

**WEST VIRGINIA  
SECRETARY OF STATE  
NATALIE E. TENNANT  
ADMINISTRATIVE LAW DIVISION**

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OFFICE WEST VIRGINIA  
SECRETARY OF STATE

Form #6

**NOTICE OF FINAL FILING AND ADOPTION OF A LEGISLATIVE RULE AUTHORIZED  
BY THE WEST VIRGINIA LEGISLATURE**

AGENCY: West Virginia State Tax Department TITLE NUMBER: 110

AMENDMENT TO AN EXISTING RULE: YES  NO

IF YES, SERIES NUMBER OF RULE BEING AMENDED: 40

TITLE OF RULE BEING AMENDED: WITHHOLDING OR DENIAL OF PERSONAL  
INCOME TAX REFUNDS FROM TAXPAYERS WHO  
OWE MUNICIPAL OR MAGISTRATE COURT COSTS

IF NO, SERIES NUMBER OF RULE BEING PROPOSED: \_\_\_\_\_

TITLE OF RULE BEING PROPOSED: \_\_\_\_\_

THE ABOVE RULE HAS BEEN AUTHORIZED BY THE WEST VIRGINIA LEGISLATURE.

AUTHORIZATION IS CITED IN (house or senate bill number) SB 167

SECTION § 64-7-1(c), PASSED ON March 08, 2014

THIS RULE IS FILED WITH THE SECRETARY OF STATE. THIS RULE BECOMES EFFECTIVE ON THE  
FOLLOWING DATE: July  
June 06, 2014



Authorized Signature

TITLE 110  
LEGISLATIVE RULE  
STATE TAX DEPARTMENT

SERIES 40

WITHHOLDING OR DENIAL OF PERSONAL INCOME TAX REFUNDS FROM TAXPAYERS  
WHO OWE MUNICIPAL OR MAGISTRATE COURT COSTS, FINES, FORFEITURES, OR  
PENALTIES

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**§110-40-1. General.**

1.1. Scope. -- This rule specifies when the State Tax Commissioner may withhold an income tax refund from a taxpayer for failure to pay municipal or magistrate court fines, the amounts that may be withheld, and the order of priority for refund offsets when there are competing claims.

1.2. Authority. -- W. Va. Code §§8-10-2b, 50-3-2c and 11-10-5.

1.3 Filing Date. --

1.4 Effective Date.

**§110-40-2. Amount to be withheld.**

2.1. The State Tax Commissioner shall withhold the total of the costs, fines, forfeitures, restitution or penalties due to a municipal or magistrate court, the State Tax Commissioner's administration fee for the withholding, and any and all fees that the municipal or magistrate court would have collected had the taxpayer appeared, except that there shall be no withholding on behalf of a municipal or magistrate court for any amount less than fifty dollars.

**§110-40-3. Priority of competing claims.**

3.1. In the case of competing claims, the State Tax Commissioner shall allocate the funds received from any personal income tax refund according to the following schedule of priorities:

3.1.a. Overdue child support, as authorized by W. Va. Code §48-18-118;

3.1.b. Overpaid child support, as authorized by W. Va. Code §48-18-118;

3.1.c. Any state tax administered under the provisions of W. Va. Code §11-10-1, et seq., without regard to the particular tax to which the refund or credit is attributable;

3.1.d. Federal tax obligations subject to an agreement with the State Tax Department, without regard to the particular tax to which the refund or credit is attributable;

3.1.e. Municipal costs, fines, forfeitures or penalties, but only if the refund is attributable to overpayment of the personal income tax, according to the following priorities:

3.1.e. 1. The oldest municipal obligation shall be paid first, without regard to whether it is one municipality or more that are owed; and

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3.1.e.2. If multiple municipalities are owed, and all liabilities are equally old, and the amount of the refund is not sufficient to pay the entire amount, then the amount available for payment shall be allocated equally among the municipalities.

3.2.e. Magistrate court costs, fines, forfeitures or penalties, but only if the refund is attributable to overpayment of the personal income tax, according to the following priorities:

3.2.e. 1. The oldest magistrate court obligation shall be paid first, without regard to whether it is one magistrate court or more that are owed; and

3.2.e.2. If multiple magistrate courts are owed, and all liabilities are equally old, and the amount of the refund is not sufficient to pay the entire amount, then the amount available for payment shall be allocated equally among the magistrate courts.

### **§110-40-4. Spouse relieved of obligation in certain cases.**

4.1. The spouse of a taxpayer owing an obligation as described in section 2 of this rule shall not be subject to the withholding of refunds under this rule if all of the following conditions apply:

4.1.a. The taxpayer filed an injured spouse claim on a form provided by the State Tax Department;

4.1.b. A joint personal income tax return was made for a taxable year;

4.1.c. The amounts of tax attributable to each spouse may reasonably be ascertained, and each spouse's proportional share of the refund may be allocated accordingly; and,

4.1.d. Taking into account all facts and circumstances, it is inequitable to hold one spouse accountable for the obligation of the other, for which the refund is being withheld.

