The Kentucky Department of Revenue presented the following information at University of Kentucky Income Tax Seminars across the Commonwealth at the end of 2018. These seminars covered recent administrative changes at the Department of Revenue as well as practical income tax preparation and compliance information.

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.
Agenda

• House Bill 487
• IRC and TCJA Conformity
• Individual Income Tax
• Withholding Tax
• Corporate Income Tax
• Tax Credits
• Property Tax
• Sales and Excise Taxes – TaxAnswers.ky.gov
• Miscellaneous
House Bill 487

Became Law on April 27, 2018

• Most substantial Kentucky tax law changes since 2006
• Sales and Excise taxes changes not covered here

• Effective Dates:
  • January 1, 2018
    • Flat 5% income tax rate for individuals and corporations
    • Elimination of many individual income tax deductions
    • IRC conformity for income tax updated to December 31, 2017 including the TCJA (Pub. L. 115-97)
    • Single sales factor
    • Market-based sourcing
  • January 1, 2019
    • Unitary combined reporting and elective consolidated group filing
IRC and TCJA Conformity

- IRC conformity date now December 31, 2017
- Tax Cuts and Jobs Act (TCJA) provisions adopted with IRC conformity

Kentucky Adopted from TCJA:
- Net Operating Loss changes (IRC §172)
- Net Interest Expense limitation (IRC §163(j))
- Domestic Production Activity Deduction repeal (IRC §199)
- Foreign Derived Intangible Income-FDII (IRC §250)
- Moving Expense Deduction repeal (IRC §132)
- Moving Expense Reimbursement Exclusion repeal (IRC §217)
- Alimony Payment Deduction repeal (IRC §215)
- Alimony Received Inclusion repeal (IRC §61)

Kentucky Decoupled from TCJA:
- Full Depreciation Expensing (IRC §168(k))
- Pass-Through Entity Qualified Business Income (QBI) deduction (IRC §199A)
Individual Income Tax

Effective January 1, 2018

- Flat tax rate of 5% for all individuals
- Pension exclusion decreased to $31,110 from $41,110
- $10 personal tax credit for taxpayers and dependents eliminated
- Retained personal tax credits for ages 65+, blind, and National Guard

Adjustments Eliminated:
- Deduction for health insurance premiums
- Deduction for long-term care insurance premiums
- Master Tobacco Settlement Payments
- Deduction for homeless shelter leasehold interest donation

- STABLE investment income now tax exempt
Individual Income Tax

• Dollar limit cap on itemized deductions (Pease Limitation) eliminated

• Itemized Deductions Maintained:
  • Home mortgage interest, points, and qualified MIP
  • Charitable contributions
  • Several miscellaneous deductions:
    • Amortizable premium on taxable bonds (IRC §171)
    • Federal estate tax on Income in Respect of a Descendent (IRC § 691)
    • Repayments >$3,000 under a claim of right (IRC §1341)
    • Unrecovered investment in an annuity (IRC §72)
    • Other activities loss from Schedule K-1 (Form 1065-B), box 2
Individual Income Tax

• Itemized Deductions Eliminated:
  • Investment interest (IRC §163)
  • Taxes (IRC §164)
  • Casualty/theft and gambling losses (IRC §165)
  • Medical and dental expenses (IRC §213)
  • Moving expenses (IRC §217)
  • 2% AGI miscellaneous deductions (IRC §67)
Individual Income Tax

• Form Changes
  • Eliminated Form 740-EZ
  • Eliminated Schedule ME
  • 740 and 740-NP were shortened and rearranged
  • Simplified Schedules A (itemized) and M (federal modifications)
  • **New** Schedule ITC for individual tax credits
    • Nonrefundable business incentive credits
    • Personal tax credits (65 or over, blind, National Guard)
    • Qualifying dependent children and claiming family size tax credit
Form 740

