



**WEST VIRGINIA SECRETARY OF STATE**

**MAC WARNER**

**ADMINISTRATIVE LAW DIVISION**

**eFILED**

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Office of West Virginia  
Secretary Of State

**NOTICE OF AGENCY APPROVAL OF A PROPOSED RULE AND FILING WITH THE LEGISLATIVE RULE-  
MAKING REVIEW COMMITTEE**

AGENCY: Tax TITLE-SERIES: 110-10F  
RULE TYPE: Legislative Amendment to Existing Rule: Yes Repeal of existing rule: No  
RULE NAME: 110-10F Payment of Taxes by Electronic Funds Transfer

**PRIMARY CONTACT**

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CITE STATUTORY AUTHORITY: W. Va. Code §11-10-5t.

EXPLANATION OF THE STATUTORY AUTHORITY FOR THE LEGISLATIVE RULE, INCLUDING A DETAILED SUMMARY OF THE EFFECT OF EACH PROVISION OF THE LEGISLATIVE RULE WITH CITATION TO THE SPECIFIC STATUTORY PROVISION WHICH EMPOWERS THE AGENCY TO ENACT SUCH RULE PROVISION:

W. Va. Code §11-10-5t(b) explicitly provides rule-making authority for the Tax Commissioner. Subsection 11-10-5t(c) sets forth what the rule must include, and subdivision (c)(4) has been changed to impose a new threshold that must be reflected in the rule.

DATE eFiled FOR NOTICE OF HEARING OR PUBLIC COMMENT PERIOD: 6/13/2019

DATE OF PUBLIC HEARING(S) OR PUBLIC COMMENT PERIOD ENDED: 7/13/2019

COMMENTS RECEIVED: No

(IF YES, PLEASE UPLOAD IN THE COMMENTS RECEIVED FIELD COMMENTS RECEIVED AND RESPONSES TO COMMENTS)

PUBLIC HEARING: No

(IF YES, PLEASE UPLOAD IN THE PUBLIC HEARING FIELD PERSONS WHO APPEARED AT THE HEARING(S) AND TRANSCRIPTS)

RELEVANT FEDERAL STATUTES OR REGULATIONS: No

WHAT OTHER NOTICE, INCLUDING ADVERTISING, DID YOU GIVE OF THE HEARING?

N/A

SUMMARY OF THE CONTENT OF THE LEGISLATIVE RULE, AND A DETAILED DESCRIPTION OF THE RULE'S PURPOSE AND ALL PROPOSED CHANGES TO THE RULE:

Amendments to the rule were required by statutory changes to W.Va. Code §11-10-5t, increasing the threshold amount for requiring payment by electronic fund transfer

STATEMENT OF CIRCUMSTANCES WHICH REQUIRE THE RULE:

The rule sets forth requirements for paying taxes by electronic funds transfer.

SUMMARIZE IN A CLEAR AND CONCISE MANNER THE OVERALL ECONOMIC IMPACT OF THE PROPOSED LEGISLATIVE RULE:

A. ECONOMIC IMPACT ON REVENUES OF STATE GOVERNMENT:

This legislative rule authorizes the Tax Commissioner to require certain taxpayers to make tax payments by electronic funds transfer, unless prohibited by federal or state law. Funds will be immediately available to the State Treasury on the due date of the payment. If there is a conflict between this rule and other rules of laws regarding tax payments, this rule governs.

B. ECONOMIC IMPACT OF THE LEGISLATIVE RULE ON THE STATE OR ITS RESIDENTS:

Administrative costs would be minimal. The rule implements the higher threshold requirements of legislation enacted to relieve some taxpayers from a prior law requirement to pay their tax bill electronically.

C. FISCAL NOTE DETAIL:

Effect of Proposal	Fiscal Year		
	2019 Increase/Decrease (use "-")	2020 Increase/Decrease (use "-")	Fiscal Year (Upon Full Implementation)
<b>1. Estimated Total Cost</b>	0	0	0
Personal Services	0	0	0
Current Expenses	0	0	0
Repairs and Alterations	0	0	0
Assets	0	0	0
Other	0	0	0
<b>2. Estimated Total Revenues</b>	0	0	0

D. EXPLANATION OF ABOVE ESTIMATES (INCLUDING LONG-RANGE EFFECT):

N/A

**BY CHOOSING 'YES', I ATTEST THAT THE PREVIOUS STATEMENT IS TRUE AND CORRECT.**

Yes

Allen R Prunty -- By my signature, I certify that I am the person authorized to file legislative rules, in accordance with West Virginia Code §29A-3-11 and §39A-3-2.

