

**H. B. 4561**

(By Delegates McCuskey, Ferns, Pasdon and Lane)  
[Introduced February 17, 2014; referred to the  
Committee on Finance.]

**FISCAL  
NOTE**

A BILL to amend and reenact §11-21-4e of the Code of West Virginia, 1931, as amended; to amend said code by adding thereto a new section, designated §11-21-97; and to amend said code by adding thereto a new section, designated §11-24-44, all relating to the rate of tax on personal income, including bonuses earned and increases on salary; and providing tax credits.

*Be it enacted by the Legislature of West Virginia:*

That §11-21-4e of the Code of West Virginia, 1931, as amended, be amended and reenacted; that said code be amended by adding thereto a new section, designated §11-21-97; and that said code be amended by adding thereto a new section, designated §11-24-44, all to read as follows:

**ARTICLE 21. PERSONAL INCOME TAX.**

**§11-21-4e. Rate of tax -- Taxable years beginning on or after**

1                   **January 1, 1987.**

2           (a) *Rate of tax on individuals, except married individuals*  
 3 *filing separate returns, individuals filing joint returns, heads of*  
 4 *households, estates and trusts.* -- The tax imposed by section three  
 5 of this article on the West Virginia taxable income of every  
 6 individual, except married individuals filing separate returns;  
 7 every individual who is a head of a household in the determination  
 8 of his or her federal income tax for the taxable year; every  
 9 husband and wife who file a joint return under this article; every  
 10 individual who is entitled to file his or her federal income tax  
 11 return for the taxable year as a surviving spouse; and every estate  
 12 and trust shall be determined in accordance with the following  
 13 table:

14           If the West Virginia		15           The tax is:
15           taxable income is:		
16		
17           Not over \$10,000		3% of the taxable income
18		
19           Over \$10,000 but not		\$300.00 plus 4% of excess
20                   over \$25,000		over \$10,000
21		
22           Over \$25,000 but not		\$900.00 plus 4.5% of excess
23                   over \$40,000		over \$25,000
24		
25           Over \$40,000 but not		\$1,575.00 plus 6% of excess
26                   over \$60,000		over \$40,000
27		
28           Over \$60,000		\$2,775.00 plus 6.5% of excess
29		over \$60,000
30		

31           (b) *Rate of tax on married individuals filing separate*  
 32 *returns.* -- In the case of husband and wife filing separate returns

1 under this article for the taxable year, the tax imposed by section  
 2 three of this article on the West Virginia taxable income of each  
 3 spouse shall be determined in accordance with the following table:

4 If the West Virginia 5 taxable income is:	The tax is:
6 7 Not over \$5,000	3% of the taxable income
8 9 Over \$5,000 but not 10 over \$12,500	\$150.00 plus 4% of excess over \$5,000
11 12 Over \$12,500 but not 13 over \$20,000	\$450.00 plus 4.5% of excess over \$12,500
14 15 Over \$20,000 but not 16 over \$30,000	\$787.50 plus 6% of excess over \$20,000
17 18 Over \$30,000	\$1,387.50 plus 6.5% of excess over \$30,000

19  
20  
21 (c) *Applicability of this section.* -- The provisions of this  
 22 section, as amended by this act, shall be applicable in determining  
 23 the rate of tax imposed by this article for all taxable years  
 24 beginning after December 31, 1986, and shall be in lieu of the  
 25 rates of tax specified in section four-d of this article.

26 (d) For all taxation of personal income imposed by this  
 27 article for all taxable years beginning after December 31, 2014,  
 28 the rates of tax on income derived from bonus payments which are  
 29 not a portion of the regular salary of the taxpayer shall be  
 30 one-half the amount imposed on all other income: Provided, That the  
 31 bonus income is not derived from a commission on sales; however,  
 32 this condition is not intended to remove all commission-based

1 employees from the provisions of this article.

2 **§11-21-97. Rate of tax -- Tax on incremental increases in income.**

3 Beginning with the tax year beginning after December 31, 2014,  
4 all individuals paying income tax are entitled to a refund in the  
5 amount equal to the amount of tax paid on any amount of salary  
6 above that earned in the previous year for which they were subject  
7 to income tax in the State of West Virginia.

8 **ARTICLE 24. CORPORATION NET INCOME TAX.**

9 **§11-24-44. Salary increase credit.**

10 Beginning with the tax year beginning after December 31, 2015,  
11 any corporation which is an employer in the State of West Virginia  
12 who pays an increase in the salary of any of its employees over the  
13 amount paid in the prior tax year, is entitled to a credit equal to  
14 the amount of income tax paid by that employee on the increased  
15 salary.

NOTE: The purpose of this bill is to add new language to West Virginia Code relating to tax rates on bonuses earned, and increases on salary and providing credits for these.

Strike-throughs indicate language that would be stricken from the present law, and underscoring indicates new language that would be added.

§11-21-97 and §11-24-44 are new; therefore, they have been completely underscored.