WEST VIRGINIA CODE: §11-23-7

§11-23-7. Persons and other organizations exempt from tax.

The following organizations and persons are exempt from the tax imposed by this article to the extent provided in this section:

(a) Natural persons doing business in this state that are not doing business in the form of a partnership (as defined in section three of this article) or in the form of a corporation (as defined in section three of this article). Natural persons include persons doing business as sole proprietors, sole practitioners and other self-employed persons;

(b) Corporations and organizations which by reason of their purposes or activities are exempt from federal income tax: Provided, That this exemption does not apply to that portion of their capital (as defined in section three of this article) which is used, directly or indirectly, in the generation of unrelated business income (as defined in the Internal Revenue Code) of any corporation or organization if the unrelated business income is subject to federal income tax;

(c) Insurance companies which pay this state a tax upon premiums and insurance companies that pay the surcharge imposed by subdivision (1) or (3), subsection (f), section three, article two-c, chapter twenty-three of this code;

(d) Production credit associations organized under the provisions of the federal Farm Credit Act of 1933: Provided, That this exemption does not apply to corporations or associations organized under the provisions of article four, chapter nineteen of this code;

(e) Any trust established pursuant to section one hundred eighty-six, chapter seven, title twenty-nine of the code of the laws of the United States (enacted as section three hundred two (c) of the Labor Management Relations Act, 1947), as amended, prior to January 1, 1985;

(f) Any credit union organized under the provisions of chapter thirty-one or any other chapter of this code: Provided, That this exemption does not apply to corporations or cooperative associations organized under the provisions of article four, chapter nineteen of this code;

(g) Any corporation organized under this code which is a political subdivision of the State of West Virginia, or is an instrumentality of a political subdivision of this state, and was created pursuant to this code;

(h) Any corporation or partnership engaged in the activity of agriculture and farming, as defined in subdivision (8), subsection (b), section three of this article: Provided, That if a corporation or partnership is not exclusively engaged in that activity, its tax base under this

WV Legislature

article is apportioned, in accordance with regulations promulgated by the Tax Commissioner, among its several activities and only that portion attributable to the activity of agriculture and farming is exempt from tax under this article;

(i) Any corporation or partnership licensed under article twenty-three, chapter nineteen of this code to conduct horse or dog racing meetings or a pari-mutuel system of wagering: Provided, That if the corporation or partnership is not exclusively engaged in this activity, its tax base under this article is apportioned, in accordance with regulations promulgated by the Tax Commissioner, among its several activities and only that portion attributable to the activity of conducting a horse or dog racing meeting or a pari-mutuel system of wagering is exempt from tax under this article;

(j) For those tax years beginning after June 30, 1998, any corporation or partnership operating as a hunting club: Provided, That the corporation or partnership distributes no income or dividends to its owners or stockholders. For the purposes of this subsection, a hunting club is a group of persons owning land which is used principally for hunting purposes by the members of the club and guests, and where any charges made for hunting are principally for the purpose of defraying the costs of operating and maintaining the club and club properties or establishing a reasonable reserve to meet the operating and maintenance costs of the club. The Tax Commissioner shall, by legislative rule promulgated in accordance with article three, chapter twenty-nine of this code, further prescribe the definition of a hunting club and the manner and method in which this credit may be claimed; and

(k) For tax years beginning after December 31, 2002, any person or other organization engaged in the activity of providing venture capital to West Virginia businesses: Provided, That if the person or organization is not exclusively engaged in that activity, only that portion of its tax base under this article that is attributable to the providing of venture capital to West Virginia businesses is exempt from tax under this article and its tax liability under this article is determined by multiplying its precredit tax liability by a fraction equal to one minus a fraction, the numerator of which is its gross receipts attributable to its venture capital activities in this state and the denominator of which is its total gross receipts from all of its business activities in this state. For purposes of this exemption, a "person or organization engaged in the activity of providing venture capital to West Virginia business" means a certified West Virginia capital company as defined in section four, article one, chapter five-e of this code.

WV Legislature