TITLE 110  
LEGISLATIVE RULE  
STATE TAX DEPARTMENT

SERIES 10F  
PAYMENT OF TAXES BY ELECTRONIC FUNDS TRANSFER

**§110-10F-1. General.**

1.1. Scope. -- This rule will be used by the West Virginia State Tax Department in the administration of W. Va. Code §11-10-5t, which authorizes the Tax Commissioner to require certain taxpayers to make tax payments by electronic funds transfer, unless prohibited by federal or state law, so that the funds will be immediately available to the State Treasury on the due date of payment. If there is a conflict between this rule and other rules or laws regarding tax payments, this rule governs.

1.2. Authority. -- W. Va. Code §11-10-5t.

1.3. Filing Date. -- ~~April 9, 2019~~

1.4. Effective Date. -- ~~May 9, 2019~~

1.5. Sunset Provision. -- This rule shall terminate and have no further force or effect upon ~~May 9, 2024~~ the expiration of five years from its effective date.

**§110-10F-2. Definitions.**

For the purposes of this rule, the following terms used in this rule have the meanings set forth in this section, unless a different meaning is clearly indicated by the context in which the term is used.

2.1. "ACH" or "Automated Clearing House" means a nationwide electronic funds transfer system which is governed by the National Automated Clearing House Association (NACHA) operating rules and which provides for the clearing of electronic credit and debit entries between participating financial institutions.

2.2. "ACH Credit" means the electronic funds transfer payment method by which transactions are initiated and generated by the taxpayer and cleared through the ACH system for deposit into the State Treasury.

2.3. "ACH Debit" means the electronic funds transfer payment method by which transactions are initiated by the taxpayer, generated by the Department upon the taxpayer's instruction and cleared through the ACH system for deposit into the State Treasury.

2.4. "ACH Trace Number" means the unique number assigned to an electronic payment transaction by the financial institution originating the transaction.

2.5. "Addenda record" means that information required by the Department in an ACH Credit transaction or Wire Transfer which identifies the taxpayer, the tax type, the period covered, the payment type and the payment amount.

2.6. "CCD+" or "cash concentration or disbursement plus" means the standardized data format approved by the National Automated Clearing House Association for remitting tax payments electronically.

2.7. "Code" means the Code of West Virginia of one thousand nine hundred thirty-one, as amended.

2.8. "Commissioner" or "Tax Commissioner" means the West Virginia Tax Commissioner or his or her delegate.

2.9. "Department" or "Tax Department" means the West Virginia State Tax Department.

2.10. "EFT" or "Electronic Funds Transfer" means any transfer of funds using ACH debit, ACH credit, credit or debit card, intergovernmental transfer or Wire Transfer and any other means recognized by the Tax Commissioner for payment of taxes, (other than a transaction originated by check, draft, or similar paper instrument), that is initiated through an electronic terminal, personal electronic device, computer, or magnetic tape, where the person initiating the transfer orders, instructs, or authorizes a financial institution to debit or credit an account using the methods specified in this rule.

2.11. "Financial institution" means a state or national bank, a trust company, a state or federal savings and loan association, a mutual savings bank, or a state or federal credit union.

2.12. "Immediately available funds" means an ACH credit, an ACH debit, U.S. currency, or wire transfer that has completed the EFT process, and is deposited in the State's bank for immediate use.

2.13. "Lookback period" means the 12-month fiscal year between July 1 and June 30 immediately preceding the calendar year for which the determination is made that a taxpayer must pay taxes by EFT.

2.14. "NACHA" or "National Automated Clearing House Association" means the trade association which sets automated payments standards that govern the ACH system for financial institutions nationwide.

2.15. "Person" includes, but is not limited to, any individual, firm, partnership, limited partnership, co-partnership, joint venture, association, corporation, municipal corporation, organization, receiver, estate, trust, guardian, executor, administrator, and also any officer, employee or member of any of the foregoing who, as such officer, employee or member, is under a duty to perform or is responsible for the performance of an act prescribed by the provisions of W. Va. Code §11-10-1 *et seq.*, and the provisions of any other article of the Code which imposes a tax administered by the Tax Commissioner.

2.16. "Prenote" or "prenotification" means a zero-dollar or one cent entry that is sent through the ACH system prior to live entries. Prenotes provide a verification function that makes sure any bank information and TXP addenda data required is correct prior to live entries.

2.17. "State" or "this State" means the State of West Virginia.

2.18. "Submission day" means the day on which a taxpayer communicates payment information to the West Virginia State Tax Department.

2.19. "Submission period" means the specified time interval in each submission day during which EFT payment information received by the Tax Department is processed for transactions occurring on the next business day.