**Kentucky Individual Income Tax Return**

**2018**

### Form 740 (2018)

#### Page 2 of 2

**RETURN/TAX PAYMENT SUMMARY**

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>Enter amount from line 1, item 1. This is your Total Liability.</td>
<td>00</td>
</tr>
<tr>
<td>21</td>
<td>Per amended return encumbrance, if any, shown on amended return</td>
<td>00</td>
</tr>
<tr>
<td>22</td>
<td>a) Enter Kentucky income tax withheld if shown on Schedule K-1</td>
<td>00</td>
</tr>
<tr>
<td></td>
<td>b) Enter Kentucky extended tax payments</td>
<td>00</td>
</tr>
<tr>
<td></td>
<td>c) Enter Kentucky estimated tax payments</td>
<td>00</td>
</tr>
<tr>
<td></td>
<td>d) Enter Kentucky estimated tax payments (cont.)</td>
<td>00</td>
</tr>
<tr>
<td></td>
<td>Additional payment does not affect original return plus additional payment made after it was filed</td>
<td>00</td>
</tr>
<tr>
<td>23</td>
<td>Add lines 20 through 22</td>
<td>00</td>
</tr>
<tr>
<td>24</td>
<td>If line 23 is larger than 00, subtract line 23 from line 21, enter ADDITIONAL TAX DUE</td>
<td>00</td>
</tr>
<tr>
<td>25</td>
<td>a) Estimated tax penalty</td>
<td>00</td>
</tr>
<tr>
<td></td>
<td>b) Estimated interest</td>
<td>00</td>
</tr>
<tr>
<td></td>
<td>c) Late payment penalty</td>
<td>00</td>
</tr>
<tr>
<td></td>
<td>d) Late payment interest</td>
<td>00</td>
</tr>
<tr>
<td>26</td>
<td>Add line 25 (total amount). Enter here</td>
<td>00</td>
</tr>
<tr>
<td>27</td>
<td>This line (lines 20 through 25) is an addition to or subtraction from line 30. Enter this amount</td>
<td>00</td>
</tr>
</tbody>
</table>

### Fund Contributions (see instructions)

#### Mass Fund

- Children’s Fund
- Foster Care Fund
- Special Olympic Kentucky
- Kentucky Educational Trust Fund
- Special Olympics Foundation
- Planned Giving Fund
- Education Trust Fund
- Special Olympics Foundation
- Special Olympics Foundation
- Kentucky Special Olympics

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### Schedule ITC – Kentucky Individual Tax Credit Schedule

#### SECTION A: BUSINESS INCENTIVES AND OTHER TAX CREDITS

<table>
<thead>
<tr>
<th>#</th>
<th>Name of Entity</th>
<th>Business Name</th>
<th>Ownership</th>
<th>Eligible Employee</th>
<th>Business Tax Credit</th>
<th>Other Tax Credit Creditable Amount</th>
<th>Other Tax Credit Creditable Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kentucky Limited Liability Entity</td>
<td>Kentucky Limited Liability Entity</td>
<td>Eligible Employee</td>
<td>20</td>
<td>30</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>2</td>
<td>Kentucky Small Business</td>
<td>Kentucky Small Business</td>
<td>Eligible Employee</td>
<td>20</td>
<td>30</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>3</td>
<td>Delaware Franchise Investment</td>
<td>Delaware Franchise Investment</td>
<td>Eligible Employee</td>
<td>20</td>
<td>30</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>4</td>
<td>Ohio Franchise Investment</td>
<td>Ohio Franchise Investment</td>
<td>Eligible Employee</td>
<td>20</td>
<td>30</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>5</td>
<td>Tax Paid to Another State</td>
<td>Tax Paid to Another State</td>
<td>Eligible Employee</td>
<td>20</td>
<td>30</td>
<td>10</td>
<td>30</td>
</tr>
</tbody>
</table>

#### SECTION B: PERSONAL TAX CREDITS

<table>
<thead>
<tr>
<th>#</th>
<th>Name of Credit</th>
<th>Description</th>
<th>Eligibility</th>
<th>Credit Amount</th>
<th>Credit Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kentucky Credit</td>
<td>Eligible Employee</td>
<td>20</td>
<td>30</td>
<td>10</td>
</tr>
</tbody>
</table>

