

Kentucky Tax Alert

PROPERTY TAX

FILING DEADLINE HAS PASSED FOR TANGIBLE PERSONAL PROPERTY TAX

Due Date:
Monday
May 16, 2016

May 2016						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

16

Anyone owning tangible personal property in this state is required to list or have listed the property with the property valuation administrator of the county of taxable situs or with the department between January 1 and May 15 in each year, except as otherwise prescribed by law. To avoid accumulating penalties and interest, any late returns should be filed as soon as possible.

Form 62A500 (P) for 2016 is located for download at http://revenue.ky.gov/Forms/2016_62A500P2162016rev41316.pdf.

Please visit <http://revenue.ky.gov/Documents/TangibleFAQPamphlet.pdf> for answers to frequently asked questions concerning the assessment of tangible personal property taxes.



NOTE: This 2016 legislative summary presents only general information concerning the major tax provisions the General Assembly has enacted and does not represent a complete analysis or specific interpretations of the law changes. The Department of Revenue (DOR) will provide more specific information as it implements these changes. Full text of enacted bills is available on the legislative homepage, www.lrc.ky.gov

taxpayers must continue to adjust federal taxable income to Kentucky taxable income. For fiscal year end taxpayers with tax years beginning on or after April 27, 2016, taxable differences related to the IRC reference date update should be entered on the other additions and/or other subtractions line(s) of the applicable tax return. The IRC update will apply to the 2017 calendar tax year for individual, corporate, pass-through entity and fiduciary taxpayers.

A REVIEW OF TAX LAW CHANGES

Enacted by the 2016 Regular Session of the General Assembly.

INCOME TAX

Internal Revenue Code Update—House Bill (HB) 80 updates the Internal Revenue Code (IRC) reference date from December 31, 2013 to December 31, 2015, for purposes of computing corporation and individual income tax, except for depreciation differences contained in KRS 141.0101. The IRC update applies to taxable years beginning on or after April 27, 2016, the date the bill was signed by Governor Bevin. Therefore,

TABLE OF CONTENTS

Property Tax	
Filing Deadline Has Passed For Tangible Personal Property Tax.....	1
A Review of Tax Law Changes	
Income Tax.....	1
Economic Development	2
Sales and Use Tax.....	2
Property Tax.....	2
All Taxes	
Business Friendly Regulation Change in Senate Bill 129	2
Sales and Use Tax	
E-Tax Reminder.....	3
Red Tape Reduction Initiative.....	3

ECONOMIC DEVELOPMENT

Kentucky Industrial Revitalization Act (KIRA)—HB 535 amends KRS 154.26-080 to extend the time an eligible company has to apply for a supplemental project after the expiration of the initial term of an agreement to 60 months. It also reduces the minimum number of employees at the site of the economic revitalization project from 750 to 100 and reduces the required investment from \$10,000,000 to \$5,000,000 in additional costs for improvements to a blast furnace. An additional requirement for approval of the eligible improvement costs is that the blast furnace was idled due to unfairly traded imports of carbon steel, with resulting layoffs of more than 550 employees.

SALES AND USE TAX

HB 585 - 911 Prepaid Service Charge



Beginning January 1, 2017, a commercial mobile radio service (CMRS) prepaid service charge shall be imposed on all retail transactions involving the purchase or sale of:

- prepaid cellular phones;
- prepaid calling cards for cellular phones;
- additional minutes or airtime for a prepaid cellular phone; and
- additional minutes or airtime for a prepaid calling card for cellular phones.

The service charge is \$0.93 per retail transaction. The service fee is to be paid by the purchaser and collected by the retailer at the time of purchase. The retailer will remit the collected service charges to the DOR on a monthly basis. The Division of Sales and Use Tax will distribute the collected funds to the Kentucky 911 Services Board monthly and administer all matters relating to the CMRS prepaid service charge.

This new legislation requires each retailer that is currently providing or is seeking to sell or provide prepaid wireless telecommunications service in Kentucky to file an application for certificate of

registration with the DOR within 60 days of the effective date of the bill. Additional information will be forthcoming from the department regarding the registration and reporting processes.

PROPERTY TAX

HB 402 removed landfills from being classified as public service companies (“PSC”) for property tax purposes. Effective for assessments beginning on or after January 1, 2017, HB 402 establishes a fair cash value method for landfill facilities that can be determined through the application of a valuation methodology that has developed wide acceptance throughout the industry, including by the International Association of Assessing Officers (IAAO). An administrative regulation, 103 KAR 8:160, was promulgated on July 14, 2016, to prescribe the specific valuation method. This regulation is available through the department’s website at <http://revenue.ky.gov/property/Pages/Landfill-Regulations.aspx>.

ALL TAXES

Business Friendly Regulation Change in Senate Bill 129

Senate Bill (SB) 129 made several changes to improve the administrative regulation procedures. One of the changes relates to the department’s tax forms regulations. Effective July 14, 2016, the bill eliminates the requirement that the department incorporate tax forms by reference in a regulation. In the future, the department will simply publish changes to the forms on its website.



SALES AND USE TAX

E-Tax Reminder

If you have not yet taken advantage of the online filing option for Kentucky Sales and Use Tax returns, please consider doing so today. Online filing is fast, it's available 24/7, it corrects math errors, it saves postage fees, and you no longer have to wait for a paper return to arrive in the mail. Please follow the instructions below to register an account for online filing. To receive more information go to <http://revenue.ky.gov/collections/pages/e-file-payment-options.aspx>, e-mail KRC.WebResponseETax@ky.gov or call (502)564-5170. Take advantage of this convenient and efficient method of reporting and paying your Sales and Use Tax.

To Register For Online Filing:

1. Go to the DOR homepage www.revenue.ky.gov
2. Click on the "File and Pay" box under "E-File & Payments."
3. Click on "Sales and Use Tax" to expand.
4. Click on the link under "Sales and Use Tax Electronic Filing:"
5. Click on "Registration Information for New Users".
6. Scroll to the bottom of the page and select "Click here to register for KY E-Tax."
7. Enter the information for the account Administrator and select "Continue."
8. Create a user ID and password.

You will receive a registration confirmation informing you the online account will be available within three business days after submitting the registration.

RED TAPE REDUCTION INITIATIVE

Governor Bevin announced a new initiative aimed at cutting red tape in government and has asked the public for their help. There are currently more than 4,500 administrative regulations in Kentucky. For decades, they have been put in place by state agencies to address problems, shortcomings, isolated issues or other matters state leaders deemed appropriate to regulate. Approximately 15 percent of these regulations have not been reviewed since 1974. While some

regulations are very necessary and protect the public safety, others can stifle economic growth, impose unnecessary costs on businesses and impede private sector investment. The initiative is an effort to review every regulation currently on the books. The goal is to eliminate those regulations deemed unnecessary or duplicative, simplify those considered too complex and judge each for intent and effectiveness. This is your chance to help us identify those regulations and then help us do something about them. A website has been established, <http://redtapereduction.com>, where you can suggest regulations that should be reviewed. Periodic updates will also be available on the progress of this initiative.

Kentucky Tax Alert comments and suggestions should be addressed to the Office of Income Taxation/Tax Policy, Finance Cabinet, Department of Revenue, Frankfort, Kentucky, (502) 564-7268.

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