2.20. "Tax" or "taxes" means taxes administered under the authority of W. Va. Code §11-10-1 *et seq.*, additions to tax and penalties and interest imposed with respect to those taxes.

2.21. "Taxpayer" means any person required to file a return for, or liable for the payment of, any tax administered under W. Va. Code §11-10-1 *et seq.*

2.22. "Tax type" means each separate category of tax subject to EFT payment requirements.

2.23. "Treasury" or "State Treasury" means the Treasury of the State of West Virginia.

2.24. "TXP Banking Convention" means the format to be used in the free form field of the National Automated Clearing House Association's CCD+ entry addenda record.

2.25. "Wire Transfer" means the electronic transfer system developed and maintained by the Federal Reserve in order to enable financial institutions to transfer funds nationwide.

**§11-10F-3. Payments by Electronic Funds Transfer (EFT).**

3.1. For taxable years or reporting periods beginning on or after January 1, 2004, designated EFT taxpayers shall remit tax payments to the Department by EFT as required by this rule. A determination of which taxpayers are required to remit tax payments by EFT is made by the Department, on a tax type basis, and is based on the payments made during the lookback period. The threshold amount determines if the taxpayer is subject to the EFT tax payment requirements of this rule. Notwithstanding the requirements of this rule, a taxpayer is not required to remit tax payments to the Department by EFT if making such a payment would violate state or federal law or if such payment is impossible for practical reasons, as determined by the Tax Commissioner.

3.2. The threshold amount is \$100,000.00 in tax liability per tax type per taxable year or reporting period beginning on or after January 1, 2004, subject to subdivisions 3.2.a, 3.2.b, 3.2.c, 3.2.d, 3.2.e and 3.2.f of this subsection.

3.2.a. For tax years beginning on or after January 1, 2013, the threshold amount for determining whether a taxpayer shall pay electronically is \$50,000 in tax liability paid for a single tax type in the immediately preceding tax year: *Provided*, That for tax years beginning on or after January 1, 2013, any taxpayer that pays more than \$50,000 for any tax type in the immediately preceding tax year shall electronically pay the taxes for all tax returns filed;

3.2.b. For tax years beginning on or after January 1, 2014, the threshold amount for determining whether a taxpayer shall pay electronically is \$25,000 in tax liability paid for a single tax type in the immediately preceding tax year: *Provided*, That for tax years beginning on or after January 1, 2014, any taxpayer that pays more than \$25,000 for any tax type in the immediately preceding tax year shall electronically pay the taxes for all tax returns filed;

3.2.c. For tax years beginning on or after January 1, 2015, the threshold amount for determining whether a taxpayer shall pay electronically is \$10,000 in tax liability paid for a single tax type in the

immediately preceding tax year: *Provided*, That for tax years beginning on or after January 1, 2015, any taxpayer that pays more than \$10,000 for any tax type in the immediately preceding tax year shall electronically pay the taxes for all tax returns filed;

3.2.d. For tax years beginning on or after January 1, 2016, the threshold amount for determining whether a taxpayer shall pay electronically is \$25,000 in tax liability paid for a single tax type in the immediately preceding tax year: *Provided*, That for tax years beginning on or after January 1, 2016, any taxpayer that pays more than \$25,000 for any tax type in the immediately preceding tax year shall electronically pay the taxes for all tax returns filed;

3.2.e. ~~Tax Commissioner may determine the tax types for which electronic payment of taxes is not required.~~ For tax years beginning on or after January 1, 2019, the threshold amount for determining whether a taxpayer shall pay electronically is \$50,000 in tax liability for a single tax type in the immediately preceding tax year: *Provided*, That for tax years beginning on or after January 1, 2019, any taxpayer that pays more than \$50,000 for any tax type in the immediately preceding tax year shall electronically pay the taxes for all tax returns filed;

3.2.f. Tax Commissioner may determine the tax types for which electronic payment of taxes is not required.

3.3. Once taxpayers are notified by the Department that they are required to make EFT payments for a tax type, they shall comply with this rule unless and until released from that obligation by the Department.

3.4. The Department shall make an annual identification of those taxpayers who are required to make payments in accordance with this rule on a tax type basis. A taxpayer may be required to make payments for one type of tax in accordance with the procedures stated in this rule, yet may not be liable to make payments for another type of tax in accordance with those procedures.

3.4.a. The Department shall notify the identified taxpayers of their requirements to file or pay, pursuant to this rule, at their last known address of record prior to the first payment required by EFT.

3.4.b. The Department shall provide the identified taxpayers with forms, procedures and instructions necessary to register and make payments for the appropriate taxes by EFT and an explanation of the payment options available to the taxpayer.

When taxpayers register to make payment by EFT, they shall select a payment option.