#### WORSHEET FOR COMPUTATION OF MODIFIED GROSS INCOME FOR FAMILY SIZE TAX CREDIT

<table>
<thead>
<tr>
<th>Name of Credit</th>
<th>Description</th>
<th>Eligibility</th>
<th>Credit Amount</th>
<th>Credit Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kentucky Credit</td>
<td>Eligible Employee</td>
<td>20</td>
<td>30</td>
</tr>
</tbody>
</table>

Use this worksheet to compute Modified Gross Income. Modified Gross Income along with your family size will be used to determine your credit percentage on the Family Size Tax Credit below.
Form 740 - Schedule A – Kentucky Itemized Deductions

<table>
<thead>
<tr>
<th>Part</th>
<th>Description</th>
<th>Formula</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total Itemized Deductions</td>
<td>Line 12</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Percent of income (Form 340, line 9, Column A) to total income (Form 340, total of line 9, Columns A and B)</td>
<td>Line 12/ Line 12, Column A</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Percent of income (Form 340, line 9, Column B) to total income (Form 340, total of line 9, Columns A and B)</td>
<td>Line 12/ Line 12, Column B</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Percent on line 2 times total deductions entered on line 1 (enter here and on Form 740, line 10, Column A)</td>
<td></td>
<td>Line 12, Column A</td>
</tr>
<tr>
<td>5</td>
<td>Percent on line 3 times total deductions entered on line 1 (enter here and on Form 740, line 10, Column B)</td>
<td></td>
<td>Line 12, Column B</td>
</tr>
</tbody>
</table>
Individual Income Tax

Fraud Deterrence Measures

• Identity Quiz Reminder
  • Participants get two chances to pass
  • Even if the quiz is failed, a legible photo ID and a copy of wage statements can be used to confirm identity
    • For joint returns both spouses must provide information

• Statistics on Quiz Letters
  • Less than 3% of Kentucky filers have received identity quiz letters in calendar year 2018
Withholding Tax

• The electronic filing threshold for withholding statements (W-2, W-2G, and 1099 Series) has been lowered from 100 to 26 forms

• DOR will no longer provide blank Forms W-2

• New Form K-5
  • Replaces mailing individual withholding statements (W-2, W-2G, and 1099 series)
  • Beginning in early 2019, the Form K-5 can be completed online and electronically submitted at https://revenue.ky.gov
Form K-5 – Kentucky Employer’s Report of Withholding Tax Statements

<table>
<thead>
<tr>
<th>Part I: Kentucky Withholding Statement Code and Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Withholding Statement Code (see instructions)</td>
</tr>
<tr>
<td>Number of Kentucky Withholding Statements</td>
</tr>
<tr>
<td>Total Kentucky Wages or Payments</td>
</tr>
<tr>
<td>Total Kentucky Income Tax Withheld</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Part II: Complete the table below for each employee or information return issued.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Identification Number (SSN or EIN)</td>
</tr>
<tr>
<td>Last Name (Employee or Parent)</td>
</tr>
<tr>
<td>Filing Type (as defined in KRS 36.260)</td>
</tr>
<tr>
<td>Total Wages or Payroll</td>
</tr>
<tr>
<td>Federal Income Tax Withheld</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Part III: Kentucky Department of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>P.O. Box 810706</td>
</tr>
<tr>
<td>Frankfort, KY 40601-0706</td>
</tr>
</tbody>
</table>

26 or more must be filed electronically.
Withholding Tax

- *New* Form K-4 introduced in 2018 after HB 487
- Consolidated four forms into one
- All wage earners taxed at 5% rate with an allowance for the standard deduction
- Should only be completed if declaring for one of the exemptions or requesting additional withholding
Form K-4 – Kentucky’s Withholding Certificate

Instructions to Employees:

Kentucky currently enacts a new 1% Fiduciary tax. Due to this change all Kentucky wage earners will be taxed at this rate with an allowance for the standard deduction.

