

Kentucky Tax Alert

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SALES TAX TREATMENT OF GIFT CARDS

Per KRS 139.200, Kentucky assesses the 6 percent sales tax on retail sales. KRS 139.010(28) defines retail sale as “any sale, lease or rental for any purpose other than resale, sublease or sub rent.” KRS 139.010(30) further defines a sale as “the furnishing of any services included in KRS 139.200; any transfer of title or possession, exchange, barter, lease, or rental, conditional or otherwise, in any manner or by any means whatsoever, of tangible personal property; or digital property transferred electronically for a consideration.” The sale of a gift card is not in essence the sale of tangible personal property and is excluded from the definition of digital property; therefore, the retail sale of the card itself is not subject to Kentucky sales tax. Sales tax is due, however, at the time of redemption of the gift card, provided the item being purchased is subject to Kentucky sales tax. The tax applies to the entire sales price of the transaction with no discount for the value of the gift card redeemed.



partner, member or shareholder; and (ii) corporate partner or member that is doing business in Kentucky only through its ownership interest in a pass-through entity. Withholding shall be at the maximum rate provided by KRS 141.020 or 141.040.

KRS 141.206(16)(a) provides that a pass-through entity may file a composite income tax return on behalf of electing nonresident individual partners, members or shareholders. The pass-through entity shall report and pay tax at the maximum rate provided by KRS 141.020 on any portion of a partner's, member's or shareholder's pro rata or distributive share income of the pass-through entity apportioned to this state.

(A composite return should only be used if the nonresident individual is exempt from the withholding requirement and elects to be included in the composite return.)

Form 740NP-WH-ES, Kentucky Estimated Tax Vouchers, shall be used to make the estimated tax payments required by KRS 141.206(6). **On or after Jan. 1, 2012**, Form 740NP-WH-ES and instructions may be obtained at all Kentucky Taxpayer Service Centers; by writing FORMS, Kentucky Department of Revenue, 501 High Street, Frankfort, KY 40601-2103; by calling (502) 564-3658; or downloaded from www.revenue.ky.gov.



FORM 740NP-WH-ES

Effective for taxable years beginning on or after Jan. 1, 2012, every pass-through entity required to withhold Kentucky income tax as provided by KRS 141.206(5) or file a composite income tax return as provided by KRS 141.206(16)(a) shall make a declaration and payments of estimated tax as required by KRS 141.206(6) if: (i) a nonresident individual partner's, member's or shareholder's estimated tax liability can reasonably be expected to exceed \$500; or (ii) a corporate partner's or member's estimated tax liability can reasonably be expected to exceed \$5,000.

KRS 141.206(5) provides that every pass-through entity required to file a return under KRS 141.206(2), except publicly traded partnerships as defined in KRS 141.0401(6)(r), shall withhold Kentucky income tax on the distributive share, whether distributed or undistributed, of each: (i) nonresident individual

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LOUIS A. GRIEF TAX PLANNING INSTITUTE

The annual Louis A. Grief Tax Planning Institute will be held on December 14-16, 2011 at the University of Louisville. The Institute provides 24 hours of CPE credits (which includes two hours of **ETHICS**). Online registration begins November 1 at www.business.louisville.edu/taxinstitute. Early registration fee is \$300 before December 1.

UNIVERSITY OF KENTUCKY 45TH ANNUAL 2011 INCOME TAX SEMINARS

Program:

Income tax seminars for individuals and professionals designed to update and increase their tax preparation skills, located in convenient locations around the state of Kentucky. CPE credits will be awarded for attending the seminar.

Focus:

Individual taxpayer and small business issues, the latest updates on new rulings and tax law changes, updates on IRS changes and much more.

Conducted by:

University of Kentucky
Agricultural Economics Department
Cooperative Extension Service

In cooperation with:

U.S. Internal Revenue Service
Kentucky Department of Revenue

Registration Information:

(Preregistration is two weeks before seminar.)

Intermediate Seminar:

Preregistration is \$249.
Late registration is \$275.

Basic Seminar:

Preregistration is \$149.
Late registration is \$175.

Ethics Seminar:

Preregistration is \$59.
Late registration is \$85.

Cancellation & Transfers: Cancellation requires a three-day notice before the start of the seminar to qualify for a refund. A \$50 administrative fee will be retained for prior cancellation. Transfers are discouraged, but if necessary, permitted on a space-available basis, and require a \$35 administrative fee.

Intermediate Seminar Schedule: 8:00 a.m. – 5:00 p.m.

- Program Level: Intermediate (for professional tax preparers with at least one year of tax preparation experience.)

Basic Seminar Schedule: 8:00 a.m. – 5:00 p.m.

- Program Level: Beginner to intermediate (for those with a basic level of experience in individual tax preparation.)

Ethics Seminar Schedule: 5:30 p.m. – 7:20 p.m.

- Held at the end of day #1 at selected Intermediate Seminars only. (Boxed meal provided.)

Meals are not provided with the exception of the Ethics Seminar. Refreshments will be served at all seminar breaks. All seminars will be smoke-free. The use of cell phones and voice recorders is prohibited.

