

INSTRUCTIONS FOR FILING
ESTIMATED TAX VOUCHERS

2007

WHAT'S NEW FOR 2007

- The standard deduction will increase to \$2,050 for 2007.
- "Modified gross income" used to calculate the Family Size Tax Credit means the greater of:

Federal adjusted gross income adjusted to include interest income derived from municipal bonds (non-Kentucky) and lump-sum pension distributions not included in federal adjusted gross income;

or

Kentucky adjusted gross income adjusted to include lump-sum pension distributions not included in federal adjusted gross income.

- For taxable years beginning on or after January 1, 2007, all pass-through entities and individual owners of disregarded single member LLCs that file on Schedules C, E or F for federal income tax purposes will be treated the same for Kentucky income tax purposes as they are treated for federal income tax purposes except for the differences between Kentucky law and federal law. Individuals with income from pass-through entities or disregarded single member LLCs that file Schedule C, E or F for federal income tax purposes may be required to make individual estimated tax payments.

Note: Limited liability entities including single member LLCs may be subject to a limited liability entity tax for 2007.

WHO MUST MAKE PAYMENTS—Individuals who can reasonably expect to have income of more than \$5,000 from which no Kentucky income tax will be withheld may be required to make estimated tax payments as required by KRS 141.300. Individuals who do not prepay at least 70 percent of their income tax liability for the year will be subject to a penalty for underpayment of estimated tax. The prepayments may be made through withholding, a credit forward from the previous year's income tax return or estimated tax payments. The worksheet on the reverse should be used to determine the amount which should be paid through estimated tax payments. **If the amount of estimated tax for the year is \$500 or less, no payment is required.**

WHEN TO PAY—Taxpayers may pay the full amount of estimated tax in one payment on the earliest applicable due date, or they may pay in installments. Installments for calendar year 2007 are due April 16, June 15, September 17, 2007, and January 15, 2008. Any credit from a 2006 income tax return should be applied to the amount owed before any payments are made. Installment payments should not be made until the amount of the credit has been used. A voucher should be filed only when a payment is required.

IF INCOME CHANGES—Due to changes in sources or amounts of income during the year, a taxpayer who is not required to pay estimated tax at the beginning of the year may be required to pay during the year. A taxpayer may also be required to recompute the estimated tax and to adjust the amount of the

installments during the year as a result of changes in sources or amounts of income. Whenever the initial estimate is required or the change occurs, a taxpayer electing to pay in installments must pay the total amount of tax due in equal amounts on the remaining due dates.

Period When Estimate Required or Change Occurs	Due Date	Number of Equal Installments
January 1–April 1	April 16, 2007	4
April 2–June 1	June 15, 2007	3
June 2–September 1	September 17, 2007	2
September 2–December 31*	January 15, 2008	1

**If the change occurs after September 1, 2007, the voucher is not required if the 2007 Kentucky income tax return is filed and the tax shown to be due is paid on or before January 31, 2008.*

FISCAL YEAR FILERS—If you pay tax for a fiscal year instead of a calendar year, your due date is the 15th day of the fourth, sixth and ninth months of your fiscal year and the 15th day of the first month of the following fiscal year.

FAMILY SIZE TAX CREDIT—The Family Size Tax Credit is based on modified gross income (MGI) and the size of the family. If your total MGI is \$26,600 or less you may qualify for Kentucky Family Size Tax Credit. See page 2 for additional information.

FARM INCOME—Taxpayers with income from farming are not required to make installment payments if they meet the following criteria: (1) two-thirds of gross income is from farming; and (2) the entire amount of estimated tax is paid on or before January 15, 2008; or (3) the 2007 income tax return is filed and total tax is paid on or before March 1, 2008.

PENALTY FOR UNDERPAYMENT—A penalty equal to 10 percent of any underpayment may be assessed. The underpayment is calculated by taking 70 percent of the amount on Form 740, Line 26 (income tax liability) and subtracting taxes prepaid through a credit forward, withholding and estimated tax payments. Minimum penalty is \$25.

HOW TO USE ESTIMATED TAX VOUCHERS—Enter your name, address and Social Security number(s) in the spaces provided. In the payment block, enter the amount of payment. Do not enter amounts paid through a credit from a previous year.