You may be exempt from withholding if any of the four conditions below are met:
1. You are not a resident of Kentucky or work in Kentucky for a non-Kentucky employer.
2. Your earnings exceed the standard deduction amount.
3. Your earnings do not exceed the exemption amount.
4. You are a member of the military stationed outside of Kentucky.

To check if you are exempt, fill out the following:

Check Box 1: If you are a resident of Kentucky and your earnings exceed $5,000, please check the box.

Check Box 2: If you are a non-resident of Kentucky and your earnings exceed $5,000, please check the box.

Check Box 3: If you are a member of the military stationed outside of Kentucky, please check the box.

Check Box 4: If you are a member of the military stationed within Kentucky, please check the box.

In addition to the above statements, you must complete the following:

Check Box 5: If you are married and filing jointly, please check the box.

Check Box 6: If you are single or head of household, please check the box.

Check Box 7: If you are married and filing separately, please check the box.

If you check "YES" to any of the statements above, your earned income is exempt from Kentucky withholding tax.

Instructions to Employers:

Upon receipt of this form, properly completed, you are ordered to discontinue withholding for an employee who qualifies for one of the four exemptions. Return a copy of all K-4’s received from employees.
Corporate Income Tax

Effective January 1, 2018

- Flat tax rate of 5% for all corporations
- Single sales factor apportionment
- Market-Based Sourcing:
  - Receipts from **tangible personal property** are in Kentucky if it is shipped or delivered to a purchaser, other than the U.S. Government, in Kentucky
  - Receipts from **services** and the **sale of intangibles** are in Kentucky if the market is in Kentucky:
    - Sale, rental, lease, or license of real property in Kentucky
    - Sale, rental, lease, or license of tangible personal property in Kentucky
    - Service delivered or intangible property used in Kentucky (throw-out rule for intangible receipts if not taxable or indeterminable)
  - Kentucky Administrative Regulation (KAR) coming soon
Corporate Income Tax

- 3-Factor Apportionment Retained for “Providers” (KRS 141.121(1)(e)):
  - Communication services per KRS 136.602
  - Cable services per KRS 136.602
  - Internet access per 47 USC §51

  **Note**: A 2-digit code is required on the face of the return to indicate provider qualification

- Special Apportionment Definitions:
  - Passenger airlines
  - Qualified freight forwarders

- Alternative Apportionment:
  - Taxpayer must prove by clear and convincing evidence that statutory apportionment requirements unfairly represent activity in Kentucky
### Schedule A – Kentucky Apportionment

#### PART 1 — COMPUTATION OF APPORTIONMENT FRACTION

**Required for All Companies — Sales Factor Computation**

<table>
<thead>
<tr>
<th>Convert line 3 to a percentage carried to four decimal places.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Kentucky sales</td>
</tr>
<tr>
<td>2 Total sales</td>
</tr>
<tr>
<td>3 Sales factor (line 1 divided by line 2)</td>
</tr>
</tbody>
</table>

**Required for PROVIDERS (KRS 141.121 — see instructions)**

(For informational purposes for all other companies.)

<table>
<thead>
<tr>
<th>Convert lines 4, 7, 10, 11, and 12 to a percentage carried to four decimal places.</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 Double-weighted Sales factor (line 3 multiplied by 2)</td>
</tr>
<tr>
<td>5 Average value of Kentucky real/tangible property (Part III)</td>
</tr>
<tr>
<td>6 Average value of total real/tangible property (Part IV)</td>
</tr>
<tr>
<td>7 Property factor (line 5 divided by line 6)</td>
</tr>
<tr>
<td>8 Kentucky payrolls</td>
</tr>
<tr>
<td>9 Total payrolls</td>
</tr>
<tr>
<td>10 Payroll factor (line 8 divided by line 9)</td>
</tr>
<tr>
<td>11 Total (add lines 4, 7, and 10)</td>
</tr>
<tr>
<td>12 Apportionment fraction — line 11 divided by 4 or number of factors present (sales representing 2 factors)</td>
</tr>
</tbody>
</table>
Provider Business Reason Codes – 3-Factor Apportionment

