42A740-PTET(I) (10-25)

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF REVENUE
FRANKFORT

2025

Instructions for Kentucky Pass-through Entity Tax

- **Form 740-PTET**
- **Form 740-PTET-ELECT**
- **Form PTET-CR**
- **Form KPTET-V**
- **Form PTET-ES**
- **Form 740-PTET-EXT**

TEAM KENTUCKY®

Purpose of Form—An authorized person may make an annual election on behalf of the pass-through entity to file and pay income tax at the entity level. Form 740-PTET is used by taxpayers to file the return and pay the income tax due. Form PTET-CR is used to report the tax paid, based on each partner's, member's, or shareholder's distributive share income, to each partner, member, or shareholder and to the Department. **KRS 141.209**

MAKING THE ELECTION

For taxable years beginning on or after January 1, 2023, an authorized person must file Form 740-PTET-ELECT or check the box when filing the return on Form 740-PTET to make the election. The election may be made at any time during the taxable year, but must be made by:

- The 15th day of the fourth month after the close of the taxable year, or
- The extended due date if an extension is filed.

Once the election has been made for a taxable year, it is irrevocable and binding upon all entity owners.

Under the election, the income tax will be calculated at the pass-through entity level. This election imposes the tax under KRS 141.020 upon the electing entity and is based upon the ordinary income and separately stated items of income calculated under KRS 141.206. The Pass-Through Entity Tax shall be due on the same date as the entity's annual return for the taxable year, without regard to extensions.

MAIL YOUR Form 740-PTET-ELECT TO: Kentucky Department of Revenue, Frankfort, Kentucky 40619–0006

INTEREST RATE
Pursuant to KRS 131.183, the 2026 tax interest rate has been set at seven percent (7%). The rate charged by the Kentucky Department of Revenue on unpaid taxes is nine percent (9%) and when interest is due on a refund, the rate is five percent (5%).

TAX RATE
The tax rate for 2025 is 4.0% (.04).

SPECIFIC INSTRUCTIONS FOR FORM 740-PTET

Item A—Enter the pass-through entity's Federal Employer Identification Number.

Failure to provide the FEIN may result in a delay of processing the return, including any requested refunds.

Item B—Enter the pass-through entity's Limited Liability Entity Tax Account Number (if available).

Item C—Enter the pass-through entity's name, address, ZIP Code, and telephone number. Check the box to indicate a change of name.

Item D—Check the applicable boxes:

(a) Change of Accounting Period—The pass-through entity has changed its accounting period since it filed its prior year Kentucky tax return. If the entity received written approval from the Internal Revenue Service to change its taxable year, attach a copy of the letter.

(b) Final Return—This is the entity's final Kentucky tax return.

(c) Amended – Please check this box if the entity filed a prior return for this period.

(d) Election to Pay Income Tax at the entity level – Please check this box to make the election for the pass-through entity to pay tax at the entity level.

Line 1—Enter the number of partners, members, or shareholders included in the return. Do not include C-Corporations or tax-exempt entities.

Line 2—Enter the net distributive share income before apportionment. KRS 141.209(2)(a) imposes the tax "based upon the ordinary income and separately stated items of income calculated under KRS 141.206." These items include all items listed on the Kentucky Schedule K-1 reporting distributable share income including, but not limited to, interest income, dividend income, capital gains, guaranteed payments, and rents.

Line 3—Enter the apportionment fraction from the pass-through entity's Schedule A or 100% (see Schedule A instructions). If the apportionment fraction is a zero, you must enter the zero.

Line 4—Enter the amount of Line 2 multiplied by Line 3. **This is the amount of distributive share income subject to tax.**

Line 5—Enter the amount of Line 4 multiplied by 4.0% (.04).

Line 6—Reserved for future use. Credits should be claimed on the Schedule TCS and Schedule ITC and on the respective tax return for Corporation Income and LLET or Individual income tax.