3.4.c. The Department shall provide technical assistance and guidance to identified taxpayers concerning the payment of taxes through EFT. Taxpayers may call Taxpayer Services from 8:00 a.m. through 4:30 p.m. Eastern Time, Monday through Friday, with the exception of State holidays.

**§110-10F-4. Tax types covered.**

4.1. Payments for the following tax types are subject to the EFT tax payment requirements of this rule:

4.1.a. Business and Occupation Tax;

- 4.1.b. Business Franchise Tax;
- 4.1.c. Tobacco Products Excise Tax;
- 4.1.d. Consumer Sales and Service Tax;
- 4.1.e. Corporation Net Income Tax;
- 4.1.f. Gasoline and Special Fuels Excise Tax;
- 4.1.g. Health Care Provider Tax;
- 4.1.h. Personal Income Tax, including:
  - 4.1.h.1. Nonresident Composite Income Tax;
  - 4.1.h.2. Fiduciary Income Tax;
- 4.1.i. Severance Taxes, including:
  - 4.1.i.1. Additional Annual Severance Tax;
- 4.1.j. Soft Drink Tax;
- 4.1.k. Solid Waste Tax;
- 4.1.l. Surface Mining Reclamation Tax;
- 4.1.m. Telecommunications Tax;
- 4.1.n. Timber Severance Tax;
- 4.1.o. Use Tax;
- 4.1.p. Personal Income Tax Withholding, including:
  - 4.1.p.1. Personal Income Tax Back-Up Withholding;
- 4.1.q. Beer Barrel Tax;
- 4.1.r. Wine Liter Tax;
- 4.1.s. Wine Liquor Excise Tax;
- 4.1.t. Pass Through Entity Tax;
- 4.1.u. District Excise Tax;
- 4.1.v. Taxes paid under IFTA;

- 4.1.w. Acute Care Hospital Tax;
- 4.1.x. Motor Carrier Road Tax;
- 4.1.y. Fireworks Safety Fee Tax; and
- 4.1.z. Medical Cannabis Tax.

**§110-10F-5. Identification of EFT taxpayers.**

5.1. On an annual basis, the Department shall review the most recently completed lookback period payment history of each taxpayer on a tax type basis to determine if the payment history requires the taxpayer to make payments through EFT for the succeeding calendar year.

5.2. The Department will determine whether a taxpayer meets the tax liability threshold provided in Subsection 3.2 of this rule that requires payment of taxes by EFT by considering taxes paid for a single tax type, except when two or more tax types are permitted to be paid on a single return. Whenever two or more tax types are permitted to be paid on a single return, the taxes paid for all tax types shall be considered a single payment.

5.3. The Department will determine whether a taxpayer meets the tax liability threshold provided in Subsection 3.2 of this rule that requires payment of taxes by EFT by considering the payments made during a fiscal year for a single tax type.

**§110-10F-6. Notification of Taxpayers Required to Use EFT.**

6.1. At least 90 days prior to the date the taxpayer is required to make their first tax payment by EFT, the Department shall mail a written notice to all EFT taxpayers newly identified in the annual review of transactions informing them that they are required to make payments for a tax type using EFT. The notice shall be mailed to the last address of record for the taxpayer. The notice shall (1) provide the taxpayer with an explanation of W. Va. Code §11-10-5t; (2) identify the tax types to be paid using EFT; (3) provide an explanation of the payment alternatives available to the taxpayer; and (4) provide the taxpayer with forms and instructions necessary to comply with this rule.

6.2. Within 30 days after the notice is provided to the taxpayer, the taxpayer shall make an election as to which payment method the taxpayer will use or provide a written statement explaining the reason the taxpayer seeks to be exempted from the requirement to make payments for a tax type using EFT. Within 45 days after the taxpayer submits a request for an exemption from the requirement to make payments for a tax type using EFT, the Department shall notify the taxpayer whether the request is granted.

6.3. Within 30 days after receipt of the notice, the taxpayer shall register per the instructions provided by the Department except when utilizing the Credit or Debit card option. The Department shall provide instructions and resources necessary for successful registration and payment.

6.4. If the Department receives no response from the taxpayer within 30 days, the Department shall provide the taxpayer with a second notice, utilizing certified mail. If the taxpayer takes no action in response to the second notice before the first day of the succeeding calendar year, the taxpayer is subject

to all applicable penalties, additions to tax, and interest for each payment subject to these rules that is equal to or in excess of the threshold amount.

