The Kentucky Department of Revenue presented the following information at the Kentucky Society of CPAs annual tax liaison meeting on October 30, 2017. This meeting covered recent administrative changes at the Department of Revenue as well as a summary of legislation passed during the 2017 General Assembly that allows the Department of Revenue to issue additional written guidance to taxpayers and professionals.

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.
Practitioner Liaison

Kevin Miller
Phone 844-751-5011
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New Administration

- Department of Revenue
  Deputy Commissioner C. Jane Becker

- Appointed Deputy Commissioner in September of 2017.

- Prior to this appointment, served as Executive Director of the department's Office of Income Taxation.
New Administration

- Office of Income Taxation
  Executive Director J. Todd Renner
  
  - Appointed Executive Director in September of 2017.
  
  - Prior to Appointment, served as Director of the Corporate Tax Division within the Office of Income Taxation
What’s New in the Commonwealth

- New Declaration of Representative Form
- Form 20A100
- Completed forms may be submitted via email at POA@ky.gov
- The IRS 2848 will still be accepted
Natural Disaster Relief

• Per **KRS 131.081(11)**, the department honors disaster relief related federal extensions for the filing of income tax returns including payment of tax due.

• This extension to file and pay taxes does not apply to sales and other type of taxes.

• Late filing and payment penalties can be waived for those affected, but Kentucky's tax laws have no provision for the waiver of interest.

• Please label the top margin of the tax forms filed under this relief provision in large red letters to designate disaster relief election.

• Call 502-564-4581 (Individual Income Tax) or 502-564-8139 (Corporation Income Tax and Pass-Through Entities) with any further questions.
Guidance Project

(HB 245 Implementation - 2017 Session)

Amendment to KRS 131.130(8)

Jessica Smith Honican, CPA
Office of Tax Policy & Regulation
Types of Guidance

• Revenue Procedures (“RP”)  
  • Provide procedural guidance to assist in the administration of laws and regulations by providing direction that may be followed in order to comply with the law.

• Technical Advice Memorandums (“TAM”)  
  • Guidance which applies principles of law to a set of facts or general category of taxpayer.  
  • Format: Issue/Question; Facts and Discussion; Law; and Answer/Conclusion.

• Private Letter Rulings (“PLR”)  
  • Issued to taxpayers at the taxpayer’s request and are based upon specific factual situations provided by the taxpayer.

• General Information Letters (“GIL”)  
  • Anonymous PLR requests that are nonbinding upon the department.

• Future Training Material  

• Links to: KRS, KAR, Chapter 26 of the U.S. Code
KY Revenue Procedure 17-01

(KY-RP-17-01)

• Background information on RPs, TAMs, PLRs, and GILs
• Distinguishes regulations from guidance
• Defines and provides reasons for issuance or denial of guidance requests
• Outlines the process & content requirements for guidance requests
• Provides the procedure for the issuance of guidance
Suggestions on Guidance Topics

• Email: DORtaxpolicy@ky.gov

• Office of Tax Policy & Regulation staff:
  • Gary Morris 502-564-0424
  • Melissa Y. Russell, CPA 502-564-9413
  • Jessica S. Honican, CPA 502-564-7268
  • Lisa Swiger 502-564-9526
Office of Income Taxation

J. Todd Renner, CPA
Executive Director
Office of Income Taxation

• Compliance Coordination with the Office of Field Operations

• “Desk” Reviews and Single Tax Focus

• Preparer e-File Penalty

• Combating Fraud

• Individual Return Processing Begins on Monday, February 26, 2018
Communications Upgrades

- General Correspondence
- System-Generated Correspondence
- Tax Bills, Assessments, and Notices
- Tax Season Communications
- Compliance Initiatives
Office of Field Operations Update

Brent R. King, CPA
Executive Director
Taxpayer Service Centers

District

9 ASHLAND
10 BOWLING GREEN
6 CORBIN
5 FRANKFORT
11 HOPKINSVILLE
3 LOUISVILLE
4 NORTHERN KENTUCKY
2 OWENSBORO
1 PADUCAH
8 PIKEVILLE
2017 Changes

- Standardized Audit Processes
  - More Pre-Audit Work
  - Power of Attorney Form Required
  - Emphasis on accurate assessments
- Formed Corporate Income Audit Section
- Formed Individual Income Audit Section
What You Will See in 2018

• Individual Income Tax Audits
  • Mileage Logs are an issue (IRS Publication 463 sample)

• Taxpayers claiming excessive deductions
• Activities Not Engaged in For Profit
What You Will See in 2018

• Sales Tax Audits
  • Nontraditional audits
  • Increased Compliance Reviews
What You Will See in 2018

• Property Tax Audits
  • Increased coverage
  • Will request property tax returns in each individual audit if no returns are on file
  • Estimate of bill will be provided at Exit Conference
Kentucky Department of Revenue

October 30, 2017 Speaker Contact Information

• Kevin T. Miller, 844-751-5011  Kevin.Miller@ky.gov
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• J. Todd Renner 502-564-5495  Todd.Renner@ky.gov
• Brent R. King 502-564-9499  Brent.King@ky.gov