Estimated Tax Payment Deadlines

Individual income taxpayers are reminded that final 2008 quarterly estimated tax payments are due on Jan. 15, 2009. Final 2008 estimated corporation income tax and limited liability entity tax (LLET) payments of 25 percent are due on Dec. 15, 2008. Taxpayers who have not yet made their April 15, June 15 or Sept. 15, 2008 estimated payments should submit those payments on or before Jan. 15, 2009 to minimize underestimation penalties.

Employers Encouraged to Release Forms W-2/K-2 Early

In an effort to speed the issuance of individual income tax refunds, employers are encouraged to release Employee’s Wage and Tax Statements, Forms W-2/K-2, at the earliest possible date. This allows taxpayers to file their income tax returns earlier, thereby avoiding backlogs and delay of refunds. Fewer returns are filed at the beginning of the tax season than near the April 15 deadline. By increasing the number of tax returns filed early, refunds can be processed more efficiently.

W-2 Processing

Web filing is the preferred method to report Employees Wage and Tax Statements. The EFW2 specifications are updated and posted annually to the department’s Web site at [http://revenue.ky.gov/business/whtax.htm](http://revenue.ky.gov/business/whtax.htm) no later than October 31 each year. Electronic filing is required for reporting of 100 or more Wage and Tax Statements. Those reporting fewer than 100 Wage and Tax Statements are encouraged to file in an electronic format (Web filing, CD, or diskette).

A Transmitter Report, Form 42A806, is required to be included with CD, diskette and paper submissions of Wage and Tax Statements. Do not mail the Wage and Tax Statements with the year-end return, Form K-3. Mail CD, diskette and paper submissions to: Kentucky Department of Revenue, W-2 Processing, Station 57, 501 High Street, Frankfort, KY 40620.

Form 1099 is only required to be submitted when Kentucky tax is withheld or the liquidation or the dissolution of a corporation takes place. When 1099s are required, paper copies should be mailed to the same address as the Wage and Tax Statements with Form 42A806. Currently the department only accepts paper copies of Form 1099.

The filing deadline for Wage and Tax Statements is February 2, 2009.

Department of Revenue Sets 2009 Tax Interest Rate

Pursuant to KRS 131.183 et seq., the Commissioner of the Department of Revenue has set the following tax interest rates: for taxes underpaid the interest rate shall be 7 percent; for taxes overpaid the interest rate shall be 3 percent when interest is required to be paid. (Continued on page 2.)
(Continued from page 1.) The rates, effective Jan. 1, 2009, are based on the prime rate charged by Kentucky banks during October 2008. A recent survey of Kentucky banks showed the average prime interest rate in October was 4.6 percent. Pursuant to KRS 131.183(1)(c), the average prime rate is rounded to the nearest full percent, which is 5 percent.

Effective May 1, 2008, all taxes payable to the commonwealth that have not been paid at the time prescribed by statute shall accrue interest at the base rate plus 2 percent; when interest is paid on a refund, it shall be paid at the base rate minus 2 percent.

The Commissioner of the Department of Revenue is required by law to set the tax interest rate by Nov. 15 for the following calendar year.

DOR Offices Closed for Holidays

Pursuant to KRS 18A.190, all DOR offices will be closed Thursday and Friday, Dec. 25 and 26 in observance of Christmas; and Thursday and Friday, Jan. 1 and Jan. 2, 2009 in observance of New Year’s Day. Normal hours will resume on Monday, Jan. 5, 2009.

Homestead Exemption Allowance for 2009 and 2010

KRS 132.810 (2)(e) provides that the homestead exemption shall be adjusted for inflation every two years. In accordance with this statutory requirement, the Office of Property Valuation has determined that the homestead exemption amount for the 2009 and 2010 tax years shall be $33,700.

Energy Direct Pay Annual Returns

The Kentucky Department of Revenue will be adding the Kentucky Sales and Use Tax Energy Exemption Annual Return (Form 51A129) and the Utility Gross Receipts License Tax (UGRLT) Energy Exemption Annual Return (Form 73A902) to the list of online forms available at the Department of Revenue Web site http://revenue.ky.gov/forms/cursalefrm.htm.

Effective Dec. 1, 2008 these forms will no longer be mailed to the authorized taxpayers, but can be downloaded instead. The forms still must be completed within the four months following the end of each fiscal or calendar year. A letter instructing the exemption holder of these changes has been sent to each affected taxpayer.