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Governor

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LORI HUDSON FLANERY  
Secretary

THOMAS B. MILLER  
Commissioner

In the matter of:

██████████ & ██████████

Contact:

██████████

FINAL RULING NO. 2013-58  
October 29, 2013

Individual Income Tax Assessment  
For the Year Ended 2009

### FINAL RULING

The Kentucky Department of Revenue (“the Department”) has issued an individual income tax assessment to ██████████ & ██████████ (“the Taxpayers”) for the taxable year ended December 31, 2009. The following table provides a breakdown of the amount of tax and penalty assessed, as well as interest accrued as of the date of this final ruling:

Period	Tax	Interest	Penalty	Total
2009	\$ ██████████	\$ ██████████	\$ ██████████	\$ ██████████

The Taxpayers protested the disallowance of expenses claimed on the Schedule A of the Form 740 Kentucky Individual Income Tax Return for the year ended December 31, 2009. The expenses disallowed from the Schedule A were ██████████ and ██████████ expenses of \$ ██████████, charitable contributions of \$ ██████████, and unreimbursed employee expenses of \$ ██████████. The components of the unreimbursed employee expenses disallowed were ██████████ expenses of \$ ██████████, business expenses of \$ ██████████, meals and entertainment expenses of \$ ██████████, and tax preparation fees of \$ ██████████.

The expenses listed were disallowed because the Taxpayers failed to submit adequate documentation to substantiate the deductions. For example, the Taxpayers only submitted a copy of a bill for \$ [REDACTED] from the [REDACTED] for [REDACTED] and [REDACTED] expenses claimed of \$ [REDACTED]. The Taxpayers were informed that generally speaking, receipts or cancelled checks are required to verify payment of expenses.

The Taxpayers claimed that no documentation existed for the \$ [REDACTED] of charitable contributions because donated items were left at drop bins for either Goodwill or the church's Angels Attic. The Taxpayers were informed of the requirements of Internal Revenue Service Publication 526 and were given the opportunity to provide or reconstruct reliable records of these donations. However, the Taxpayers failed to submit such evidence.

The only documentation submitted to substantiate the unreimbursed employee expenses was a "[REDACTED]" for [REDACTED]. The report indicated that a per diem amount was paid to [REDACTED]. Therefore, it appears that [REDACTED] was reimbursed for his travel expenses. The Taxpayers were informed that the Department of Revenue would consider allowing some of the unreimbursed employee expenses if documentation verifying payment of the travel expenses were submitted. However, the Taxpayers failed to submit additional information.

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

### APPEAL

You may appeal this final 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 final ruling, your petition of appeal must be filed at the principal office of the Kentucky Board of Tax Appeals, 128 Brighton Park Boulevard, Frankfort, Kentucky 40601-3714, within thirty (30) days from the date of this final ruling. The rules of the Kentucky Board of Tax Appeals, which are set forth in 802 KAR 1:010, require that the petition of appeal must:

1. Be filed in quintuplicate;
2. Contain a brief statement of the law and facts in issue;
3. Contain the petitioner's or appellant's position as to the law and facts; and
4. Include a copy of this final ruling with each copy of the petition of appeal.

The petition of appeal must be in writing and signed by the petitioner or appellant. Filings by facsimile or other electronic means shall not be accepted.

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 3 of 802 KAR 1:010:

1. An individual may represent himself in any proceedings before the Board where his individual tax liability is at issue or he may obtain an attorney to represent him in those proceedings;
2. An individual who is not an attorney may not represent any other individual or legal entity in any proceedings before the Board;
3. In accordance with Supreme Court Rule 3.020, if the appealing party is a corporation, trust, estate, partnership, joint venture, LLC, or any other artificial legal entity, the entity must be represented by an attorney on all matters before the Board, including the filing of the petition of appeal. If the petition of appeal is filed by a non-attorney representative for the legal entity, the appeal will be dismissed by the Board; and
4. An attorney who is not licensed to practice in Kentucky may practice before the Board only if he complies with Rule 3.030(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



Attorney Manager  
Office of Legal Services for Revenue

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED