REVENUE CIRCULAR 62C112

Commonwealth of Kentucky
DEPARTMENT OF REVENUE

PROPERTY TAX

December 1, 2015

TO PROPERTY VALUATION ADMINISTRATORS,
COUNTY CLERKS AND SHERIFFS:

Duties in Taxing Omitted Real Property

This circular replaces Circular 62C112 dated December 15, 2014

This circular sets out the responsibilities of each county official in the assessment, preparation of tax bills and the collection of omitted property taxes.

Any real property which has not been listed for taxation, for any year in which it is taxable, by the time the Board of Assessment Appeals completes its work for that year shall be deemed omitted property.

Responsibilities of the Property Valuation Administrator

Real Property:

KRS 132.310 reads in part:

> "(1) Any person who has failed to list for taxation any property omitted from assessment, except such as is subject to assessment by the Department of Revenue, may at any time list such property with the property valuation administrator. The property valuation administrator shall proceed to assess any omitted real property and shall within ten (10) days from the date the real property was listed notify the taxpayer of the amount of the assessment. The notice shall be given as provided in KRS 132.450(4). The Department of Revenue shall assess any omitted personal property and provide notice to the taxpayer in the manner provided in KRS 131.110.
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> "(2) The property valuation administrator may at any time list and assess any real property which may have been omitted from the regular assessment. Immediately upon listing and assessing omitted real property, the property valuation administrator shall notify the taxpayer of the amount of the assessment. The notice shall be given as provided in KRS 132.450(4)."

Tangible Personal Property:

The property valuation administrator is ***not*** authorized to assess omitted tangible property (KRS 132.320). He or she must forward to the Office of Property Valuation a list of any omitted tangible property discovered or voluntarily listed by a taxpayer. The office will assess the property and bill the taxpayer direct. Omitted tangible assessments are ***not*** certified to the clerk by the property valuation administrator.

Responsibilities of the County Clerk

The county clerk is the only county official who can legally prepare a property tax bill and then only upon proper certification. Regular tax bills shall be prepared only after certification by the Office of Property Valuation or as directed by Order Correcting Erroneous Assessment, Revenue Form 62A366, signed by the property valuation administrator. Omitted real property tax bills may be prepared only on receipt of Listing of Omitted Property, Revenue Form 62A379, from the property valuation administrator. Tax bills following litigation shall be prepared on the basis of orders from the Kentucky Board of Tax Appeals or court orders from the circuit court or the Court of Appeals.

Additional property tax bills or supplemental bills directed to be prepared on the basis of orders from the Kentucky Board of Tax Appeals or court orders from the circuit court or the Court of Appeals shall be listed on the reverse side of Authorization for Preparing Additional/Supplemental Property Tax Bills, Revenue Form 62A367. The clerk shall complete the face of this receipt for the total of taxes due each taxing district and give the bills to the sheriff for collection after the sheriff signs the three copies of the receipt.

The form for listing omitted property (Revenue Form 62A379) provides space for indicating whether the property is voluntarily or involuntarily listed. The clerk shall add a 10 percent penalty if voluntarily listed or a 20 percent penalty for omission if the property has been involuntarily listed by the property valuation administrator. In addition to the penalty, the clerk shall add interest accruing from the date the tax would have become delinquent (if the property had been listed as required by law) to the date the tax bill is collected. Interest rates which are set for each year beginning January 1, are based on the prime interest rate for the preceding September. If the prime interest rate varies as much as one percentage point from the existing tax interest rate, then the tax interest rate is adjusted accordingly.

As authorized by legislation enacted in 2008, the interest rate that applies to omitted real property tax bills is two percentage points higher than the statutory tax interest rate.

The tax interest rate for 2012, 2013, 2014, 2015 and 2016 (for assessments of property owned on January 1, 2011, January 1, 2012, January 1, 2013, January 1, 2014 and January 1, 2015) is 4 percent. This means that the interest rate that will be applied to omitted 2011, 2012, 2013, 2014 and 2015 property tax bills will be 6 percent (the tax interest rate plus 2 percent). The interest is figured as follows:

6% ÷ 366 days = .01639344% per day for 2012 and 2016
6% ÷ 365 days = .01643836% per day for 2013, 2014 and 2015

The following example will demonstrate how to calculate the state's portion of an omitted tax bill issued June 1, 2016. The interest will be calculated through June 30, 2016 in accordance with the legislative change made by the 2002 General Assembly on omitted tax bill procedures. Assume the assessment was omitted beginning with the 2011 tax year and the assessed value each year is $10,000.