6.5. Upon a showing by the taxpayer, to the satisfaction of the Commissioner, that the taxpayer will not be making payments for a tax type equal to or in excess of the threshold amount for the period, the Commissioner shall waive the requirement to make payments by EFT. If the taxpayer subsequently makes a non-EFT payment in an amount equal to or in excess of the threshold amount for the period for which the Commissioner waived the requirement to make payments using EFT, the taxpayer may be subject to all applicable penalties, additions to tax, and interest.

**§110-10F-7. Registration of EFT taxpayers.**

7.1. Taxpayers choosing the ACH Credit method shall properly complete Form WV/EFT-5, Electronic Funds Transfer Application, and return the Form to the Department by the date specified by the Department. The Department shall record pertinent taxpayer information provided with Form WV/EFT-5. Taxpayers choosing the ACH Debit method may register or make payments on the Department's website. The information required for either ACH method may include:

- 7.1.a. Taxpayer identification number;
- 7.1.b. Taxpayer's name;
- 7.1.c. Taxpayer's address;
- 7.1.d. Tax types;
- 7.1.e. Primary contact person's name and title;
- 7.1.f. Primary contact person's address;
- 7.1.g. Primary contact person's telephone number;
- 7.1.h. Primary contact person's e-mail address;
- 7.1.i. Secondary contact person's name and title;
- 7.1.j. Secondary contact person's address;
- 7.1.k. Secondary contact person's telephone number;
- 7.1.l. Second contact person's e-mail address;
- 7.1.m. Financial Institution's name;
- 7.1.n. Financial Institution's contact person;
- 7.1.o. Financial Institution's telephone number;
- 7.1.p. Signature of person authorized to complete the application;

7.1.q. Written verification from the taxpayer's bank confirming the bank routing and transit number and the bank account number of the taxpayer; and

7.1.r. Application status regarding new application, change in financial institution information, change of name or address, and withdrawal.

7.2. A taxpayer shall provide written notice of any change of ACH Credit information required by Form WV/EFT-5 by submitting a revised Form WV/EFT-5 to the Department. A taxpayer shall provide written notice of any change of ACH Debit information required on the Department website by submitting changes on the Department's website. All changes must be submitted within at least 30 days of the change.

**§110-10F-8. Payment alternatives.**

8.1. The ACH Credit and Debit methods, including electronic filing and Modernized E-filing options, Credit and Debit Card Payments and Intragovernmental Transfers are the payment methods that taxpayers may use to make payments for a tax type using EFT.

8.2. The Department reserves the right to revoke the EFT payment privilege and require cashier's check or any other pre-certified payment method deemed acceptable by the Commissioner from any taxpayer for the following reasons:

8.2.a. Failure to consistently transmit error-free payments;

8.2.b. Substantial variation from the requirements and specifications of this rule;

8.2.c. Failure to make timely EFT payments or to provide timely payment information; or

8.2.d. Failure to provide a properly formatted addenda record required by this rule with the EFT payment.

8.2.e. Submission of multiple payments which are rejected or returned by the taxpayer's financial institution for insufficient funds or any other return reason. In addition to penalties and interest associated with late payment, returned payments may also be subject to penalties as specified by WV Code §11-10-5n.

8.3. Wire Transfer is not an EFT payment method alternative that is available to EFT taxpayers, except on an emergency basis with prior authorization by the Department.

**§110-10F-9. Payment procedures -- general provisions.**

9.1. Taxpayers required to make payments using EFT shall initiate the transaction so that the amount due is deposited as immediately available funds to the State of West Virginia's bank account on or before the due date under the applicable tax law. If a tax payment due date falls on a Saturday, Sunday, or bank holiday, payment by EFT shall be made so that the funds are immediately available in the State Treasurer's account on the first business day after that due date. If the date on which the taxpayer is required to initiate either an ACH Debit or an ACH Credit transaction falls on a Saturday, Sunday, or a State or banking holiday, the taxpayer shall initiate the transaction on the preceding business day.

Each year, at least 30 days prior to the beginning of a calendar year, the Department shall provide taxpayers required to pay a tax using EFT with a schedule of holidays they will need to take into consideration when making EFT payments.

9.2. The requirement to make payment to the Department using EFT does not change any current filing requirements for tax returns. If the EFT payment is not timely made or the tax return required is not filed by the due date, penalties, additions to tax and interest shall apply under the provisions of the appropriate section of the Code.

9.3. Any taxpayer required by the Department to use EFT to make payments may apply to the Commissioner to be relieved of that requirement if it appears that taxpayer no longer meets the criteria for mandatory EFT payments. If the Commissioner grants that relief and the taxpayer subsequently makes a non-EFT payment in an amount equal to or in excess of the threshold amount for the period the taxpayer was previously required to make payments using EFT, the taxpayer is subject to all applicable penalties, additions to tax and interest.