Line 7—Enter the amount from Line 5. Note: The total income tax paid must equal the sum of Form PTET-CR, Line 9 for all attached PTET-CR's.

Line 8—Enter the tax credit received on a 740-PTET-CR issued to the pass-through entity.

Line 9—Enter the total estimated tax payments (Form PTET-ES Vouchers) made for the taxable year. Do not include the amount credited from the prior year.

Line 10—Enter extension payment made for PTET.

Line 11—Enter prior year's tax credit.

Line 12—Enter the amount of tax paid on the original return. **This line is only used when filing an amended return.**

Line 13—Enter the total payments listed on Lines 8 through 12.

Line 14—Enter the tax overpayment on the original return. **This line is used only when filing an amended return.**

Line 15—Reserved for future use.

Line 16—Enter the Estimated Tax Penalty from Form PTET-P.

Line 17—Enter the income tax and estimated tax penalty due (line 7, 14 and 16 less line 13).

Line 18—If Line 13, less Lines 7, 14, and 16 is positive, enter the difference on this line. This is your overpayment.

Line 19—If Line 18 reflects an overpayment, enter the portion of Line 18 to be credited to current year Interest.

Line 20—If Line 18 reflects an overpayment, enter the portion of Line 18 to be credited to current year Late File/Pay Penalty.

Line 21—If Line 18 reflects an overpayment, enter the portion of Line 18 to be credited to 2026 PTET.

Line 22—If Line 18 reflects an overpayment, enter the portion of Line 18 to be refunded (Line 18 less Lines 19 through 21).

SPECIFIC INSTRUCTIONS FOR FORM PTET-CR

Check the box if an amended return and enter the taxable year ending.

Line 1—Enter the pass–through entity's Federal Employer Identification Number (FEIN).

Line 2—Enter the pass–through entity's Kentucky Limited Liability Entity Tax Account Number (if available).

Line 3—Enter the pass–through entity's name, address, and ZIP Code.

Line 4—Enter the partner's, member's, or shareholder's Social Security Number or FEIN.

Line 5—Enter the partner's, member's, or shareholder's name, address, and ZIP Code.

Line 6—Enter the Kentucky partner's, member's, or shareholder's distributive share income subject to entity-level income tax.

Line 7—Enter the amount on Line 6 multiplied by 4.0% (.04).

Line 8—Reserved for future use. Credits should be claimed on the Schedule TCS and Schedule ITC and on the respective tax return for Corporation Income and LLET or Individual income tax.

Line 9—Enter the amount of Kentucky income tax paid by the entity.

Refundable Credit

Individual owners filing Kentucky individual income tax returns reporting the tax imposed by KRS 141.020 are allowed the refundable pass-through entity tax credit passed through on Form PTET-CR. The credit may be claimed on Kentucky Form 740 or Form 740NP, line 31(g), Refundable Pass-Through Entity Tax Credit.

A pass-through entity that is a partner, member, or shareholder of another pass-through entity (lower-tier pass-through entity) shall also complete Form PTET-CR to reflect each of the lower tier pass-through entity's partner's, member's, or shareholder's pro rata share of the lower-tier pass-through entity's income. The electing upper-tier pass-through entity must also file a Form 740-PTET and report the proportionate share of the tax paid attributable to the lower-tier pass-through entity's proportionate share.

Making the Pass-Through Entity Tax Payments

Electronic Payments—For tax years beginning on or after October 1, 2021, corporations and pass-through entities are required to submit payments electronically.

Visit *epayment.ky.gov/EPAY* for details on how to electronically pay your tax.

Payment by Check—If an electronic payment is not possible, a Form KPTET-V is required when submitting a paper check for payment of the Pass-Through Entity Tax due on electronically filed returns. Mail the voucher with payment to:

Kentucky Department of Revenue
Frankfort, Kentucky 40619–0006

Estimated Payments

For taxable years beginning on or after January 1, 2024, an electing entity must make estimated income tax payments if the provisions of KRS 141.305 are met. DOR will assess the estimated tax penalty under KRS 141.985 if the estimated income tax payments are not remitted.