For further information on any of these seminars, please write, call, or FAX:

Kathy Roe
UK Income Tax Seminar Office
301 C.E. Barnhart Building
Lexington, KY 40546-0276
Phone: 888-808-3303 or
859-252-3769
FAX 859-225-9043
EMAIL: Kathy.roe@uky.edu
www.ca.uky.edu/agecon/index.php?p=658



2011 UK INCOME TAX SEMINAR LOCATIONS

Frankfort

Nov. 9 - 10
 Capital Plaza Hotel
 405 Wilkinson Blvd.
 Frankfort, KY 40601
 502-227-5100

Louisville

Nov. 15 - 16
 Crowne Plaza Hotel
 830 Phillips Lane
 Louisville, KY 40209
 502-367-2251

Grayson

Nov. 21 - 22
 Grayson Conference Center
 371 CW Stevens Blvd.
 Grayson, KY 41143
 606-475-0565

Somerset

Nov. 30 - Dec. 1
 Center for Rural Development
 2292 So. Hwy. 27
 Somerset, KY 42501
 606-677-6000

Owensboro

Dec. 8 - 9
 Owensboro Christian Church
 2818 New Hartford Road
 Owensboro, KY 42303
 270-683-2706

Prestonsburg

Nov. 9 - 10
 Mountain Arts Center
 50 Hal Rogers Drive
 Prestonsburg, KY 41653
 606-889-9125

Erlanger

Nov. 16 - 17
 Receptions Conference Center
 1379 Donaldson Road
 Erlanger, KY 41018
 859-746-2700

Lexington/North

Nov. 28 - 29
 Embassy Suites
 1801 Newtown Pike
 Lexington, KY 40511
 859-455-5000

Paducah

Dec. 1 - 2
 Julian Carroll Convention Center
 One Executive Blvd.
 Paducah, KY 42001
 270-408-1346

Lexington/Downtown

Dec. 13 - 14
 Hyatt Regency Lexington
 401 W. High Street
 Lexington, KY 40507
 859-253-1234

Maysville

Nov. 14 - 15
 Mason Co. Extension Office
 800 U.S. Hwy 68
 Maysville, KY 41056
 606-564-6808

Elizabethtown

Nov. 17 - 18
 Elizabethtown Tourism &
 Convention Bureau
 1030 North Mulberry Street
 Elizabethtown, KY 42701
 270-765-2175

Hopkinsville

Nov. 29 - 30
 Christian Co. Extension Office
 2850 Pembroke Road
 Hopkinsville, KY 42240
 270-886-6328

Bowling Green

Dec. 6 - 7
 University Plaza &
 Convention Center
 1021 Wilkinson Place
 Bowling Green, KY 42103
 270-745-0088

Burlington

Jan. 5 - 6
 Boone County Extension Office
 6028 Camp Ernst Road
 Burlington, KY 41005
 859-586-6101

One-Day Basic Seminars		Ethics Seminars
Louisville Dec. 12, Early Reg. Nov. 28	Lexington/Extension Dec. 15, Early Reg. Dec. 1 Fayette Co. Extension Office 1140 Red Mile Place Lexington, KY 40504 859-257-5582	Louisville: Nov. 15, Early Reg. Nov. 1 Erlanger: Nov. 16, Early Reg. Nov. 2 Lexington/North: Nov. 28, Early Reg. Nov. 14 Paducah: Dec. 1, Early Reg. Nov. 17 Bowling Green: Dec. 6, Early Reg. Nov. 22 Lexington/Downtown: Dec. 13, Early Reg. Nov. 29

General Income Tax Seminars–2011
2011 UK Income Tax Seminars Program Registration Form

Name _____

Company _____

Address _____

City _____ State _____ ZIP _____

Phone () _____ Fax () _____

Last four digits of Social Security number _____

(Social Security number required to verify CEU credits)

Payment must accompany registration! Please duplicate this form for multiple registrations.

Payment Method: Check Visa MasterCard Discover

Make Checks Payable To: UK Income Tax Seminar, 301 C.E. Barnhart Building, Lexington, KY 40546-0276
Phone 888-808-3303 or 859-252-3769 FAX 859-225-9043

(Faxed registrations without a credit card number will not be accepted!)

Card Account Number _____ Expiration Date ____/____

Amount _____ Cardholder Name _____

Signature _____

DO NOT supply credit card information via email for security purposes.

Kentucky Tax Alert comments and suggestions should be addressed to the Office of Income Taxation/Training Branch, Finance Cabinet, Department of Revenue, Frankfort, Kentucky, (502) 564-0937.

STEVEN L. BESHEAR, Governor

**LORI FLANERY, Secretary
Finance and Administration Cabinet**

**THOMAS B. MILLER, Commissioner
Department of Revenue**

**Cindy Lanham, Editor
Sarah Gilkison, Publications Coordinator
Production/Design: Support Services**

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The Department of Revenue can be found at
www.revenue.ky.gov