<table>
<thead>
<tr>
<th>REASON CODE</th>
<th>PROVIDER BUSINESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>31</td>
<td>Communications service as defined in KRS 136.602;</td>
</tr>
<tr>
<td>32</td>
<td>Cable service as defined in KRS 136.602;</td>
</tr>
<tr>
<td>33</td>
<td>Internet service as defined in 47 U.S.C. sec. 151; or</td>
</tr>
<tr>
<td>34</td>
<td>Other (attach statement)</td>
</tr>
</tbody>
</table>
Corporate Income Tax

Net Operating Losses

- 50% NOL limitation for mandatory nexus consolidated group filers until December 31, 2018
- Beginning on or after January 1, 2018, the NOLD is limited to 80% of taxable income without regard to the NOL deduction per IRC §172(a)
- Unlimited unused NOL carryforward per TCJA for NOL generated on or after January 1, 2018
- Kentucky disallows NOL carryback since January 1, 2005
- Guidance coming soon
Corporate Income Tax

Filing Requirements

• Mandatory Nexus Consolidated otherwise Separate Entity still required until December 31, 2018 for corporations

• Tax years beginning on or after January 1, 2019 for corporations:
  • Unitary combined group; unless
  • Same-as-federal consolidated group election; otherwise
  • Separate entity filing if not part of a unitary or consolidated group

• e-Filing required if federal gross receipts >$1,000,000
  • Applies to corporations and pass-through entities

• Forms Changes:
  • Updated Schedule A for apportionment factor changes
  • Various updates for tax law changes
Tax Credits

• **Inventory Tax Credit:**
  • Ad valorem (property) tax paid on inventory
  • Must be timely paid
  • Phased-in 25% per year from 2018 through 2021
  • Calculator will be posted at [https://revenue.ky.gov/](https://revenue.ky.gov/)

• **Film Tax Credit:**
  • Nonrefundable and nontransferable for applications approved after April 27, 2018
  • Annual approval cap of $100 million for 2018 and after
  • Commercials no longer qualify

• **Credits Eliminated:**
  • Kentucky Environmental Stewardship Act (KESA)
  • Kentucky Economic Opportunity Zone Tax Credit (KEOZ)
  • Incentives for Energy Independence Act (IEIA)
  • Coal Incentive Tax Credit
  • Food Donation Tax Credit (2018 is final year to use any 2017 carryover)
  • Kentucky Housing for Homeless Families
## Schedule INV – Inventory Tax Credit

### PART 1: Qualifications

- Did you (or all owners (inventory) tax to a taxing jurisdiction within Kentucky)?
  - Yes  [ ] No  [ ]
- Which of all the inventory is taxed to be in the taxing jurisdiction on or before December 31? [ ]
  - Yes  [ ] No  [ ]

If you answered "Yes" to either question above, STOP. You do not qualify for the credit.

If you answered "Yes" to both questions above, go to Part II.

### PART II: Amount of Credit

Visit revenue-kent.ca for a worksheet to calculate the amount of allowable inventory tax credit.

<table>
<thead>
<tr>
<th>Enter the total amount reported on all Forms 603500 (Lines 1+4)</th>
<th>Taxpayer's Valuation of Inventory</th>
<th>Taxable Paid on Inventory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line 31, Manufactured Goods</td>
<td>1 00</td>
<td>1 00</td>
</tr>
<tr>
<td>Line 32, Manufacturing Finished Goods</td>
<td>1 00</td>
<td>1 00</td>
</tr>
<tr>
<td>Line 33, Manufacturing RAW Material/ Goods in Process</td>
<td>1 00</td>
<td>1 00</td>
</tr>
<tr>
<td>Line 34, Motor Vehicles Held for Sale (Leases only), New</td>
<td>4 00</td>
<td>4 00</td>
</tr>
<tr>
<td>Form Machinery Held Under a Floor Plan, New Boat and</td>
<td>4 00</td>
<td>4 00</td>
</tr>
<tr>
<td>Manufacturers' RAW Material/ Goods in Process</td>
<td>4 00</td>
<td>4 00</td>
</tr>
<tr>
<td>Line 35, Goods Stored in Warehouse/Distribution Center</td>
<td>2 00</td>
<td>2 00</td>
</tr>
<tr>
<td>Line 36, Inventory in Transit</td>
<td>2 00</td>
<td>2 00</td>
</tr>
<tr>
<td>Total (add Lines 1 through 6)</td>
<td>8 00</td>
<td>8 00</td>
</tr>
<tr>
<td>Allowable Inventory Tax Credit (Line 7 multiplied by Line 8)</td>
<td>2 50</td>
<td>2 50</td>
</tr>
</tbody>
</table>

Schedule INV – Inventory Tax Credit

[Image of Schedule INV – Inventory Tax Credit]
Inventory Tax Credit Worksheet

1. Enter Taxpayer Info
   - Taxed as
   - Name
   - Address
   - FEIN
   - KY Corp/LLET Account Number

2. Fill-in Inventory Tax Information
   - Select: County/District
   - Timely paid: Yes/No
   - Paid within discount period: Yes/No
   - Enter value of inventory property for each category (follows lines from 62A500)

3. Input Each Location in a Separate Column
   - Keep adding columns until all locations entered
   - Tax automatically computes

4. Click to save worksheet work paper as a PDF and retain for your records

5. Click to generate a mock-up Sch INV
   - Save as a PDF
Electronic Filing Statistics

• Individual
  • 88% of the 1.96 million returns received through September were e-filed

• Corporate
  • 42% of the Corporate returns received through September were e-filed

• Kentucky follows the IRS for when e-file returns may begin to be electronically submitted & accepted
### Forms Filed Electronically

<table>
<thead>
<tr>
<th>Filing Year</th>
<th>Form</th>
<th>Payment/Refund</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018, 2017, &amp; 2016</td>
<td>Form 740 *</td>
<td>E-Pay &amp; Direct Deposit of Refund</td>
</tr>
<tr>
<td>2018, 2017, &amp; 2016</td>
<td>Form 740-NP *</td>
<td>E-Pay</td>
</tr>
<tr>
<td>2018, 2017, &amp; 2016</td>
<td>Form 740-NP-R</td>
<td>E-Pay</td>
</tr>
<tr>
<td></td>
<td>(cannot e-file amended)</td>
<td></td>
</tr>
<tr>
<td>2018, 2017</td>
<td>Form 741 *</td>
<td>E-Pay</td>
</tr>
<tr>
<td>2018, 2017, &amp; 2016</td>
<td>Form 720 *</td>
<td>E-Pay</td>
</tr>
<tr>
<td>2018, 2017, &amp; 2016</td>
<td>Form 720 (consolidated)*</td>
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<tr>
<td>2018, 2017, &amp; 2016</td>
<td>Form 720S *</td>
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<tr>
<td>2018, 2017</td>
<td>Form 725 / 725-EZ *</td>
<td>E-Pay</td>
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<tr>
<td>2018, 2017, &amp; 2016</td>
<td>Form 765 *</td>
<td>E-Pay</td>
</tr>
<tr>
<td>2018, 2017, &amp; 2016</td>
<td>Form 765-GP *</td>
<td>E-Pay</td>
</tr>
</tbody>
</table>

*including amended
Property Tax

• Pre-written computer software is subject to state and local property tax

• Reminders:
  • Form 62A500 returns are due for all businesses each year on May 15 for property held on January 1
  • Returns must be filed with the Property Valuation Administrator in each county per Form 62A500 instructions, not the DOR
    • Returns mailed to the DOR are forwarded via mail at the state’s expense to the PVA offices
  • Late or amended returns must be filed with the Office of Property Valuation at DOR
  • No de minimus value standard
  • All personal property must be reported and depreciated per the instructions
Sales & Excise Taxes