If a pass-through entity's estimated tax for the taxable year can reasonably be expected to exceed $500 for an individual partner, member, or shareholder, the following payment dates are applicable:

First installment	April 15	25% of Estimated Tax due
Second installment	June 15	25% of Estimated Tax due
Third installment	September 15	25% of Estimated Tax due
Fourth installment	January 15	25% of Estimated Tax due

Fiscal Year Filers—For pass-through entities filing on a fiscal year basis, the payment dates are the 15th day of the fourth month, 15th day of the sixth month, 15th day of the ninth month, and 15th day of the first month after the close of the fiscal year.

NOTE: If a payment date falls on a holiday or weekend, the applicable payment date is the next working day.

Extension

Visit ***epayment.ky.gov/EPAY*** for details on how to electronically pay your extension. If an electronic extension is not possible a six-month extension of time to file a 740-PTET, may be obtained by:

1. Request an extension using the current year Form 740-PTET-EXT (Extension of Time to File Kentucky Form 740-PTET) before the date prescribed in KRS 141.160 for filing the return; OR,

2. Submit a copy of the approved Kentucky Extension, either Corporation/LLET Extension (720-EXT) or Extension of Time to File Individual, General Partnership and Fiduciary Income Tax Return (40A102), with the 740-PTET return when filed by the extended due date;

3. Submit a copy of the federal Form 7004 (Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns) with the 740-PTET return by the extended due date.

FILING THE 740-PTET

Electronic filing is available through third party vendors that support the Kentucky Form 740-PTET and Form PTET-CR.

MAILING THE RETURN WITH PAYMENT

If you are not able to e-file your return, paper file your completed Form 740-PTET with your payment. A Form KPTET-V is not required when mailing your payment and return together to:

Kentucky Department of Revenue
Frankfort, Kentucky 40619–0006

TAXPAYER ASSISTANCE

Pass-Through Entity Branch, Department of Revenue, 501 High Street, Station 52, Frankfort, Kentucky 40601–2103

Phone: 502–564–8139

DORWEBRESPONSEPASSTHROUGHENTITY@ky.gov

2025

YOUR RIGHTS

AS A KENTUCKY TAXPAYER

As part of the Finance and Administration Cabinet, the mission of the Kentucky Department of Revenue (DOR) is to administer tax laws, collect revenue, and provide services in a fair, courteous, and efficient manner for the benefit of the Commonwealth and its citizens.

As a Kentucky taxpayer, you have the right to expect the DOR to honor its mission and uphold your rights every time you contact or are contacted by the DOR.

Some Kentucky taxpayer rights are very specific, such as when and how to protest a Notice of Tax Due or the denial of a refund. Others are more general.

The following is a summary of your rights and the DOR's responsibilities to you as a Kentucky taxpayer.

RIGHTS OF TAXPAYER

Privacy

You have the right to privacy with regard to information you provide pertaining to returns, reports, or the affairs of your business.

Assistance

You have the right to advice and assistance from the DOR in complying with state tax laws.

Explanation

You have the right to a clear and concise explanation of:

- ✓ basis of assessment of additional taxes, interest and penalties, or the denial or reduction of any refund or credit claim;
- ✓ procedure for protest and appeal of a Notice of Tax Due, a reduction or denial of a refund, or a denial of a request for additional time to file a supporting statement; and
- ✓ tax laws and changes in tax laws so that you can comply with the law.

Protest and Appeal

You have the right to file a protest with the DOR if you disagree with a Notice of Tax Due, a reduction or denial of a refund, or a denial of a request for additional time to file a supporting statement. If you file a timely protest, you have a right to a conference to discuss the matter. If you are not satisfied with the Department's final ruling following your protest, you may appeal the final ruling to the Kentucky Board of Tax Appeals, pursuant to KRS 131.110(4) and KRS 49.220 et. seq. (See reverse for procedure to file a protest.)

