



REVENUE

The Kentucky Department of Revenue presented the following information at the Kentucky Society of CPAs annual tax liaison meeting on October 30, 2017. This meeting covered recent administrative changes at the Department of Revenue as well as a summary of legislation passed during the 2017 General Assembly that allows the Department of Revenue to issue additional written guidance to taxpayers and professionals.

The information in this presentation was prepared from information the Department of Revenue possessed and believed to be accurate and relevant on the date of the meeting. This information does not constitute a final ruling, order, or determination of the Department of Revenue and cannot be appealed.

# Practitioner Liaison

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Kevin Miller

Phone 844-751-5011

[Kevin.Miller@ky.gov](mailto:Kevin.Miller@ky.gov)

# New Administration

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- Department of Revenue

Deputy Commissioner C. Jane Becker

- Appointed Deputy Commissioner in September of 2017.
- Prior to this appointment, served as Executive Director of the department's Office of Income Taxation.



# New Administration

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- Office of Income Taxation  
Executive Director J. Todd Renner
- Appointed Executive Director in September of 2017.
- Prior to Appointment, served as Director of the Corporate Tax Division within the Office of Income Taxation



# What's New in the Commonwealth

- New Declaration of Representative Form
  - Form 20A100
  - Completed forms may be submitted via email at [POA@ky.gov](mailto:POA@ky.gov)
  - The IRS 2848 will still be accepted

**FORM 20A100** | **DECLARATION OF REPRESENTATIVE**

Commonwealth of Kentucky  
Department of Revenue

**1. TAXPAYER INFORMATION: Please type or print.** Enter only those that apply.

Taxpayer Name				Federal Taxpayer Identification Number	
Mailing Address - Number and Street				Apartment/Suite No.	
E-mail Address					
City	State	Zip Code	Daytime Phone		

**2. REPRESENTATIVE(S) INFORMATION** Enter applicable identification number.

Name				State and State Bar Number	
Mailing Address - Number and Street				Apartment/Suite No.	
State and CPA License Number					
City	State	Zip Code	Daytime Phone		
Name				State and State Bar Number	
Mailing Address - Number and Street				Apartment/Suite No.	
State and CPA License Number					
City	State	Zip Code	Daytime Phone		
Name				State and State Bar Number	
Mailing Address - Number and Street				Apartment/Suite No.	
State and CPA License Number					
City	State	Zip Code	Daytime Phone		
Name				State and State Bar Number	
Mailing Address - Number and Street				Apartment/Suite No.	
State and CPA License Number					
City	State	Zip Code	Daytime Phone		

**3. TAX MATTERS:** The taxpayer appoints the above representative(s) for purposes of duly authorized representation in any proceeding with the Kentucky Department of Revenue with respect to the tax matters indicated below. If no tax form number or tax year is provided this form will be valid for all tax types and authorized acts selected until revoked.

TAX TYPE	ACCOUNT NUMBER	TAX FORM NUMBER (740, 720, 51A205, etc.)	TAX YEAR(S) OR PERIOD(S)
<input type="checkbox"/> Corporation Income/Limited Liability Entity Tax			
<input type="checkbox"/> Individual Income Tax			
<input type="checkbox"/> Sales and Use Tax			
<input type="checkbox"/> Property Tax			
<input type="checkbox"/> Other (Please Specify)			

**4. AUTHORIZED ACTS:** The representative listed above is authorized to receive, inspect, and discuss the taxpayer's confidential tax information. The taxpayer also authorizes the following acts:

- Representative has the authority to sign a statute of limitations waiver on Taxpayer's behalf.
- Representative has the authority to execute a protest on Taxpayer's behalf.
- Representative has the authority to represent Taxpayer in any administrative tax proceeding, including conferences.
- Representative has the authority to receive notices and communications (unless system generated) from the Department of Revenue.
- Representative has the authority to represent Taxpayer in any collection matter, including an Offer-in-Settlement.
- Representative may obtain Taxpayer's CBI number and execute changes to Taxpayer's account.
- Other acts. (Please specify) \_\_\_\_\_