9.4. If the taxpayer elects to use the ACH Debit payment method, the taxpayer shall furnish the Department with the information needed to complete the transaction. All transactions shall be initiated by the taxpayer on the Department's website.

9.5. If the taxpayer elects to use the ACH Credit payment method, the taxpayer is responsible for ensuring that the bank originating the transaction has the information necessary for timely completion of the transaction. Also, the taxpayer is responsible for the correct completion of the transaction. The taxpayer shall provide the information necessary for the bank to complete the NACHA CCD+ entry with the required TXP Banking Convention addenda record.

**§110-10F-10. Procedures for payment -- ACH debit payment method.**

10.1. Taxpayers who elect to use the ACH Debit payment method of making EFT payments shall use the following procedures in communicating payment information to the Department.

10.2. The taxpayer shall register at the Department's website. The taxpayer shall provide the following information to the Department and schedule payments appropriately:

- 10.2.a. Bank routing number;
- 10.2.b. Bank account number;
- 10.2.c. Tax payment amount;
- 10.2.d. Tax period covered;
- 10.2.e. Tax type; and
- 10.2.f. Payment type.

10.3. The taxpayer shall report payment information to the Department no later than 12:00 a.m. (midnight) Eastern Time on the business day before the due date of the payment during the submission

period as specified in the instructions provided to clear the ACH for deposit in the State Treasury on the due date. The Department shall bear the initial costs of processing ACH Debit payments. Communication by the taxpayer during the submission period is mandatory to ensure the timely posting of the taxpayer's payment by the due date.

10.4. When the Department receives the information provided by the taxpayer, it may provide the taxpayer with a confirmation sheet containing a confirmation code.

10.5. The taxpayer shall retain the confirmation sheet and record the time of submission for an audit trail of the payment.

10.6. Successful completion of the transaction and receipt of the confirmation sheet fulfills the taxpayer's obligation to initiate an ACH Debit transaction.

10.7. The payment of taxes through EFT does not relieve the taxpayer from filing the appropriate tax returns or applicable information returns required by the Department. Returns are filed in the normal manner as noted in subsection 12.2 of this rule.

**§110-10F-11. Procedures for payment -- ACH credit payment method.**

11.1. Taxpayers who elect to use the ACH Credit payment method of making EFT payments shall use the procedures in this section to communicate payment information to the Department. The Department intends to examine each taxpayer's compliance with the requirements of this rule.

11.2. If a taxpayer has elected the ACH Credit payment method but repeatedly fails to correctly complete the payment transactions in accordance with this rule, the Department may in its discretion require the taxpayer to make future payments by the ACH Debit payment method.

11.3. To assure the timely receipt of payment, a taxpayer shall ensure that the financial institution originating the transaction does so in sufficient time for the payment to be deposited as immediately available funds to the State Treasury on or before the appropriate due date of the payment.

11.4. All ACH Credit transactions shall use the NACHA CCD+ entry with a TXP Banking Convention addenda record. The TXP Banking Convention addenda record requires the following information:

11.4.a. Taxpayer's identification number;

11.4.b. Tax type code;

11.4.c. Tax period end date;

11.4.d. Payment type; and

11.4.e. Amount of payment.

11.5. If a taxpayer repeatedly fails to provide the Department with a required addenda record that conforms to the requirements of the Department, the taxpayer may be required at the discretion of the Commissioner to use the ACH Debit method.

11.6. A taxpayer electing to use the ACH Credit payment method shall first determine the amount of tax due with respect to the tax type for which the payment is being made. At a time arranged between the taxpayer and the taxpayer's financial institution, the taxpayer shall provide the taxpayer's financial institution with the information necessary to initiate a timely ACH Credit transaction utilizing the NACHA CCD+ entry and the TXP Banking Convention. A timely ACH Credit transaction shall be initiated and posted as immediately available funds to the State of West Virginia's bank account on or before the due date of the payment.

11.7. Taxpayers electing to use the ACH Credit payment method shall coordinate with their financial institutions to ensure that ACH Credit payments are timely initiated. Taxpayers shall consider the impact of prescribed ACH time frames and nightly cycles as well as the impact of weekends and holidays.

11.8. Taxpayers with a zero tax liability for a reporting period are not required to transmit a zero balance ACH Credit transaction. However, they shall file their tax return as noted in Subsection 12.2 of this rule.

11.9. Taxpayers electing to use the ACH Credit method, prior to receiving final approval to transmit ACH Credit transactions, shall provide prenotification and receive approval of the prenotification from the Department prior to making live transactions. Failure to do so leaves the taxpayer liable for any misallocated payments due to improperly formatted ACH Credit records.

