

What's New

FAMILY SIZE TAX CREDIT—This credit provides benefits to individuals and families at incomes up to 133 percent of the threshold amount based on the federal poverty level. The 2016 threshold amount is \$11,880 for a family size of one, \$16,020 for a family of two, \$20,160 for a family of three and \$24,300 for a family of four or more.

STANDARD DEDUCTION—For 2016, the standard deduction is \$2,460.

MILITARY SPOUSE—A check box for Military Spouse has been added at the top left of the 740-NP Nonresident or Part-Year Resident return. The Military Spouses Residency Relief Act prohibits a spouse's income from being considered income earned in a tax jurisdiction if the spouse is not a resident or domiciliary of such jurisdiction when the spouse is in that jurisdiction solely to be with a servicemember serving under military orders. Those military spouses who fall under this law should file Form 740-NP to request a refund of the Kentucky income tax withheld from his or her pay. The income would not be reported as taxable on the Kentucky income tax return. To assist the department in identifying those returns, please check the Military Spouse box at the top left of the return.

SIGNING YOUR RETURN—In addition to signing the tax return, the Department of Revenue is requesting that taxpayers also include a driver's license or state issued identification number. This additional information will assist the Department of Revenue's efforts to protect the taxpayer and their identity. Kentucky has implemented many internal measures along with partnering with outside sources to prevent tax fraud and identity theft. Safeguarding tax information is very important to the Department of Revenue.

INDIVIDUAL INCOME TAX REFUND CONTRIBUTIONS—An individual income taxpayer required to file a return under KRS 141.180 who is entitled to an income tax refund may designate an amount, not to exceed the amount of the refund, to be paid to a selected fund. Effective for taxable years beginning on or after Jan. 1, 2016, new options have been added to the Kentucky Individual Income Tax Return which allow a designation of all or portion of an individual's refund to be contributed to the taxpayer's fund(s) of choice. The new options are as follows:

SPECIAL OLYMPICS KENTUCKY—KRS 141.443 allows an individual's refund to be contributed to Special Olympics Kentucky. Designated funds support health, education and athletic programs serving children and adults with intellectual disabilities in the Special Olympics Kentucky program.

PEDIATRIC CANCER RESEARCH TRUST FUND—KRS 141.445 allows an individual's refund to be contributed to the Pediatric Cancer Research Trust Fund. Designated funds support pediatric cancer research and treatment for Kentucky patients.

RAPE CRISIS CENTER TRUST FUND—KRS 141.447 allows an individual's refund to be contributed to the Rape Crisis Center Trust Fund. Designated funds support centers which serve victims of rape and their families by providing counseling and other support.

KENTUCKY ENERGY EFFICIENCY PRODUCTS TAX CREDIT (FORM 5695-K)—This nonrefundable credit was established by HB 2 in the 2008 General Assembly for tax periods beginning after Dec. 31, 2008, and before Jan. 1, 2016. The nonrefundable credit may be applied against tax imposed under KRS 141.020 or 141.040 and KRS 141.0401. Any unused credit may be carried forward one year. Thus, for tax year 2016 this credit has expired and the only allowable Kentucky Energy Efficiency Products Tax Credit will be any unused credit carryforward from 2015 income tax returns.

PREPAID DEBIT CARD AVAILABLE AS REFUND OPTION—Taxpayers may choose to receive their refund on a prepaid debit card issued by Bank of America by checking the appropriate box under Refund Options. Taxpayers also have the option of receiving the debit card disclosure material in Spanish.

FORM EPAY—This new form was created in order to authorize the Kentucky Department of Revenue and its designated Financial Agent to initiate an ACH electronic funds withdrawal to the financial institution account indicated by the taxpayer for payment of taxes and estimated tax other than at the time of filing the individual income tax return. If the request is being made at the time of filing the individual income tax return, Form 8879-K, Kentucky Individual Income Tax Declaration For Electronic Filing should be completed.

ANGEL INVESTOR TAX CREDIT—Effective for taxable years beginning on or after January 1, 2015, KRS 141.396 makes available a nonrefundable personal income tax credit under the Kentucky angel investment credit program to individuals who invest a minimum of \$10,000 in certain Kentucky small businesses with high-growth potential that are engaged in knowledge-based activities, such as bioscience, environmental and energy technology, health and human development, information technology and communications, and materials science and advanced manufacturing, that will further the establishment or expansion of small businesses, create additional jobs, and foster the development of new products and technologies.