HOW TO PAY—Make check payable to **Kentucky State Treasurer**. Mail the check with the voucher to: **Kentucky Department of Revenue, Frankfort, KY 40620-0009**. To ensure accurate crediting to your account, you must send the voucher with your check. Please write your Social Security number(s) on the face of your check. If you wish to mail your first installment with Form 740, please prepare a separate check for the amount shown on the voucher and include the voucher marked "Installment 1."

Estimated Tax Worksheet *(Keep for your records)*

2007

1. Enter your total estimated wages subject to withholding	1		
2. Enter your total estimated taxable income from sources with no withholding	2		
3. Add lines 1 and 2	3		
4. Enter estimated adjustments to income	4		
5. Subtract line 4 from line 3. This is your ESTIMATED ADJUSTED GROSS INCOME	5		
6. Enter estimated allowable itemized deductions or the standard deduction of \$2,050	6		
7. Subtract line 6 from line 5. Enter the difference here. This is your ESTIMATED NET INCOME	7		
8. Compute tax on estimated net income from line 7 using the tax rate schedule below. ENTER TAX HERE	8	▶	
9. Enter your tax credits (\$20 for yourself and each dependent)	9		
10. Enter Family Size Tax Credit using percentage from worksheet below	10		
11. Enter Kentucky income tax to be withheld in 2007. Add lines 9, 10 and 11 and enter total at right	11		
12. Subtract the total on line 11 from line 8. This is your Estimated Kentucky Income Tax for 2007. Enter here. If this amount is \$500 or less, payment is not required	12		
13. Divide line 12 by 4. This is amount of each installment. Enter here and in Column B, lines 1 through 4 of Record of Estimated Tax Payments Schedule below	13		

Family Size Tax Credit (FSTC) is based on modified gross income (MGI) and the size of the family. MGI is equal to federal adjusted gross income plus any interest income from other states' municipal bonds and pension income from a qualifying lump-sum distribution. The 2006 table is provided for your convenience.

Size of Family Unit:

- 1—an individual either single or married living apart from his or her spouse for the entire year
- 2—an individual with one qualifying child or a married couple
- 3—an individual with two qualifying children or a married couple with one qualifying child
- 4 or more—an individual with three qualifying children or a married couple with two qualifying children.

	One		Two		Three		Four or More		FSTC Percentage is						
	If MGI . . .	is over	is not over	is over	is not over	is over	is not over	is over		is not over					
2006	\$ ---		\$ 9,800		\$ ---		\$ 13,200		\$ ---		\$ 16,600		\$ 20,000		100
		9,800	10,192		13,200	13,728		16,600	17,264		20,000	20,800			90
		10,192	10,584		13,728	14,256		17,264	17,928		20,800	21,600			80
		10,584	10,976		14,256	14,784		17,928	18,592		21,600	22,400			70
		10,976	11,368		14,784	15,312		18,592	19,256		22,400	23,200			60
		11,368	11,760		15,312	15,840		19,256	19,920		23,200	24,000			50
		11,760	12,152		15,840	16,368		19,920	20,584		24,000	24,800			40
		12,152	12,446		16,368	16,764		20,584	21,082		24,800	25,400			30
		12,446	12,740		16,764	17,160		21,082	21,580		25,400	26,000			20
		12,740	13,034		17,160	17,556		21,580	22,078		26,000	26,600			10
	13,034	---		17,556	---		22,078	---		26,600	---			0	

TAX RATE SCHEDULE	
<i>If taxable income is:</i>	<i>Tax is:</i>
\$3,000 or less	2% of taxable amount
over \$3,000 but not over \$4,000	\$60 plus 3% of amount over \$3,000
over \$4,000 but not over \$5,000	\$90 plus 4% of amount over \$4,000
over \$5,000 but not over \$8,000	\$130 plus 5% of amount over \$5,000
over \$8,000 but not over \$75,000	\$280 plus 5.8% of amount over \$8,000
over \$75,000	\$4,166 plus 6% of amount over \$75,000

The schedule below is for your records only and is **not** to be mailed to the Department of Revenue.

RECORD OF ESTIMATED TAX PAYMENTS SCHEDULE				
	Col. A	Col. B	Col. C	Col. D
Voucher Number	Date	Amount from line 13 above.	2006 overpayment credit applied to installment. Subtract C from B.	Amount to be paid with voucher. Enter here and on Vouchers 1-4.*
1				
2				
3				
4				
Total				

*If zero or less, do not file a voucher. If amount credited exceeds amount of installment enter excess in Column C of the next line.