposes of asserting the credit against tax, the taxpayer shall prepare and file an annual schedule showing the amount of personal income tax paid for the taxable year, and the amount of property tax paid on the motor vehicle for the taxable year, and the amount of credit allowed under this article. The annual schedule shall set forth the information and be in the form prescribed by the Tax Commissioner.