**§110-10F-12. Requirement for filing returns.**

12.1. The requirement to use EFT to make tax payments does not change any current filing requirements for tax returns. If the EFT payment is not timely made or the tax return required is not filed by the due date, the provisions for penalties, late payment additions to tax, late filing additions to tax and interest apply under the provisions of the appropriate Section of the Code, except as provided in this rule.

12.2. Taxpayers shall file the required returns. Returns are filed in the normal manner and mailed to the address indicated on the paper return. If the taxpayer is required to file electronically, returns are filed via an electronic filing method approved by the Department.

**§110-10F-13. Penalties, etc. for noncompliance.**

13.1. The provisions of W. Va. Code §11-10-1 *et seq.*, govern the administration of any tax, interest, additions to tax or penalty assessed due to late EFT payments, except as provided in this rule.

13.2. W. Va. Code §11-10-5t imposes, in addition to any other additions to tax or penalties that may be applicable, a civil penalty for failing or refusing to use an appropriate EFT method when required to do so. The amount of the penalty is three percent of the tax liability which is or was to be paid by EFT.

13.3. Failure of a taxpayer to respond to the notification from the Department concerning the required use of EFT to make payments for a tax type or failure to timely or properly make EFT payments in accordance with this rule subjects the taxpayer to applicable penalties, additions to tax and interest, as provided by the Code, for delinquent or underpaid tax payments. If payment is made for a tax type for which a taxpayer was required to make payments using EFT and the payment is made in a method which is not in accordance with the procedures stated in this rule, penalties, interest and additions to tax for late filing and late payment, for that tax type, may be assessed as specified in the Code. In addition to any

penalty that may be imposed, interest shall be added to the amount of tax due from the due date of the tax payment to the date that the funds become available to the State Treasury.

13.4. The Department may waive the penalty and additions to tax if the taxpayer can demonstrate that the failure was due to reasonable cause and not due to willful neglect. Errors made by the Department, the State Treasury or the taxpayer's bank which result in a late payment by the taxpayer do not subject the taxpayer to penalties, additions to tax, or interest.

13.5. When a taxpayer uses the ACH Debit payment method, the State of West Virginia's bank is the originating bank and is responsible for the accuracy of the transmission. If the taxpayer has timely initiated the ACH Debit transaction, received a confirmation number, and demonstrated that adequate funds were available in the bank account, then the fact that the transaction is not properly completed does not subject the taxpayer to penalties, additions to tax or interest.

13.6. When a taxpayer uses the ACH Credit payment method, the taxpayer's bank is the originating bank and the taxpayer is primarily responsible for the accuracy and proper completion of the transaction. In order to prove timely compliance, the taxpayer shall show timely initiation of the transaction; shall have provided the correct information for the NACHA CCD+ entry and the required TXP Banking Convention addenda record; and shall show that there were sufficient funds in the account and that the financial institution properly completed the transaction in a timely manner. If the taxpayer makes this showing, no penalties, additions to tax or interest apply to the payment if the transaction is not properly completed.

13.7. A taxpayer required to make EFT payments, but unable to make a timely payment because of system failures within the Automated Clearing House system which are beyond the taxpayer's control, is not subject to penalties, additions to tax or interest for late payment.

**§110-10F-14. Voluntary use of EFT to pay taxes.**

14.1. Taxpayers not required to make EFT payments for a tax type may voluntarily register to make EFT payments for that tax type.

14.2. Taxpayers making voluntary EFT payments for a tax type are subject to the provisions of this rule to the same extent as taxpayers who are required to make EFT payments.

14.3. A taxpayer seeking to make voluntary EFT payments shall file a written application with the Department or register on the Department's website at least 60 days prior to the due date of the next payment of the tax type for which permission to make EFT payments is sought.

14.3.a. A taxpayer may request permission to terminate voluntary EFT payments for a tax type by filing written application with the Department or closing their account on the Department's website at least 60 days prior to the due date of the last EFT payment to be made by the taxpayer.

14.3.b. A taxpayer making an application for termination shall continue to make payment by the payment method elected in accordance with the procedures stated in this rule, until the Commissioner in writing releases the taxpayer and approves payment by another method.

14.4. Written or online applications to voluntarily make or to terminate making voluntary ACH Credit payments shall be directed to the West Virginia State Tax Department, RD-EFT, P. O. Box 11895,

Charleston, WV 25339-1985 and shall include a properly completed Form WV/EFT-5, Electronic Funds Transfer Application.

**§110-10F-15. Proof of payment.**

15.1. In the case of an ACH credit transaction or Wire Transfer, the Department shall consider the tax to have been paid on the date the money is received by the State of West Virginia's bank account. In the case of an ACH debit transaction, the Department shall consider the tax paid on the next business day after the transaction was initiated by the taxpayer. The proof of payment by the taxpayer depends on the payment method used.