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# Natural Disaster Relief

- Per **KRS 131.081(11)**, the department honors disaster relief related federal extensions for the filing of income tax returns including payment of tax due.
- This extension to file and pay taxes does not apply to sales and other type of taxes.
- Late filing and payment penalties can be waived for those affected, but Kentucky's tax laws have no provision for the waiver of interest.
- Please label the top margin of the tax forms filed under this relief provision in large red letters to designate disaster relief election.
- Call 502-564-4581 (Individual Income Tax) or 502-564-8139 (Corporation Income Tax and Pass-Through Entities) with any further questions.



# Guidance Project

(HB 245 Implementation - 2017 Session)

Amendment to KRS 131.130(8)

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**Jessica Smith Honican, CPA**  
**Office of Tax Policy & Regulation**

# Types of Guidance

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- **Revenue Procedures (“RP”)**
  - Provide procedural guidance to assist in the administration of laws and regulations by providing direction that may be followed in order to comply with the law.
- **Technical Advice Memorandums (“TAM”)**
  - Guidance which applies principles of law to a set of facts or general category of taxpayer.
  - Format: Issue/Question; Facts and Discussion; Law; and Answer/Conclusion.
- **Private Letter Rulings (“PLR”)**
  - Issued to taxpayers at the taxpayer’s request and are based upon specific factual situations provided by the taxpayer.
- **General Information Letters (“GIL”)**
  - Anonymous PLR requests that are nonbinding upon the department.
- **Future Training Material**
- **Links to: KRS, KAR, Chapter 26 of the U.S. Code**



# KY Revenue Procedure 17-01

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**(KY-RP-17-01)**

- Background information on RPs, TAMs, PLRs, and GILs
- Distinguishes regulations from guidance
- Defines and provides reasons for issuance or denial of guidance requests
- Outlines the process & content requirements for guidance requests
- Provides the procedure for the issuance of guidance

# Suggestions on Guidance Topics

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- Email: [DORtaxpolicy@ky.gov](mailto:DORtaxpolicy@ky.gov)
- Office of Tax Policy & Regulation staff:
  - Gary Morris 502-564-0424
  - Melissa Y. Russell, CPA 502-564-9413
  - Jessica S. Honican, CPA 502-564-7268
  - Lisa Swiger 502-564-9526

# Office of Income Taxation

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**J. Todd Renner, CPA**

**Executive Director**

# Office of Income Taxation

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- Compliance Coordination with the Office of Field Operations
- “Desk” Reviews and Single Tax Focus
- Preparer e-File Penalty
- Combating Fraud
- Individual Return Processing Begins on **Monday, February 26, 2018**

# Communications Upgrades

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- General Correspondence
- System-Generated Correspondence
- Tax Bills, Assessments, and Notices
- Tax Season Communications
- Compliance Initiatives

