



TAX ALERT

Inside this issue

- Improving Communications ... 1
- Benefits of E-Filing Your Business Return 2
- Tangible Personal Property Tax Filing Reminder 2
- DOR Electronic Payment Options 3
- Driver's License & ID Optional on KY Form 740 4
- Obtaining & Managing Your Business Tax Accounts 4
- Fraud & Identity Theft Protection 4
- Electronic Filing Requirements 4
- Kentucky Optional Use Tax Table 5
- April & May Tax Calendars 6

Matthew G. Bevin, Governor

William M. Landrum III, Secretary
Finance and Administration Cabinet

Daniel P. Bork, Commissioner
Department of Revenue

Pamela Trautner, Editor

Stacy Bush
Publications Coordinator

Kentucky Tax Alert comments and suggestions should be addressed to:

Office of the Commissioner
Department of Revenue
Finance and Administration Cabinet
Frankfort, Kentucky 40601
(502) 564-2548

The Kentucky Department of Revenue does not discriminate on the basis of race, color, national origin, sex, age, religion, disability, sexual orientation, gender identity, veteran status, genetic information or ancestry in employment or the provision of services.

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

IMPROVING COMMUNICATION

GLENN WALDROP
DOR PUBLIC INFORMATION OFFICER

Improve communications: a statement used by every company when asked what improvements need to be addressed. Since being named the Kentucky Department of Revenue’s public information officer, I have heard the same comments. *“KY DOR needs to improve communications with taxpayers and tax professionals.”* So how do we make these improvements?

Recognizing that communication is like golf or raising a child, something that can never be perfected and needs constant attention, we know this is a continuous process. The Commissioner and DOR staff have deemed this a major priority. We also recognize that communication is a two-way street: it requires the ability to share information and LISTEN.

To make these communication upgrades, we need YOUR help. We want to hear from you, the taxpayer and tax professional. What information do you want and need from DOR? How do you prefer to receive the information? Are there tools we are not using that would be beneficial?

We will be sending out a survey in the near future. The survey will look at when and where you get your DOR information, what you like and, just as importantly, do not like about our Tax Alert, website, social media and other forms of communication. Our goal is to make it easier to do business with the Kentucky Department of Revenue.

We hope you will help us by taking the survey and talking to us. We are here to listen.

Thank you in advance for your assistance and for your willingness to help us improve communications.





Benefits of E-Filing Your Business Return

Reduced Processing Time An e-filed return can be automatically received and processed with little to no human interaction at the DOR. By contrast, a paper return must be physically received, scanned, optically character-recognized, and even human-keyed in some cases, which causes significant processing delays. Long processing times delay refunds.



Increased Accuracy Increased accuracy is gained because the DOR receives exactly what the taxpayer intends to submit when it receives an e-filed return. Paper returns can be optically scanned to recognize characters. However, even the best optical scanners have difficulty recognizing some inputs, and these must be resolved by human intervention. This introduces the possibility of errors. Furthermore, lost or forgotten tax return pages are not an issue with electronically filed returns.

Improved Taxpayer Service With accurate and timely information in the DOR's systems, taxpayer inquiries are handled much faster. This reduces telephone wait times and greatly increases the ability to resolve matters with only one contact.

Reduced Cost Not only does the DOR reduce costs to taxpayers by electronically processing returns, but businesses can reduce paper production and storage costs. Also, transmitting a file to another party, like a bank, is much easier than photocopying a voluminous business return.

Proof of Filing All electronically filed returns are accompanied by proof of acceptance from the taxing authority. There is no need to send documents through tracked mail or common carrier, because the DOR provides confirmation that it has actually received the return.

Tangible Personal Property Tax Filing Requirement Reminder

In accordance with KRS 132.220 (b) 2:

It shall be the duty of all persons owning any tangible personal property taxable in this state to list or have listed the property with the property valuation administrator of the county of taxable situs or with the department between January 1 and May 15 in each year, except as otherwise prescribed by law.

Form 62A500-P Packet and 62A500-P Fill-in (Excel version) can be located via the department's website at www.revenue.ky.gov by selecting **Forms Search** and then searching the applicable form number. Links to current forms are also available through the same website by selecting **Property and Business Personal Property** from the drop down menu.

**Due Date is Monday,
May 15, 2017**

May 2017						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			



For answers to frequently asked questions concerning the assessment of tangible personal property, please [click here](#). You can also contact the Department of Revenue, Office of Property Valuation, Division of State Valuation at (502) 564-2557 for assistance.



