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.
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.

<table>
<thead>
<tr>
<th></th>
<th>Taxpayer Service Center</th>
<th>Address</th>
<th>City, State, Zip</th>
<th>Phone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Paducah Taxpayer Service Center</td>
<td>Clark Business Complex, Suite G</td>
<td>Paducah, KY 42001</td>
<td>(270) 575-7148</td>
</tr>
<tr>
<td>2</td>
<td>Hopkinsville Taxpayer Service Center</td>
<td>181 Hammond Drive</td>
<td>Hopkinsville, KY 42240</td>
<td>(270) 889-6821</td>
</tr>
<tr>
<td>3</td>
<td>Owensboro Taxpayer Service Center</td>
<td>401 Frederica St, Bldg C, Suite 201</td>
<td>Owensboro, KY 42301</td>
<td>(270) 687-7301</td>
</tr>
<tr>
<td>4</td>
<td>Bowling Green Taxpayer Service Center</td>
<td>201 West Professional Park Court</td>
<td>Bowling Green, KY 42104</td>
<td>(270) 746-7470</td>
</tr>
<tr>
<td>5</td>
<td>Louisville Taxpayer Service Center</td>
<td>600 West Cedar Street 2nd Floor West</td>
<td>Louisville, KY 40232</td>
<td>(502) 595-4512</td>
</tr>
<tr>
<td>6</td>
<td>Frankfort Taxpayer Service Center</td>
<td>501 High Street</td>
<td>Frankfort, KY 40601</td>
<td>(502) 564-5830</td>
</tr>
<tr>
<td>7</td>
<td>Northern Kentucky Taxpayer Service Center</td>
<td>7310 Turfway Rd, Ste 190</td>
<td>Florence, KY 41042</td>
<td>(859) 371-9049</td>
</tr>
<tr>
<td>8</td>
<td>Corbin Taxpayer Service Center</td>
<td>15100 North US 25E, Ste 2</td>
<td>Corbin, KY 40701</td>
<td>(606) 528-3322</td>
</tr>
<tr>
<td>9</td>
<td>Ashland Taxpayer Service Center</td>
<td>1539 Greenup Avenue</td>
<td>Ashland, KY 41101</td>
<td>(606) 920-2037</td>
</tr>
<tr>
<td>10</td>
<td>Pikeville Taxpayer Service Center</td>
<td>UniPlex Center</td>
<td>Pikeville, KY 41501</td>
<td>(606) 433-7675</td>
</tr>
</tbody>
</table>
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

Number of Field Auditors
Direct and Indirect
CY 2012-2018

2012: 115
2013: 100
2014: 101
2015: 88
2016: 78
2017: 76
2018: 69
Field Audits Completed

Number of Field Audits
CY 2012-2018

- 2012: 1,356
- 2013: 1,302
- 2014: 1,548
- 2015: 1,110
- 2016: 946
- 2017: 973
- 2018: 989
Field Audit Assessments

Field Audit Assessments
Excludes Penalties, Interest, and Fees
CY 2012-2018