



REVENUE

The Kentucky Department of Revenue presented the following information at a hearing of the Program Review & Investigations Subcommittee on October 4, 2019. The subcommittee provides legislative oversight of certain programs administered by the Executive Branch.

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.



DEPARTMENT OF REVENUE AUDIT PROCESS

**Program Review & Investigations Committee
October 4, 2019**

Types of DOR Audits Conducted

- **“Desk” Audits**
 - Auditors and compliance staff review returns based on objective criteria and known areas of taxpayer non-compliance
 - Relatively little direct taxpayer contact; mostly correspondence-based
 - Significant IRS data sharing effort for individual and corporate return compliance
- **“Field” Audits**
 - Auditors conduct in-depth examination of taxpayer records
 - Frequently occur at taxpayer’s location
 - Larger focus on sales tax and property tax audits
 - Smaller focus on individual and corporate audits
 - MTC audits supplement DOR audits for corporate income and sales tax



Taxpayer Service Centers

The Department of Revenue supports 10 Taxpayer Service Centers (TSCs) throughout the Commonwealth. DOR employees at these TSCs assist taxpayers with a range of tax matters involving all tax types.

1 Paducah Taxpayer Service Center

Clark Business Complex, Suite G
2928 Park Avenue
Paducah, KY 42001
(270) 575-7148

2 Hopkinsville Taxpayer Service Center

181 Hammond Drive
Hopkinsville, KY 42240
(270) 889-6521

3 Owensboro Taxpayer Service Center

401 Frederica St, Bldg C, Suite 201
Owensboro, KY 42301
(270) 687-7301

4 Bowling Green Taxpayer Service Center

201 West Professional Park Court
Bowling Green, KY 42104
(270) 746-7470

5 Louisville Taxpayer Service Center

600 West Cedar Street
2nd Floor West
Louisville, KY 40202
(502) 595-4512

6 Frankfort Taxpayer Service Center

501 High Street
Station 38
Frankfort, KY 40601
(502) 564-5930

7 Northern Kentucky Taxpayer Service Center

7310 Turfway Rd, Ste 190
Florence, KY 41042
(859) 371-9049

8 Corbin Taxpayer Service Center

15100 North US 25E, Ste 2
Corbin, KY 40701
(606) 528-3322

9 Ashland Taxpayer Service Center

1539 Greenup Avenue
Ashland, KY 41101
(606) 920-2037

10 Pikeville Taxpayer Service Center

Uniplex Center
126 Trivette Drive, Suite 203
Pikeville, KY 41501
(606) 433-7675



Field Audit Selection Process

- **Red flags from tax returns**
- **Prior year audits**
- **Referrals from other areas of Revenue**
- **Information exchange with other states**
- **Leads from auditors in the Field**
- **Industry & geographic coverage**
- **Other referral sources**



Field Audit Process

- **Audit Selection & Review Section assigns audit to Taxpayer Service Center**
- **Audit objective**
- **Audit Supervisor assigns audit to auditor**
- **Auditor conducts audit planning, fieldwork, and completion**
- **Audit Supervisor performs quality control review of audit**
- **Audit Selection & Review Section performs quality control review and bills audit**
- **Taxpayer pays, protests, or the bill is sent to Division of Collections**