DOR Electronic Payment Options

Many businesses and individuals enjoy the convenience and security of making payments electronically, and the Kentucky Department of Revenue offers a range of options for taxpayers. There are four different ways to pay various taxes due via credit card (2.75% service charge), debit card (\$1 service charge), ACH debit (no service charge), and ACH credit (no service charge) as noted below.

Form 10A070 Authorization Agreement

Taxpayers wanting to remit payments directly to the Department of Revenue via ACH credit must file Form 10A070 and utilize the NACHA CCD+ format using the TXP convention. This payment type is available for the following tax types:

- Employer Payroll Withholding Tax Payments
- Sales and Use Tax Payments
- Utilities Gross Receipts License (UGRL) Payments
- Telecommunications Tax Payments
- Bank Franchise Tax Payments
- Corporate Income Estimate Payments
- Corporate Income Extension Payments
- Limited Liability Entity Tax (LLET) Estimate Payments
- Limited Liability Entity Tax (LLET) Extension Payments
- Gasoline Tax Payments
- Special Fuels Tax Payments
- Liquefied Petroleum Gas Tax Payments
- Petroleum Storage Environmental Fee Payments
- Commercial Mobile Radio Service (CMRS) 911 Prepaid Service Charge Payments

Tax Payment Solution (TPS)

<https://secure.kentucky.gov/dor/payment/web/login.aspx> This online system is designed for processing multiple tax payments and accepts credit cards, debit cards, and ACH debits. The taxpayer must establish an account through the system that will require a user name and password. TPS accepts payment for the following tax types:

- Employer Payroll Withholding Tax Payments
- Sales and Use Tax Payments

- Utilities Gross Receipts License (UGRL) Payments
- Telecommunications Tax Payments
- Bank Franchise Tax Payments
- Corporate Income Estimate Payments
- Corporate Income Extension Payments
- Limited Liability Entity Tax (LLET) Estimate Payments
- Limited Liability Entity Tax (LLET) Extension Payments

Enterprise Electronic Payment System (EEPS)

<https://epayment.ky.gov/EPAY> This online system is designed for processing single tax payments and accepts credit cards, debit cards, and ACH debits. No account, password, or login is required. However, taxpayers will be asked for a bill notice number, case number, or tax account number (primary social security number for individual returns). EEPS accepts payment for the following tax types:

- Any Tax Due Notice (bill)
- Payment on a Collection Case
- Current Year Individual Income Tax Payments
- Individual Income Tax – Estimated Payments (only ACH debit)

Internet Payment Agreement

<https://ia.ky.gov/IPA/prIPADisclaimer.jsp>

Taxpayers with cases handled by the Division of Collections can establish an Internet Payment Agreement online. This site allows taxpayers to accept a payment agreement and arrange automatic ACH debits to pay an outstanding tax debt.

Please note that the four systems described above process electronic payments but do not electronically file the associated tax return. For more information about systems that allow both electronic filing AND payment of the tax types listed below, please refer to <http://revenue.ky.gov/Collections/Pages/E-file-Payment-Options.aspx>.

- Employer Payroll Withholding Tax Payments
- Nonresident Withholding Income Tax Payments
- Sales and Use Tax Payments
- Utility Gross Receipts License (UGRL) Payments
- Telecommunications Tax Payments
- Waste Tire Trust Fund Tax Payments
- Transient Room Tax Payments
- Commercial Mobile Radio Service (CMRS) (911) Prepaid Service Charge



Driver's License & ID Numbers Optional on KY Form 740



The Kentucky Department of Revenue has added a field to individual income tax return forms 740, 740EZ and 740NP that allows taxpayers to provide their driver's license or state issued ID number if they choose. While providing a driver's license or state issued ID number is **optional**, doing so may expedite return processing. The Department of Revenue uses the driver's license or state issued ID number to screen returns for tax fraud and identity theft problems. Returns that do not include a driver's license or state issued ID number will not be scrutinized more than returns that do include a driver's license or state issued ID number.

Obtaining and Managing Your Business Tax Accounts

The Department of Revenue issues various business tax accounts, including but not limited to Employers Withholding Tax, Sales and Use Tax and Corporation and/or Limited Liability Entity Tax accounts. The Kentucky Business One Stop Portal (One Stop), which can be easily accessed online at <http://onestop.ky.gov>, was designed to assist the taxpayers and their preparers by having a centralized location to register their business for tax accounts, electronically file their returns and payments as well as manage their business information, including immediate access to their business tax account numbers. The Kentucky Department of Revenue encourages all taxpayers and their tax preparers to utilize One Stop when applying for and managing their business tax accounts. By utilizing One Stop the taxpayer has immediate access to their business information.

