

WITHHOLDING *REVENews*

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Breaking News: MMREF-1 Specifications Have Been Renamed for 2007!

Effective tax year 2007, the MMREF-1 Specifications have been renamed by the Social Security Administration to "Specifications for Filing Forms W-2" (EFW2). A new **optional** Code RV State Total Record has been added. The updated Kentucky Department of Revenue (DOR) specifications are available at <http://revenue.ky.gov/business/whtax.htm>

NOTE: *The acceptable format for electronic filing of W2's is now EFW2.*

Methods of Submitting Wage and Tax Statements to DOR

In accordance with KRS 141.335(2), Employee Wage and Tax Statements are required to be submitted in the form that the DOR has prescribed by regulation.

Regulation 103 KAR 18:050 requires any employer that issues **100 or more** Form W-2s annually to utilize an acceptable form of electronic or magnetic media filing. Employers with **fewer than 100** Form W-2s are encouraged, but not required, to utilize electronic or magnetic media filing.



Regulation 103 KAR 18:050(5)(b) indicates that the Kentucky DOR will accept methods that may be supported by the department's equipment. The methods listed below are acceptable and listed in order of preference:

1. Web Filing <http://revenue.ky.gov/business/whtax.htm>;
2. CD;
3. 3 1/2" Diskette; and
4. Paper (for employers with fewer than 100 Form W-2s).

NOTE: **EFW2** (Formerly MMREF-1) IS THE ONLY ACCEPTABLE FILE LAYOUT FOR WEB FILING AND CD/DISKETTE SUBMISSIONS. REFER TO <http://revenue.ky.gov/business/whtax.htm> FOR SPECIFICATIONS.

Methods other than Web Filing require a Transmitter Report for Filing Kentucky Wage Statements (Form 42A806) when filing Kentucky wage and tax information.

Please call (502) 564-7287 with questions regarding electronic and magnetic media filing of wage and tax statements.

Remember the filing deadline for electronic files or paper W2s is January 31, 2008.

2008 Standard Deduction

In accordance with KRS 141.081(2)(a), the DOR adjusts the standard deduction on an annual basis. The standard deduction for 2008 is \$2,100.

The online tax tables effective for pay periods ending on or after Jan. 1, 2008 may be viewed at <http://revenue.ky.gov/business/whtax.htm>

EFT Refund Request

If your employer withholding account is overpaid, you may now obtain a refund by electronic funds transfer (EFT). Form 42A815, Withholding Tax Refund Application, must be completed with bank deposit information.

Requests for refunds must be submitted within four years from the date the tax was paid to the State Treasurer. After the statute of limitations has expired, no claims for refunds will be considered.

Family Size Tax Credit-Special Withholding Exemption Certificate (Form K-4E)

The Family Size Tax Credit is based on modified gross income (MGI) and the size of the family. MGI is the **greater of** federal adjusted gross income adjusted to include interest income derived from municipal bonds (non-Kentucky) and lump-sum pension distributions not included in federal adjusted gross income; **or** Kentucky adjusted gross income to include lump-sum pension distributions not included in federal adjusted gross income. Single individuals whose MGI and married couples whose combined MGI is at or below the threshold for their family size will receive a 100 percent tax credit.



Size of Family Unit	MGI Threshold
1	\$10,210
2	\$13,690
3	\$17,170
4 or more	\$20,650

The current Special Withholding Exemption Certificate (Form K-4E) is available at <http://revenue.ky.gov/forms/curwhfrms.htm>. An employee may be entitled to claim exemption from the withholding of Kentucky income tax if no income tax liability is anticipated for the current year and the employee meets the MGI requirements as shown above. The maximum MGI eligible for exemption of withholding tax is \$20,650 for a family of four or more people.



Frequently Asked Questions

Q. Should I mail the K-3 and paper W-2s to the same address?

A. No. Employers who issue fewer than 100 Form W-2s should mail the state copies, along with a Transmitter Report (Form 42A806) to:

Kentucky Department of Revenue
 W-2 Processing
 501 High Street, Station 57
 Frankfort, KY 40620

Q. What should I do if I do not receive a K-1 or K-3 return?

A. If a return is not received 10 days before the due date, contact the Kentucky DOR immediately at (502) 564-7287, so a new return may be issued. Each return is preprinted and contains coded data for processing purposes.

Q. What happens if an employer does not submit copies of W-2s to his or her employees or the Department of Revenue?

A. Penalties will be assessed per KRS 131.180.

Q. Is Form 1099 required to be filed with Kentucky?

A. Form 1099 is not required to be submitted unless Kentucky tax is withheld or the liquidation or the dissolution of a corporation takes place.

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