	Del. Date	State Tax Rate	Tax	Penalty	Interest*	Total
2011	2012	12.2	12.20	1.22	3.28	16.70
2012	2013	12.2	12.20	1.22	2.55	15.97
2013	2014	12.2	12.20	1.22	1.82	15.24
2014	2015	12.2	12.20	1.22	1.09	14.51
2015	2016	12.2	12.20	1.22	.36	13.78
	TOTAL TAX BILLS		**61.00 +**	**6.10 +**	**9.10 =**	**$76.20**

Interest figured from the time the bill became delinquent as prescribed in KRS 132.290(4) as follows:

Interest Starts Jan. 1	Days		Interest Factor		Interest Percentage		Original Tax Amount		Total Interest
2011 Bill									
2012	366	x	.01639344%	=	6%	x	12.20	=	.73
2013	365	x	.01643836%	=	6%	x	12.20	=	.73
2014	365	x	.01643836%	=	6%	x	12.20	=	.73
2015	365	x	.01643866%	=	6%	x	12.20	=	.73
2016	182	x	.01639344%	=	2.98%	x	12.20	=	.36
									$3.28
2012 Bill									
2013	365	x	.01643836%	=	6%	x	12.20	=	.73
2014	365	x	.01643836%	=	6%	x	12.20	=	.73
2015	365	x	.01643836%	=	6%	x	12.20	=	.73
2016	182	x	.01639344%	=	2.98%	x	12.20	=	.36
									$2.55
2013 Bill									
2014	365	x	.01643836%	=	6%	x	12.20	=	.73
2015	365	x	.01643836%	=	6%	x	12.20	=	.73
2016	182	x	.01639344%	=	2.98%	x	12.20	=	.36
									$1.82
2014 Bill									
2015	365	x	.01643836%	=	6%	x	12.20	=	.73
2016	182	x	.01639344%	=	2.98%	x	12.20	=	.36
									$1.09
2015 Bill									
2016	182	x	.01639344%	=	2.98%	x	12.20	=	.36

From the information contained on the Listing of Omitted Property, Revenue Form 62A379, the clerk prepares a separate Omitted Real Estate Tax Bill, Revenue Form 62A301-S, for each year that the property was omitted. The clerk places the omitted tax bill number, the date issued and signature in the spaces provided at the bottom of the Listing of Omitted Property. **The Sheriff's Official Receipt for Omitted Property Tax Bills on the reverse side of the listing form is then prepared. The three copies of the receipt are presented to the sheriff with three copies of each omitted tax bill. The fourth copy, "Clerk's Copy," of the omitted bill remains in the book as a permanent record. If the sheriff accepts the omitted bills as prepared, he must acknowledge acceptance by signing the receipt. The clerk must acknowledge the sheriff's signature and complete the certification at the bottom of the receipt.**

The clerk then returns one copy of the Listing of Omitted Property with the completed receipt on the reverse side to the property valuation administrator, retains one copy for the permanent file and mails one copy to the Office of Property Valuation at the end of each month attached to the County Clerk's Monthly Report of Omitted Assessments, Revenue Form 62A364.

Responsibilities of the Sheriff

Sheriffs must not accept any omitted tax bills which do not include penalty and interest computed according to law. The sheriff will be charged with all penalty and interest on his final settlement whether or not it was collected from the taxpayer.

The taxpayer has 30 days from the date of the bill to pay without additional penalty and interest. Any omitted tax bill not paid within this period is subject to additional interest based upon the tax amount, an additional 10 percent penalty on the tax, penalty and interest and an additional sheriff's fee of 10 percent based upon the tax and 10 percent penalties. A delinquent omitted tax bill must be transferred to the County Clerk's Office three months and fifteen days after the initial thirty day payment period.

The sheriff receives three copies of Omitted Real Estate Tax Bill, Revenue Form 62A301-S, from the county clerk. He immediately mails the third copy, "Taxpayer's Notice," to the taxpayer. The first copy, "Taxpayer's Receipt," is to be given to the taxpayer at the time the bill is paid. The second copy, "Sheriff's Copy," is retained as the permanent record of the sheriff. All collections of omitted real estate taxes must be reported monthly in the spaces provided on Sheriff's Monthly Report of Property Tax Collections, Revenue Form 62A394.

Office of Property Valuation
Department of Revenue