

KENTUCKY SALES TAX FACTS

A REVENUE PUBLICATION FOR THE BUSINESS OWNER

DECEMBER 2008

DTV CONVERTER BOX COUPONS

The Department of Commerce National Telecommunications and Information Administration is providing federally funded coupons to consumers for the purchase of digital converter boxes. These coupons are provided to allow customers to purchase converter boxes at a discount for the federally mandated conversion to digital broadcasting effective February 17, 2009. Upon receipt of these coupons, retailers will discount the price of these boxes by the \$40 redemption value and sales tax will be charged on the remaining receipts after the coupon.

Example --

Price of Converter Box:	<u>\$59.99</u>
Less coupon from Federal Govt:	<u>40.00</u>
Sub-total:	\$19.99
Sales tax rate of 6 percent:	<u>1.20</u>
Amount due:	<u>\$21.19</u>

Retailers may take a deduction for the amount of the federally reimbursed coupon on line 6, code 060, of their Kentucky sales and use tax return.

ENERGY DIRECT PAY ANNUAL RETURNS

The Department of Revenue (DOR) has added the Kentucky Sales and Use Tax Energy Exemption Annual Return (Form 51A129) and the Utility Gross Receipts License Tax (UGRLT) Energy Exemption Annual Return (Form 73A902) to the list of online forms available at the Department of Revenue Web site <http://revenue.ky.gov/forms/cursalefrm.htm>. Effective Dec. 1, 2008, these forms will no longer be mailed to the authorized taxpayers, but can be downloaded instead. The forms must be completed within the four months following the end of each fiscal or calendar year. A letter instructing the exemption holder of these changes has been sent to each affected taxpayer.

BAD DEBT/REPOSSESSIONS

For accrual filing method only, a seller may deduct bad debts if the tax was previously paid and the debt has been written off for income tax purposes pursuant to KRS 139.350. The deduction may not be claimed on the sales and use tax return if the deduction amount or the total amount of all deductions exceeds the retailer's gross receipts for the period. A refund application must be submitted along with written documentation to substantiate all refund claims.

FILING TIPS FOR PAPER RETURNS

- Only use the form mailed by the DOR or a pre-approved form. If not sure whether your form has been pre-approved by the DOR, please contact the Division of Operations at (502) 564-7887.
- Make sure numerals are complete, legible and entered in the appropriate boxes. Failure to input legible numbers may result in the issuance of a tax notice.

- Double check for transposition errors when bringing your figures over to the return from the worksheet.
- Itemize deductions on lines 2 through 19 (codes 020 through 190). Total deductions on line 20 may not exceed total receipts on line 1. Don't forget an explanation of lines 18 and 19.
- Credits on line 28 may only be used if pre-approved by the DOR.
- Report total purchases subject to use tax on line 23(a).
- When submitting payment by check, do not send the stub with the check. Also, do not include paper clips.
- Do not put slashes through 7s or 0s.
- To file a no activity return, write zero (0) on lines 1, 20 and 23(a) and sign the signature block.
- To make a change to account information, such as a cancellation or change of address, complete and return the account maintenance form (Form 51A205).

FILING TIPS FOR ONLINE RETURNS

- Due date is the 20th of each month.
- Line 1 begins with *total receipts* but does not include sales tax. Receipts that include charges to customers for other taxes imposed on the seller are includable as gross receipts (restaurant tax, transient room tax) and should not be deducted.
- Amended returns may not be filed online. To amend a return filed online, print a copy of the filed return, write the correct figures and briefly explain the reason for amending the return. Fax the amended return to the DOR at (502) 564-2041.
- Passwords are case sensitive. Password must be 9–12 characters; contain upper and lower case letters; at least one number; and at least one special character such as #, @, \$, etc.
- Taxpayers will receive an e-mail confirmation with a *payment locator number* and a *Check Authorization Number* if the payment transaction is scheduled to be processed the same day that the payment is initiated.
- Taxpayers will receive an e-mail confirmation when a payment is initiated and the payment is scheduled to be processed on a date different from the date of transaction. The e-mail will inform the taxpayer that the payment is captured. This means that the DOR has received the transaction and the payment will be processed on the due date.
- If you are interested in filing your sales and use tax return electronically, please go to KYE-Tax at www.revenue.ky.gov. You may also e-mail KRCWEBResponseSalesTax@ky.gov if further assistance is required with KY E-Tax.