### **§110-40-5. Additional procedures.**

5.1. To participate in the State Tax Department's refund offset program, the municipal court, magistrate court clerk, or upon a judgment rendered on appeal, the circuit clerk shall submit an "Application to Participate" to the State Tax Department. This application will shall include:

5.1.a. The name and address of the municipal or magistrate court;

5.1.b. The name, address, telephone number and e-mail address of a contact person at the municipal or magistrate court to whom the State Tax Department may refer questions;

5.1.c. The name and address of the municipal or magistrate court's bank;

5.1.d. The bank's routing number;

5.1.e. The municipal or magistrate court's bank account number; and

5.1.f. A positive affirmation by the municipal or magistrate court of its desire to participate in the refund offset program and to comply with the procedures set forth by the State Tax Commissioner for participation.

5.2. Upon receipt of the "Application to Participate", the State Tax Department shall send to the municipal or magistrate court a memorandum of understanding setting forth the duties and responsibilities of the State Tax Department and the municipal or magistrate court under the refund offset program.

5.3. Upon acceptance of the "Application to Participate" by the State Tax Department and execution of the memorandum of understanding, the municipal or magistrate court shall test the file exchange process established by the State Tax Department and, upon successful completion of the test, the State Tax Commissioner shall notify the municipal or magistrate court in writing that it may begin live transmission of data to the State Tax Department.

5.4. During the testing process, the State Tax Department shall provide testing support and training to the municipal or magistrate court to ensure successful participation in the refund offset process.

5.5. To receive refund offsets, the municipal or magistrate court shall provide to the State Tax Commissioner, in an electronic format prescribed by the State Tax Commissioner, a listing, by social security number, of the unpaid municipal or magistrate court costs, fines, forfeitures or penalties eligible to be offset under the provisions of W. Va. Code §§ 8-10-2b or 50-3-2c. This listing shall contain:

5.5.a. The taxpayer's social security number;

5.5.b. The taxpayer's name;

5.5.c. The taxpayer's last known mailing address;

5.5.d. The amount of the unpaid municipal or magistrate court costs, fines, forfeitures or penalties;

5.5.e. An optional external control number used by the court;

5.5.f. The FIPS (Federal Information Processing System) Code for the municipality or county in which the court is located; and,

5.5.g. Any other information required by the State Tax Commissioner.

5.6. The State Tax Commissioner shall remove the taxpayer's name from the list when the municipal or magistrate court costs, fines, forfeitures or penalties have been paid to the municipal or magistrate court. The amount of the unpaid municipal or magistrate court costs, fines, forfeitures or penalties shall be reduced in the next list submitted by the municipal or magistrate court for any partial payments or refund offsets received against the unpaid municipal or magistrate court costs, fines, forfeitures or penalties.

5.7. The State Tax Department will not process any request for an individual refund offset from a municipal or magistrate court that does not contain a social security number.

5.8. Municipal or magistrate courts may submit data to the State Tax Department no more frequently than once a month, unless otherwise specified in the memorandum of understanding.

5.9. The State Tax Department shall make available and provide access to a secure website that the municipal or magistrate courts shall use to send the electronic listing to the department. The State Tax Department shall use this site to send electronic listings of successful refund offsets back to the municipal

or magistrate courts.

5.10. Upon receipt of the listing, the State Tax Commissioner shall establish a record in the State Tax Department's computer system that will be used by the State Tax Commissioner to offset any personal income tax refund. This record will be used by the State Tax Commissioner until a replacement listing is received from the municipal or magistrate court.

5.11. The State Tax Commissioner shall notify any taxpayer in writing that his or her refund has been fully or partially offset to satisfy a municipal or magistrate court liability, along with the name and address of the court that has requested the offset. The State Tax Commissioner shall refer the taxpayer to the municipal or magistrate court for any questions regarding the unpaid municipal or magistrate costs, fines, fees, forfeitures, restitution or penalties.

5.12. At least once a month, the State Tax Commissioner shall notify the municipal or magistrate court of the amount of refund offsets set aside since the last offset file was sent to the municipal or magistrate court. The total amount of refund offsets shall be sent to the municipal or magistrate court's bank account by direct deposit. In addition, the State Tax Commissioner shall place a file on the secure website that the municipal or magistrate court may download. This file shall contain:

5.12.a. The taxpayer's social security number;

5.12.b. The taxpayer's name;

5.12.c. The taxpayer's last known mailing address;

5.12.d. The amount of the refund offset;

5.12.e. Any optional external control number provided by the court; and

5.12.f. The FIPS (Federal Information Processing System) Code for the municipality or county in which the court is located.

**§110-40-6. Appeals.**

6.1. A taxpayer may request a hearing before the West Virginia Office of Tax Appeals challenging the State Tax Commissioner's notice of withholding or denial of the taxpayer's refund or credit. The taxpayer may initiate a proceeding before the Office of Tax Appeals by timely filing a written petition with the Office of Tax Appeals, within 60 days after receiving the State Tax Commissioner's notice, that states:

6.1.a. The nature of the case;

6.1.b. The facts on which the appeal is based; and,

6.1.c. Each question presented for review by the Office of Tax Appeals.

6.2. Because the State Tax Commissioner is required by the W. Va. Code to deny or withhold a tax refund, or, as the case may be, a tax credit, when notified in writing by the appropriate authority of the taxpayer's liability under section two of this rule, the only issue to be determined upon challenge in the Office of Tax Appeals, is whether or not the taxpayer was listed by the appropriate authority as delinquent in paying that obligation at the time the refund or credit was denied or withheld.

