In the matter of:

Contact:

FINAL RULING NO. 2004-22
June 2, 2004

Individual income tax assessments for
tax years 1997, 1998, and 1999

FINAL RULING

The Kentucky Department of Revenue has issued individual income tax assessments for interest against [redacted] due to the late filing of the 1997, 1998, and 1999 individual income tax returns. The bills totaled [redacted]. The following table provides a breakdown of the amount of interest due as of the date of this final ruling.

<table>
<thead>
<tr>
<th>Tax Year</th>
<th>Interest</th>
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<tbody>
<tr>
<td>1997</td>
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<td>1998</td>
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<td>1999</td>
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<td>Totals</td>
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</table>

The taxpayer submitted the 1997, 1998, and 1999 individual income tax returns with a check for payment of the tax only on [redacted], 2003. The taxpayer was billed for interest under KRS 141.985. A protest was filed requesting for the interest to be waived. However, KRS
131.175 states, "Notwithstanding any other provisions of KRS Chapters 131 to 143A, for all
taxes payable directly to the Revenue Cabinet, the sheriff or the county clerk, the secretary shall
have authority to waive the penalty, but not interest, where it is shown to the satisfaction of the
cabinet that failure to file or pay timely is due to reasonable cause." Therefore, interest is
mandatory and cannot be waived.

After reviewing your protest, and the applicable statutes, it is the position of the
Department of Revenue that the individual income tax assessments issued against [redacted]
for taxable years 1997, 1998, and 1999 are valid liabilities due the Commonwealth of
Kentucky.

This letter is the final ruling of the Department of Revenue.

**APPEAL**

You may appeal this ruling to the Kentucky Board of Tax Appeals pursuant to the
provisions of KRS 131.110, KRS 131.340-131.365, 103 KAR 1:010 and 802 KAR 1:010. If you
decide to appeal this ruling, you must file your complaint or petition of appeal with the Clerk,
Kentucky Board of Tax Appeals, 128 Brighton Park Boulevard, Frankfort, Kentucky 40601, within
thirty (30) days from the date of this letter. The rules of the Kentucky Board of Tax Appeals,
which are set forth in 802 KAR 1:010, require that the complaint or petition of appeal must:

1. Be filed in quintuplicate;
2. Contain a brief statement of the law and facts in issue;
3. State the petitioner's position regarding the law, facts or both; and
4. Include a copy of this final ruling letter with each copy of the complaint or petition.

Proceedings before the Kentucky Board of Tax Appeals are conducted in accordance with
103 KAR 1:010, 802 KAR 1:010 and KRS 131.340-131.365 and KRS Chapter 13B. Formal
hearings are held by the Board concerning the tax appeals before it, with all testimony and
proceedings officially reported. Legal representation of parties to appeals before the Board is
governed by the following rules set forth in Section 2 (3) of 802 KAR 1:010:

1. An individual may represent himself in hearings before the Board;
2. An individual who is not an attorney may not represent any other individual, corporation,
   trust, estate, or partnership before the Board; and
3. An attorney who is not licensed to practice in Kentucky may practice before the Board if he
   complies with Rule 3.050(2) of the Rules of the Kentucky Supreme Court.
You will be notified by the Clerk of the Board of the date and time set for any hearing.

Sincerely,
FINANCE AND ADMINISTRATION CABINET

GEORGE D. RENFRO
Assistant Director
Division of Protest Resolution

CERTIFIED MAIL
RETURN RECEIPT REQUESTED