FAQ Online Sales Tax Filing (E-tax)

1) How do I reset my Password?

To reset your password, click on the *forgot password* link (below the logon button). You will need to know your administrator ID and your total receipts for the last period filed. If this is your first period filing, enter zero.

2) How do I change the administrator on my account?

Log onto the account using the administrator's information. At the bottom of the page click on *user maintenance*. It will

denote the administrator's name highlighted in blue. Click on the administrator's name. Delete all the old information and replace with the new administrator's information. Click on update *user information* to save changes to the administrator. The owner, responsible officer or his authorized designee should register the business for KY E-Tax and give the necessary access to the third party.

3) What if I make a mistake on my electronic return and I have already submitted it?

If the return has already been submitted, you must file an amended return. Print or copy the original return, write in the corrected figures to the left of the originally filed numbers and print or stamp *Amended* on the top of the return. You may submit via fax to (502) 564-2041, or, you may mail to the Department of Revenue, P.O. Box 181, Station 67, Frankfort, KY 40602.

4) How do I begin using KY E-Tax?

You must be registered with the Kentucky Department of Revenue and hold a valid Sales and Use Tax permit. Once you receive correspondence from the Department that contains your account information, click on the *KY E-Tax registration information* for instructions.

In order to file the current return online, you must register to file online at least 3 business days before the due date. Otherwise, it is necessary to file a paper return.

5) How long before I can start filing online after I register?

You can begin filing your return within three (3) business days after completing your KY E-Tax registration. You will be contacted via e-mail when the registration process is complete and the return is ready for electronic filing. If it is less than three days before the due date of the return, it will be necessary to file a paper return. If you have not received a paper return for this period, contact the Department of Revenue at (502) 564-5170. Please note, once you begin filing online you will no longer receive a paper return.

6) How do I compute my total receipts online?

When filing online, total receipts do not include the sales tax. Thus, the electronic return does not require the 1.06 computation that occurs on line 22 of the paper return. (If you need to remove the sales tax total from total receipts, do the computations as you would on a paper return and divide line 21 of the paper return, denoted as net receipts, by 1.06. The difference between line 22 and line 21 of the paper return is the sales tax.)

7) How do I get help using KY E-Tax?

There is a help feature on the left menu bar of the application. You may call the Kentucky Department of Revenue at (502) 564-5170, Option #1, for help. You can also e-mail the Kentucky Department of Revenue at *KRC.WebResponseETAX@ky.gov*.

8) How do I remit my payment if I file KY E-Tax?

You have the following payment options:

- a) Credit Card (Visa and MasterCard-2 percent convenience fee)
- b) Debit Card (Visa and MasterCard-2 percent convenience fee)
- c) Electronic Check (ACH Debit)-no convenience fee
- d) EFT (if registered)-If not registered for EFT, you may call (502) 564-6020, or complete the authorization form at *EFT Authorization Form* and mail to the address shown on the bottom of the form.

- e) Check. Please include ending period, business name, account number and type tax. Do not send paper return or a copy of the electronically filed return with your check if you filed online.

9) Do I need to download special software to file KY E-Tax?

No special software is needed. E-Tax currently supports Internet Explorer 6.0 and 7.0.

10) Is the filing due date for KY E-Tax different from normal filing due dates?

No, the due date for your return remains the same as normal filing due dates.

11) If I use KY E-Tax to file, do I still need to send in a paper return?

No. Your KY E-Tax online return is the only return you need to file. Once you have filed on the KY E-Tax system you will no longer receive paper returns.

12) If the KY E-Tax system is unavailable on the due date of the return, will I be penalized for late filing?

You will not be penalized if you submit the return on the next day the system is available.

13) How do I change the name and/or address on my E-Tax account?

The correct information may be submitted to the Kentucky Department of Revenue at *KRC.WebResponseETAX@ky.gov*.

14) How secure is my electronically submitted information?

The KY E-Tax site and your data are secured using SSL (Secure Sockets Layer) and 128-bit encryption.

This newsletter is intended to provide practical information to assist persons in fulfilling their sales and use tax obligations to the commonwealth.

To submit additional questions or suggestions for future topics, please write to:

Kentucky Sales Tax Facts, Sales and Use Tax, Station 53,
P. O. Box 181, Frankfort, KY 40602-0181
or call (502) 564-5170, Fax (502) 564-2041,
Web site www.revenue.ky.gov.

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