



STEVEN L. BESHEAR
Governor

FINANCE AND ADMINISTRATION CABINET
DEPARTMENT OF REVENUE
501 HIGH STREET
FRANKFORT, KENTUCKY 40620
Phone (502) 564-3226
Fax (502) 564-3875
www.kentucky.gov

LORI HUDSON FLANERY
Secretary

THOMAS B. MILLER
Commissioner

In the matter of:

[REDACTED]

Contact:

[REDACTED]

FINAL RULING NO. 2015-49
November 24, 2015

Individual Income Tax Assessments
For the Years Ended 2011, 2012, and 2013

FINAL RULING

The Kentucky Department of Revenue ("the Department") issued individual income tax assessments to [REDACTED] ("the Taxpayer") for the taxable years ended 2011, 2012 and 2013. 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
2011	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
2012	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
2013	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Total	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

The Taxpayer protested the disallowance of job expenses and most other miscellaneous deductions that were claimed on the Schedule A of the Form 740 Kentucky Individual Income Tax Returns for the years ended 2011, 2012 and 2013. The total amount of expenses disallowed was \$ [REDACTED] for 2011, \$ [REDACTED] for 2012, and \$ [REDACTED] for 2013. After the job expenses and most other miscellaneous deductions were disallowed, the standard deductions exceeded the itemized deductions for all assessment years. Therefore, the itemized deduction amounts were replaced with the standard deductions.

The job expenses and most other miscellaneous deductions were made up of mileage, additional business expenses, and tax preparation fees. The Taxpayer submitted mileage logs only for the taxable years ended 2011 and 2012. However, the logs were incomplete because they did not provide business purposes or the city and state of the destinations. The Taxpayer did not provide any documentation to support the additional business expenses and tax preparation fees. The Taxpayer was informed that any of the job expenses and most other miscellaneous deductions would be allowed if they were substantiated with the proper documentation. However, the Taxpayer failed to submit any additional information.

The paid late penalty and final due and owing fee were issued with the 2011, 2012 and 2013 individual income tax assessments. Under KRS 131.440 the penalties and fees may be waived if the taxpayer can prove that failure to pay was due to reasonable cause. The Taxpayer failed to establish reasonable cause to substantiate waiver of the penalties and fees.

After reviewing the Taxpayers' protest, and the applicable statutes and case law, the Kentucky Department of Revenue maintains that the individual income tax assessments issued against [REDACTED] for the taxable years ended 2011, 2012 and 2013 are valid liabilities due the Commonwealth of Kentucky.

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,

DEPARTMENT OF REVENUE



Attorney Manager

Office of Legal Services for Revenue

CERTIFIED MAIL
RETURN RECEIPT REQUESTED