- Information on tax changes can be found at:
  - [https://TaxAnswers.ky.gov](https://TaxAnswers.ky.gov)
- Including:
  - Listing of new services subject to sales tax
  - Industry specific FAQs
  - Video tutorials
  - Links to Register for a Sales and Use Tax Account

<table>
<thead>
<tr>
<th>Tax Type</th>
<th>Phone Number</th>
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<tbody>
<tr>
<td>Sales and Use Taxes</td>
<td>(502) 564-5170</td>
</tr>
<tr>
<td>Telecommunications Tax</td>
<td>(502) 564-5170</td>
</tr>
<tr>
<td>911 Prepaid Service Charge</td>
<td>(502) 564-5170</td>
</tr>
<tr>
<td>Financial Tax</td>
<td>(502) 564-4810</td>
</tr>
<tr>
<td>Motor Vehicle Tax</td>
<td>(502) 564-3853</td>
</tr>
<tr>
<td>Motor Vehicle Usage Tax</td>
<td>(502) 564-4455</td>
</tr>
<tr>
<td>Excise Tax</td>
<td>(502) 564-6823</td>
</tr>
<tr>
<td>Tobacco Tax</td>
<td>(502) 564-6823</td>
</tr>
</tbody>
</table>
TaxAnswers.ky.gov

The Kentucky Department of Revenue is committed to answering your questions and keeping you updated on recent tax law changes made during the 2018 session of the General Assembly.

Do you need to register for a Sales and Use Tax account? Find out here

Income Taxes
Important changes have been made to state and federal taxes. More information is available here.

Sales and Excise Taxes
Multiple changes have been made to sales and excise taxes. Visit this page for more information.

Other Changes
A summary of 2018 law changes that impact tax administration, property taxes, and smaller taxes.
Miscellaneous

- Kentucky Court Appointed Special Advocates (CASA) new refund designation checkoff

- Final federal audit determination due in 180 days
  - Previously 30 days

- Assessment and refund denial protests due in 60 days
  - Previously 45 days

- Bonds no longer required to suspend collection activity when appealing an order sustaining a tax assessment to the Kentucky Claims Commission
Interest Rates

The adjusted prime rate charged by banks is used to set the tax interest rate that the Kentucky Department of Revenue charges on unpaid taxes and pays on refunds that are subject to interest due.

• **Increased 1% from last year**

• **Interest rates for 2019:**
  • Rate charged on unpaid taxes is 7%
  • Base rate of 5% plus 2%
  • Rate paid when interest is due on a refund is 3%
    • Base rate of 5% minus 2%

• **KRS 131.183**
Procedural Reminders

• No staples, check stubs, hole punches
• Review the DOR website for the newest version of forms
• Use the mailing address shown on the tax form you are sending
• Non-Revenue mail is not processed by DOR
• Do not use DOR envelopes for other personal or business mailings
• Mail each return separately – every single return and/or voucher should be mailed in its own envelope
• No envelopes (sealed or unsealed) inside another envelope
• Do not mail anything to 100 or 200 Fair Oaks Lane, Frankfort, KY
• Cut forms to size when instructed (vouchers, etc.)
Stay in Touch

• Twitter
  • @RevenueKY

• Kentucky Business One Stop Portal
  • [https://onestop.ky.gov](https://onestop.ky.gov)

• Tax Alert
  • [https://revenue.ky.gov](https://revenue.ky.gov)
  • News Tab → Publications Section → Tax Alerts
Taxpayer Service Centers

**Ashland Taxpayer Service Center**  
1539 Greenup Avenue, 41101-7695  
(606) 920-2037

**Bowling Green Taxpayer Service Center**  
201 West Professional Park Court, 42104-3278  
(270) 746-7470

**Corbin Taxpayer Service Center**  
15100 North US25E, Suite 2, 40701-6188  
(606) 528-3322

**Frankfort Taxpayer Service Center**  
501 High Street, 40601-2103  
(502) 564-4581 (Taxpayer Assistance)

**Hopkinsville Taxpayer Service Center**  
181 Hammond Drive, 42240-7926  
(270) 889-6521

**Louisville Taxpayer Service Center**  
600 West Cedar Street, 2nd Floor West, 40202-2310  
(502) 595-4512

**Northern Kentucky Taxpayer Service Center**  
Turfway Ridge Office Park  
7310 Turfway Road, Suite 190, Florence, 41042-4871  
(859) 371-9049