# Office of Field Operations Update

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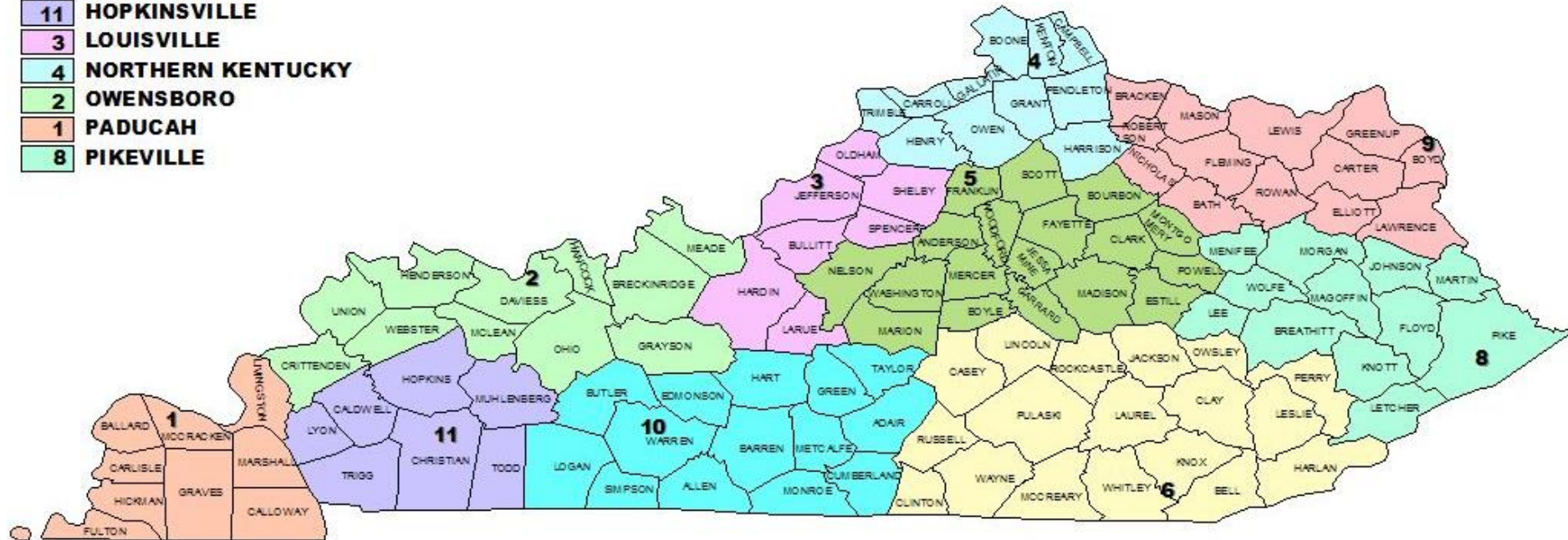
**Brent R. King, CPA**

**Executive Director**

# Taxpayer Service Centers

District

- 9 ASHLAND
- 10 BOWLING GREEN
- 6 CORBIN
- 5 FRANKFORT
- 11 HOPKINSVILLE
- 3 LOUISVILLE
- 4 NORTHERN KENTUCKY
- 2 OWENSBORO
- 1 PADUCAH
- 8 PIKEVILLE



# 2017 Changes

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- Standardized Audit Processes
  - More Pre-Audit Work
  - Power of Attorney Form Required
  - Emphasis on accurate assessments
- Formed Corporate Income Audit Section
- Formed Individual Income Audit Section



# What You Will See in 2018

- Individual Income Tax Audits
  - Mileage Logs are an issue (IRS Publication 463 sample)

Table 5-2. Daily Business Mileage and Expense Log

Name:

Date	Destination (City, Town, or Area)	Business Purpose	Odometer Readings			Expenses	
			Start	Stop	Miles this trip	Type (Gas, oil, tolls, etc.)	Amount
<b>Weekly Total</b>							
<b>Total Year-to-Date</b>							

- Taxpayers claiming excessive deductions
- Activities Not Engaged in For Profit

# What You Will See in 2018

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- Sales Tax Audits
  - Nontraditional audits
  - Increased Compliance Reviews

# What You Will See in 2018

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- Property Tax Audits
  - Increased coverage
  - Will request property tax returns in each individual audit if no returns are on file
  - Estimate of bill will be provided at Exit Conference

# Kentucky Department of Revenue

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## October 30, 2017 Speaker Contact Information

- Kevin T. Miller, 844-751-5011 [Kevin.Miller@ky.gov](mailto:Kevin.Miller@ky.gov)
- Jessica S. Honican 502-564-7268 [JessicaS.Honican@ky.gov](mailto:JessicaS.Honican@ky.gov)
- J. Todd Renner 502-564-5495 [Todd.Renner@ky.gov](mailto:Todd.Renner@ky.gov)
- Brent R. King 502-564-9499 [Brent.King@ky.gov](mailto:Brent.King@ky.gov)