For assistance accessing and navigating the Kentucky Business One Stop Portal please download the One Stop user guide, available at [https://onestop.portal.ky.gov/OneStopPortal/Portal%20Documents/KYOS Public User Guide OverView.pdf](https://onestop.portal.ky.gov/OneStopPortal/Portal%20Documents/KYOS%20Public%20User%20Guide%20Overview.pdf).

Fraud & Identity Theft Protection

The Department of Revenue takes active steps to protect taxpayers, and taxpayer dollars, from fraud and identity theft. This can increase the time it takes to review and process income tax returns and requests for refunds. The department strives to process individual income tax refund requests efficiently and is committed to processing individual requests for income tax refunds within 2-3 weeks of receiving an electronically filed return and within 8-12 weeks of receipt of a paper return.

Electronic Filing Requirements

Kentucky tax return preparers that are required to file US federal tax returns electronically must also do so in Kentucky. KRS 131.250 (2)(d), 26 USC §6011(e)(3). In 2017, the Department of Revenue will actively assess a return processing fee of \$10 per paper return filed by tax preparers that fail to file electronically. KRS 131.990(7).



Follow us on twitter @RevenueKY





Kentucky Optional Use Tax Table

Like all states that impose a sales tax, Kentucky has a complementary use tax that ensures uniform tax treatment of consumers' in-state and out-of-state purchases, protects Kentucky retailers from unfair competition from out-of-state sellers, and preserves the tax base for support of critical public services. Consumers who make purchases of tangible personal property or digital property from out-of-state retailers for use in Kentucky must pay the 6% use tax just as when they purchase items from a seller in Kentucky and pay the 6% sales tax. The use tax applies to the total purchase price of taxable products including shipping and handling charges.

The convenience of purchasing goods online increases the need for an understanding of Kentucky use tax liability. There are some out-of-state retailers registered and collecting Kentucky use tax for their customers. However, if the out-of-state retailer does not collect the tax at the point of sale, the purchaser is responsible for payment of the use tax on taxable items delivered into the Commonwealth per KRS 139.310 and 139.330. Some common items purchased online, by phone and by mail order that may be subject to Kentucky use tax include clothing, shoes, jewelry, cleaning supplies, furniture, computer equipment, downloaded pre-written computer software, office supplies, music and books (tangible and electronic), souvenirs, exercise equipment and magazine subscriptions.

During the individual income tax filing season, tax professionals should account for this use tax liability for themselves and their clients. As a reporting convenience, instructions for the 2016 Kentucky individual income tax return again include an Optional Use Tax Table (see top right), which allows individuals to estimate use tax owed on personal, nonbusiness purchases of individual items costing less than \$1,000. Retail businesses may not use the table and must continue to report their nontaxed retail purchases on line 23 of the sales and use tax return for the proper calculation and remittance of the applicable use tax.

The Optional Use Tax Table is a simple alternative to provide the public a convenient method to report individual use tax obligations with a pre-calculated amount of use tax owed on qualifying purchases where detailed receipts are not readily available. If you purchased taxable products costing less than \$1,000 per item from out-of-state sellers and do not have records available to calculate the exact tax due, you may use the Optional Use Tax Table



to estimate the tax due based upon your Kentucky Adjusted Gross Income (KYAGI). Any taxable items of \$1,000 or more must be accounted for on an actual basis and added to the calculated taxable amount. Compute the use tax accordingly and add in the amount due on the applicable line of your income tax return (line 27 on Forms 740 or 740-NP, line 9 on Form 740-EZ).

For further details on Kentucky use tax, please visit us at <http://revenue.ky.gov/Business/Sales-Use-Tax/Pages/default.aspx>. Questions regarding the Kentucky use tax should be directed to the Division of Sales and Use Tax at (502) 564-5170.

Optional Use Tax Table	
KY AGI* Tax	
\$0 - \$10,000.....	\$4
\$10,001 - \$20,000.....	\$12
\$20,001 - \$30,000.....	\$20
\$30,001 - \$40,000.....	\$28
\$40,001 - \$50,000.....	\$36
\$50,001 - \$75,000.....	\$50
\$75,001 - \$100,000.....	\$70
Above \$100,000.....	Multiply AGI by 0.08% (0.0008)

*AGI from line 9 on KY Form 740 or KY Form 740-NP or line 1 on KY Form 740-EZ.