**Owensboro Taxpayer Service Center**  
401 Frederica Street, Building C, Suite 201, 42301-6295  
(270) 687-7301

**Paducah Taxpayer Service Center**  
Clark Business Complex, Suite G  
2928 Park Avenue, 42001-4024  
(270) 575-7148

**Pikeville Taxpayer Service Center**  
Uniplex Center, 126 Trivette Drive, Suite 203, 41501-1275  
(606) 433-7675
## Revenue Contact Phone Numbers

<table>
<thead>
<tr>
<th>Service</th>
<th>Phone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collections</td>
<td>(502) 564-4921</td>
</tr>
<tr>
<td>Corporation Tax</td>
<td>(502) 564-8139</td>
</tr>
<tr>
<td>DOR One Stop Help Line</td>
<td>(502) 564-5053</td>
</tr>
<tr>
<td>E-Filing Assistance (Business Forms)</td>
<td>(502) 564-7926</td>
</tr>
<tr>
<td>E-Filing Assistance (Individual Forms)</td>
<td>(502) 564-7862</td>
</tr>
<tr>
<td>Field Operations</td>
<td>(502) 564-2113</td>
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<tr>
<td>Forms and Envelopes</td>
<td>(502) 564-3658</td>
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<tr>
<td>Individual Income Tax</td>
<td>(502) 564-4581</td>
</tr>
<tr>
<td>Inheritance Tax</td>
<td>(502) 564-4810</td>
</tr>
<tr>
<td>Local Government &amp; County Fees</td>
<td>(502) 564-8785</td>
</tr>
<tr>
<td>Miscellaneous Tax</td>
<td>(502) 564-2935</td>
</tr>
<tr>
<td>Motor Fuels</td>
<td>(502) 564-3853</td>
</tr>
<tr>
<td>Motor Vehicle Usage</td>
<td>(502) 564-4455</td>
</tr>
<tr>
<td>Ombudsman</td>
<td>(502) 564-7822</td>
</tr>
<tr>
<td>Property Tax</td>
<td>(502) 564-8338</td>
</tr>
<tr>
<td>Protest Resolution</td>
<td>(502) 564-6734</td>
</tr>
<tr>
<td>Registration</td>
<td>(502) 564-3306</td>
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<tr>
<td>Sales &amp; Use Tax</td>
<td>(502) 564-5170</td>
</tr>
<tr>
<td>Special Investigations</td>
<td>(502) 564-4470</td>
</tr>
<tr>
<td>State Operator</td>
<td>(502) 564-3130</td>
</tr>
<tr>
<td>Withholding (also use for WRAPS)</td>
<td>(502) 564-7287</td>
</tr>
</tbody>
</table>
Questions, Comments, or Concerns

Thank You!
2018 Kentucky State Tax Update

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PHONE (502) 564-7268

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PHONE (502) 564-7538

Kentucky Department of Revenue
Office of Income Taxation
501 High Street • Station 55 • Frankfort, KY 40601
(502) 564-4581
Disclaimer

The information in this presentation is for educational and informational purposes only and does not constitute legal advice. Information is presented as an overall review that is subject to law changes and may not apply to all states. For accurate information on issues related to the 2018 tax changes in Kentucky, please reference HB 487 from the 2018 regular session of the Kentucky General Assembly.

Information in this presentation is believed to be accurate as of the date of publication. In the event that any information in this presentation is later determined to be in error, this presentation cannot be used by taxpayers in supporting a specific position or issue before the Department of Revenue, as it does not have the statutory or regulatory authority.

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