15.2. Payment in an ACH Debit transaction may be proven by use of the confirmation code received from the Department when the transaction was initiated, together with a statement from the taxpayer's bank showing a transfer that decreases the taxpayer's account balance by the correct amount, the date of the transfer and the identity of the payee as the State of West Virginia.

15.3. Since an ACH Credit transaction is initiated and generated by the taxpayer, the taxpayer has responsibility for the proper and timely completion of the transaction. The taxpayer has the responsibility to ensure that it is provided an ACH trace number by the bank originating the transaction. This trace number; proof of the NACHA CCD+ entry showing the State's bank routing and transit number and bank account number; and a statement from the taxpayer's bank showing a transfer that decreased the taxpayer's account balance by the correct amount, the date of the transfer and the identity of the payee as the State of West Virginia together, constitute proof of payment by the taxpayer.

**§110-10F-16. Correction of errors.**

16.1. If an error in the EFT payment process results in either an underpayment or an overpayment of the tax, the taxpayer shall promptly contact the Department. An overpayment may be used as a credit against a future tax liability or the taxpayer may apply for a refund. The Department shall make every reasonable effort to expedite a refund requested by the taxpayer to correct an EFT overpayment error.

16.2. When possible, the taxpayer shall attempt to correct errors made in initiating an ACH Debit payment during the period on the same day the transaction was initiated by the taxpayer. Otherwise, the taxpayer shall contact the Department on the next business day after the error is discovered for specific instructions on how to correct the error.

16.3. In the event a taxpayer using the ACH Debit method communicates payment information to the Department after 12:00 a.m. (midnight) Eastern Time on the business day before the due date, the payment shall be posted to the taxpayer's account on the next business day following the due date and constitutes late payment.

16.4. Failure of a taxpayer to make a timely EFT payment because of circumstances under the taxpayer's control, including but not limited to insufficiency of funds in the taxpayer's account or a direct payment to the Department using an unauthorized payment method, subjects the taxpayer to penalties, additions to tax and interest.

**§110-10F-17. Emergency payment.**

17.1. In the event the Commissioner determines that a taxpayer is unable to affect a timely EFT payment due to extenuating circumstances beyond the taxpayer's control, the Commissioner may allow the taxpayer to use Wire Transfer.

For example, if on the due date of an EFT payment the taxpayer becomes aware that an error was made in the EFT payment which cannot be corrected on that day, the taxpayer may contact the Department and request authorization to correct the payment with Wire Transfer. The Commissioner may grant authorization to use Wire Transfer for that one payment. The Commissioner shall base that decision upon the taxpayer's payment history as well as the taxpayer's compliance with prescribed rules regarding EFT payments.

17.2. If the Commissioner authorizes the request, he or she shall provide the taxpayer with a Federal ID Number and additional information to be included in the free-form field of the Wire Transfer.

17.3. To request authorization the taxpayer shall contact the EFT Unit at (304) 558-8692. The taxpayer shall present the extenuating circumstances which prevent timely compliance using the approved EFT method, and request authorization to use Wire Transfer to submit the payments in question to the State Treasury.

17.4. The Department shall give taxpayers who are granted authorization to use Wire Transfer specific instructions regarding the payment information that must accompany the transfer.

17.5. All Wire Transfers shall be accompanied by an addenda record, in the format specified by the Department, including the following information:

17.5.a. Taxpayer's identification number;

17.5.b. Tax type code;

17.5.c. Tax period end date;

17.5.d. Payment type; and

17.5.e. Amount of payment.

17.6. The Department shall not bear any costs associated with the Wire Transfer.

17.7. Unauthorized Wire Transfers constitute late payment and are subject to appropriate penalties, additions to tax and interest.

17.8. Authorized Wire Transfers which are not received by the State Treasury on or before the due date of the transmitted payments constitute late payment and are subject to appropriate penalties, additions to tax and interest.

**§110-10F-18. Grace period during implementation.**

18.1. During the first year of implementation of this rule, the Commissioner may, in his or her discretion, extend a grace period of no more than two business days for a taxpayer to resolve problems

arising in financial institutions, Federal Reserve facilities, or the Automated Clearing House system which result in late payment.

18.2. To qualify for a grace period, the taxpayer shall demonstrate that a good faith attempt was made to comply with the provisions of this rule, due diligence was exercised to initiate the payment timely and correctly, and sufficient funds were available in the taxpayer's bank account, but circumstances beyond the taxpayer's control prevented compliance by the required date.