A P R I L

- 1 Domestic Life Insurance Returns
- 1 Minerals and Gas Severance Tax Returns (February Payment)
- 10 Legal Process Return (March payment)
- 10 Affordable Housing Return
- 10 Twice-Monthly Income Tax Withholding Returns (March 16 - March 31 Payment/EFT Payment)
- 18 Estimated Corporation Income Tax/Limited Liability Entity Tax/One Half Est. (FY ending 10/31)
- 18 Estimated Corporation Income Tax/Limited Liability Entity Tax/One Fourth Est. (FY ending 4/30)
- 18 Estimated Corporation Income Tax/Limited Liability Entity Tax/One Fourth Est. (FY ending 7/31)
- 18 Corporation Income Tax/LLET and Pass-through Entity Return and Payment Due (FY ending 12/31)
- 18 Monthly Income Tax Withholding Returns (March Payment)
- 18 Estimated Tax/Individuals/One Fourth Est.
- 18 Annual Individual Income Tax Returns
- 20 Alcohol Returns (March payment)
- 20 Cigarette Wholesaler Return (March payment)
- 20 Tobacco Products, Snuff, and Chewing Tobacco Return (March payment)
- 20 Motor Vehicle Tire Fee Return (March payment)
- 20 Transient Room Return (March payment)
- 20 Utility Gross Receipts License Tax Return (March payment)
- 20 Insurance Premium Surcharge Return (March payment)
- 20 Monthly Sales and Use Tax Returns (March Payment)
- 20 Telecommunications Return (March payment)
- 20 Commercial Mobile Radio Service 911 Fee Return (March Payment)
- 20 Quarterly Sales and Use Tax Returns
- 20 Coal Severance Tax Returns (March Payment)
- 20 Oil Production Tax Returns (March Payment)
- 20 Health Care Provider Tax Returns (March Payment)
- 25 Twice-Monthly Income Tax Withholding Returns (April 1 - April 15 Payment/EFT Payment)
- 25 Monthly Motor Fuels Tax Returns (March Payment)
- 25 Monthly Sales and Use Tax Returns (Accelerated Payment)
- 30 Electric Plant Board Property Tax Returns (as of 1/1/07)
- 30 Public Service Company Property Tax Returns
- 30 Railroad Car Line Property Tax Returns

M A Y

- 1 Environmental Remediation Fee
- 1 Income Tax Withholding Returns/Electronic Funds Transfer (EFT) Filers/First Quarter Reconciliation
- 1 Quarterly Income Tax Withholding Returns
- 1 Minerals and Gas Severance Tax Returns (March Payment)
- 10 Twice-Monthly Income Tax Withholding Returns (April 16 - April 30 Payment/EFT Payment)
- 10 Legal Process Return (April payment)
- 15 Tangible Personal Property Tax Return (Taxpayer will be billed later)
- 15 Communication Service Providers and Multichannel Video Programming Service Providers Returns
- 15 Commercial Watercraft Returns
- 15 Estimated Corporation Income Tax/Limited Liability Entity Tax/One Half Est. (FY ending 11/30)
- 15 Estimated Corporation Income Tax/Limited Liability Entity Tax/One Fourth Est. (FY ending 5/31)
- 15 Estimated Corporation Income Tax/Limited Liability Entity Tax/One Fourth Est. (FY ending 8/31)
- 15 Corporation Income Tax/LLET and Pass-through Entity Return and Payment Due (FY ending 1/31)
- 15 Monthly Income Tax Withholding Returns (April Payment)
- 22 Alcohol Returns (April payment)
- 22 Cigarette Wholesaler Return (April payment)
- 22 Tobacco Products, Snuff, and Chewing Tobacco Return (April payment)
- 22 Motor Vehicle Tire Fee Return (April payment)
- 22 Transient Room Return (April payment)
- 22 Utility Gross Receipts License Tax Return (April payment)
- 22 Insurance Premium Surcharge Return (April payment)
- 22 Monthly Sales and Use Tax Returns (April Payment)
- 22 Telecommunications Return (April payment)
- 22 Commercial Mobile Radio Service 911 Fee Return (April Payment)
- 22 Coal Severance Tax Returns (April Payment)
- 22 Oil Production Tax Returns (April Payment)
- 22 Health Care Provider Tax Returns (April Payment)
- 25 Twice-Monthly Income Tax Withholding Returns (May 1 - May 15 Payment/EFT Payment)
- 25 Monthly Motor Fuels Tax Returns (April Payment)
- 25 Monthly Sales and Use Tax Returns (Accelerated Payment)

NOTE: If a return due date falls on a scheduled holiday or weekend, returns will be due the next working day.