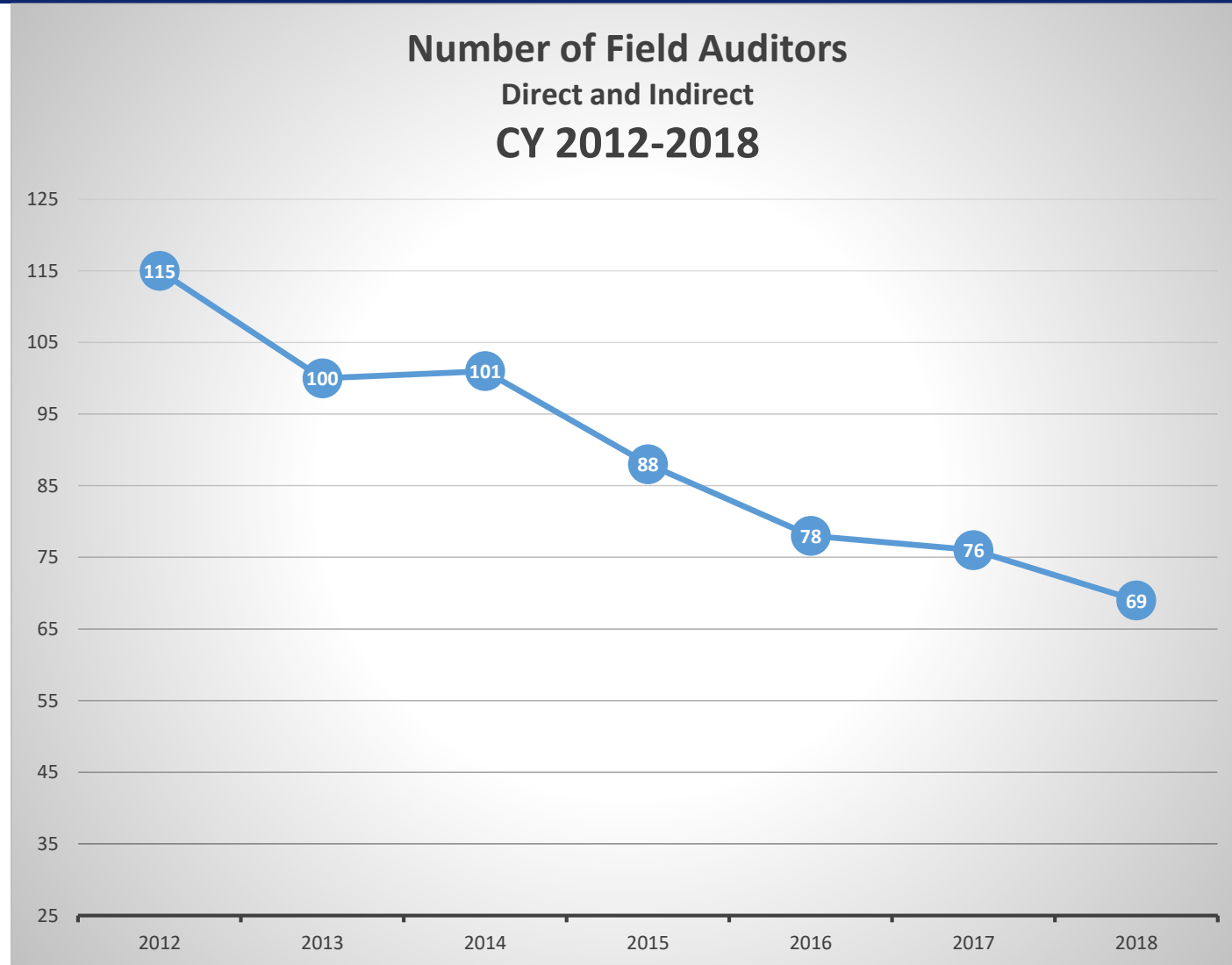


Protest Process

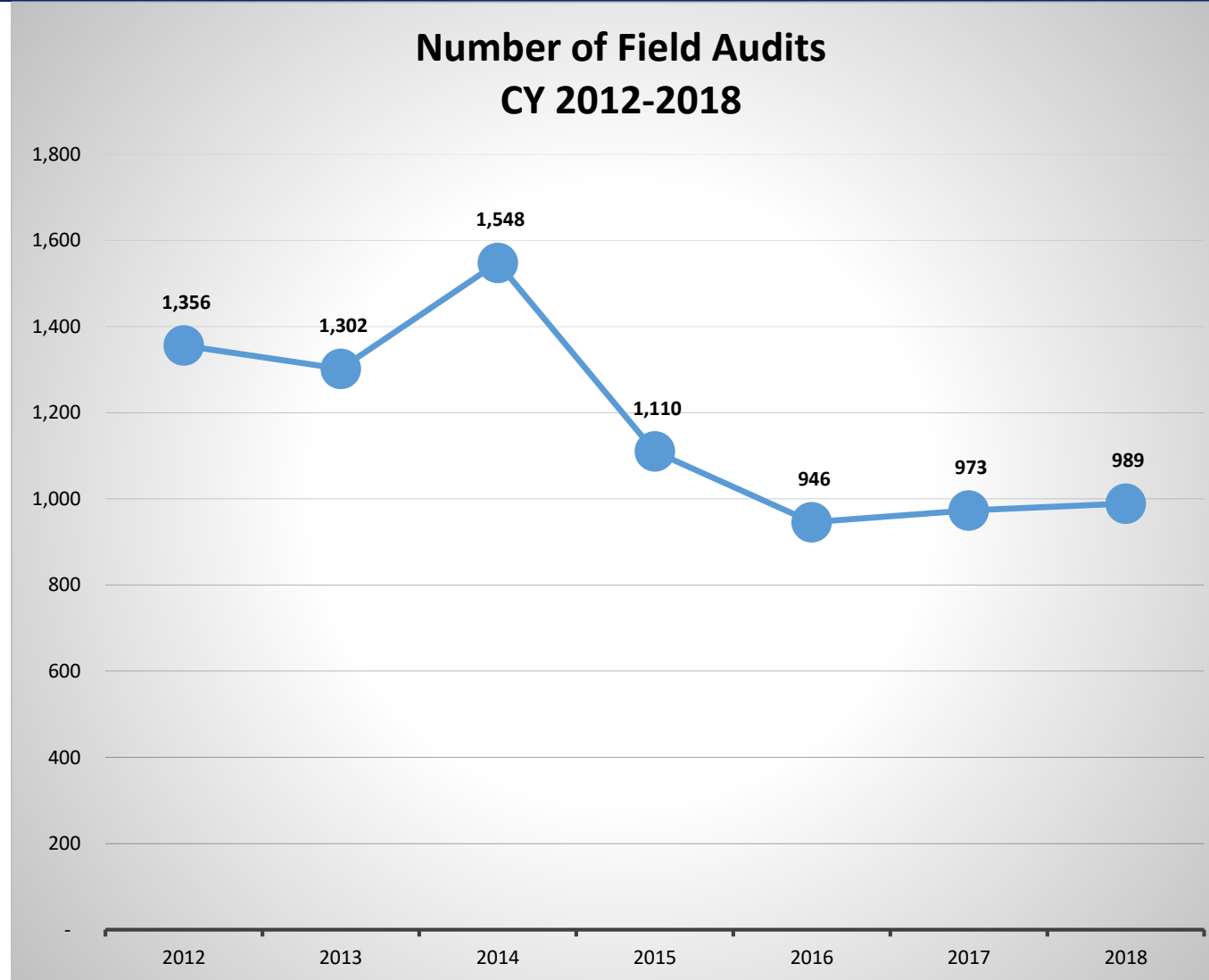
- **Taxpayers have 60 days after the bill is issued to protest assessment**
- **Taxpayer files written protest**
- **Division of Protest Resolution performs independent review**
- **Final Ruling issued**
- **Taxpayer may appeal to the Kentucky Claims Commission**
- **Taxpayer may further appeal to circuit court**



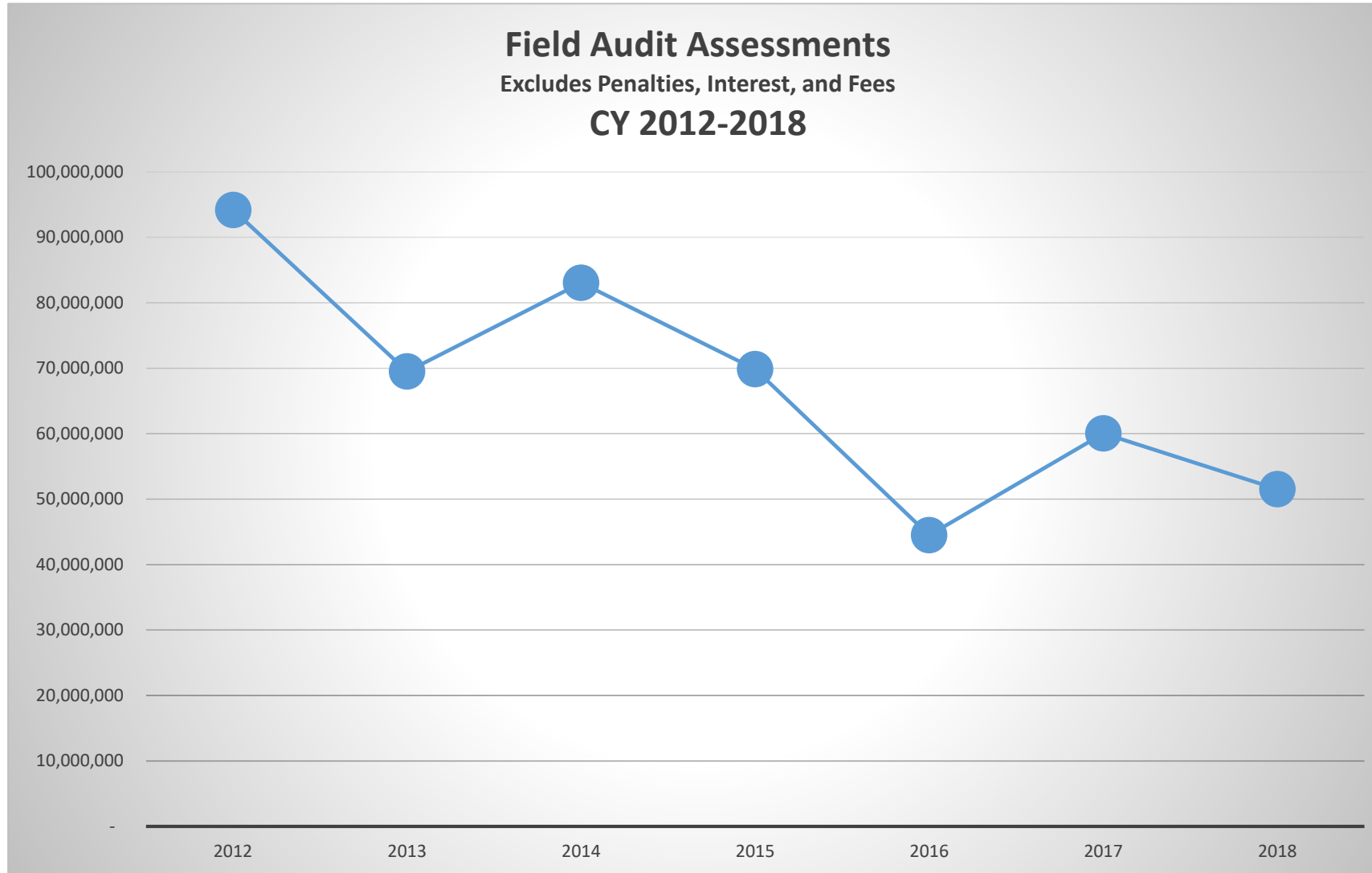
Field Auditors



Field Audits Completed



Field Audit Assessments



Department of Revenue Audit Process

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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 individual and commercial taxpayer audits, please reference the relevant Kentucky Revised Statutes and Administrative Regulations.

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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