



# INSTRUCTIONS—FORM 740-EZ

**Who May Use Form 740-EZ**—You may use Form 740-EZ if all five of the following apply:

- ✓ you were a Kentucky resident for the entire year;
- ✓ your filing status is single and you do not claim any dependents;
- ✓ you were under age 65 and not blind at the end of 2003;
- ✓ your income is less than \$100,000; and
- ✓ you had only wages, salaries, tips, unemployment compensation, taxable scholarship or fellowship grants, and your taxable interest was \$1,500 or less.

If you do not meet all five of the above requirements, see Form 740 instructions.

**When to File**—The 2003 Form 740-EZ must be postmarked no later than April 15, 2004, to avoid penalties and interest.

**COMPLETING FORM 740-EZ**—For more information, see the *General Instructions*. You may also contact the Revenue Cabinet in Frankfort at (502) 564-4581 or a Kentucky Taxpayer Service Center.

Please print your numbers inside the boxes with black ink. Do not use dollar signs.

**Enter your Social Security number on your return.** To protect your privacy, your Social Security number is not printed on the peel-off label that came in the mail.

**Political Party Fund Designation**—You may designate \$2 of your taxes to either the Democratic or Republican party if you have a tax liability of at least \$2.

## LINE-BY-LINE INSTRUCTIONS

**Line 1**—Enter federal adjusted gross income from Form 1040EZ, Line 4; 1040A, Line 21; or 1040, Line 34. (**Do not confuse federal adjusted gross income with federal taxable income shown on the federal return.**) If \$25,000 or less, see instructions for Line 5 and enter the decimal amount on Line 5.

If you are not required to file a federal income tax return, enter the total income from sources within and without Kentucky.

**Line 2**—The standard deduction of \$1,830 has been preprinted. If your itemized deductions exceed \$1,830, it will benefit you to file Form 740 and itemize your deductions on Schedule A.

**Line 4**—Compute your tax using the following tax rate schedule.

If taxable income is:	Tax before credit is:
\$ 0 — \$2,999 .....	2% of taxable income
\$3,000 — \$3,999 .....	3% of taxable income minus \$30
\$4,000 — \$4,999 .....	4% of taxable income minus \$70
\$5,000 — \$7,999 .....	5% of taxable income minus \$120
\$8,000 and up .....	6% of taxable income minus \$200

Deduct \$20 for your tax credit from the amount computed above. This is your tax liability. Your tax cannot be less than zero.



*Example:* (Taxable income) \$8,500 x 6% - \$200 = \$310 - \$20 (tax credit) = \$290

**Note:** An optional tax table is available for your convenience by calling the Revenue Cabinet, (502) 564-4581.

**Line 5, Low Income Tax Credit**—A low income tax credit is allowed for single persons whose **Kentucky adjusted gross income, Line 1**, is not over \$25,000. *If over \$25,000, you do not qualify for this tax credit. Skip Line 5.*

Enter in the space provided the decimal amount from the table below.

If the Kentucky adjusted gross income, Line 1, is:		Enter decimal amount on Line 5
over	but not over	
---	\$ 5,000	1.00 (100%)
\$ 5,000	\$10,000	.50 (50%)
\$10,000	\$15,000	.25 (25%)
\$15,000	\$20,000	.15 (15%)
\$20,000	\$25,000	.05 (5%)

Multiply amount on Line 4 by decimal amount. Enter result on Line 5. This is your Low Income Tax Credit.

**Line 7, Kentucky Use Tax**—Enter 6 percent of out-of-state purchases for use in Kentucky on which sales tax was not charged. Include Internet and catalog purchases, subscriptions, furniture, carpet, boats, etc.

**Line 9, Kentucky Tax Withheld**—Enter the amount of Kentucky income tax withheld as shown on your 2003 wage and tax statements. These statements must be attached to your return. Make sure you file the copy designated to be filed with your **state** return. Do not include amounts withheld by your employer for other states. Amounts withheld in other states cannot be credited to your Kentucky income tax. Local government occupational, license or income taxes must not be included on Line 9.

**Line 10**—If the amount on Line 9 (Kentucky Tax Withheld) is more than the amount on Line 8 (Income Tax Liability), you have an overpayment and are due a refund. Subtract Line 8 from Line 9, and enter the difference on Line 10 as an overpayment. However, if your Income Tax Liability on Line 8 is larger than Line 9, you owe additional tax. Subtract Line 9 from Line 8 and enter on Line 14.

**Line 11**—If you show an overpayment on Line 10, you may contribute to: (a) the **Nature and Wildlife Fund**, (b) the **Child Victims' Trust Fund**, (c) the **Bluegrass State Games and U.S. Olympic Committee Fund** and/or (d) the **Veterans' Program Trust Fund**. *Donations are voluntary and amounts donated will be deducted from your refund.*

Enter the amount(s) you wish to contribute on Lines 11(a), 11(b), 11(c) and/or 11(d). The total of these amounts cannot exceed the amount of the overpayment.

**Line 14**—You must pay any tax due shown on Line 14. Make check payable to **Kentucky State Treasurer**, and attach it to your return. On the face of the check please write "KY Income Tax-2003" and your Social Security number.

**Underpayment of Estimated Tax**—If the amount owed is more than 30 percent of the income tax liability on Line 6, you may be subject to a penalty of 10 percent of the underpayment of estimated tax. The minimum penalty is \$25. The amount of the penalty may be calculated on Form 2210-K, which may be obtained from the Revenue Cabinet.

**Interest and Penalties**—File your return and pay any additional tax due by April 15, 2004, to avoid interest and penalties. See the General Instructions or contact the Revenue Cabinet for additional information.

**Note:** Penalties but not interest may be reduced or waived if reasonable cause for reduction or waiver can be shown.

**Signature**—Each return must be properly signed by the taxpayer.