Representation

You have the right to representation by your authorized agent (attorney, accountant, or other person) in any hearing or conference with the DOR. You have the right to be informed of this right prior to the conference or hearing. If you intend for your representative to attend the conference or hearing in your place, you will be required to give your representative a power of attorney before the DOR can discuss tax matters with your authorized agent. See Form 20A100.

Recordings

You have the right to make an audio recording of any meeting, conference, or hearing with the DOR. The DOR has the right to make an audio recording, if you are notified in writing in advance or if you make a recording. You have the right to receive a copy of the recording.

Consideration

You have the right to consideration of:

- ✓ waiver of penalties or collection fees if "reasonable cause" for reduction or waiver is given ("reasonable cause" is defined in KRS 131.010(9) as: "an event, happening, or circumstance entirely beyond the knowledge or control of a taxpayer who has exercised due care and prudence in the filing of a return or report or the payment of monies due the department pursuant to law or administrative regulation"). **Note that interest is not waivable for "reasonable cause" as described in this paragraph;**
- ✓ installment payments of delinquent taxes, interest, and penalties;
- ✓ waiver of interest and penalties, but not taxes, resulting from incorrect written advice from the DOR if all facts were given and the law did not change or the courts did not issue a ruling to the contrary;
- ✓ extension of time for filing reports or returns; and
- ✓ payment of charges incurred resulting from an erroneous filing of a lien or levy by the DOR.

Guarantee

You have the right to a guarantee that DOR employees are not paid, evaluated, or promoted based on taxes assessed or collected, or a tax assessment or collection quota or goal imposed or suggested.

Damages

You have the right to file a claim for actual and direct monetary damages with the Kentucky Board of Tax Appeals if a DOR employee willfully, recklessly, and intentionally disregards your rights as a Kentucky taxpayer.

Interest

You may have the right to receive interest on an overpayment of tax.

DEPARTMENT OF REVENUE RESPONSIBILITIES

The DOR has the responsibility to:

- ✓ perform audits and conduct conferences and hearings with you at reasonable times and places;
- ✓ authorize, require, or conduct an investigation or surveillance of you only if it relates to a tax matter;
- ✓ make a written request for payment of delinquent taxes which are due and payable at least 30 days prior to seizure and sale of your assets;
- ✓ conduct educational and informational programs to help you understand and comply with the laws;
- ✓ publish clear and simple statements to explain tax procedures, remedies, your rights and obligations, and the rights and obligations of the DOR;
- ✓ notify you in writing when an erroneous lien or levy is released and, if requested, notify major credit reporting companies in counties where lien was filed;

- ✓ advise you of procedures, remedies, and your rights and obligations with an original notice of audit or when an original Notice of Tax Due is issued, a refund or credit is denied or reduced, or whenever a license or permit is denied, revoked, or canceled;
- ✓ notify you in writing prior to termination or modification of a payment agreement;
- ✓ furnish copies of the agent's audit workpapers and a written narrative explaining the reason(s) for the assessment;
- ✓ resolve tax controversies on a fair and equitable basis at the administrative level whenever possible;
- ✓ notify you in writing at your last known address at least 60 days prior to publishing your name on a list of delinquent taxpayers for which a tax or judgment lien has been filed; and
- ✓ notify you by certified mail 20 days prior to submitting your name to the relevant agency for the revocation or denial of professional license, driver's license, or motor vehicle registration.

PROTEST AND APPEAL PROCEDURE

Protest

If you receive a Notice of Tax Due, or if the DOR notifies you that a tax refund has been reduced or denied, or the DOR denies your request for additional time to file a supporting statement, you have the right to protest. To do so:

- ✓ submit a written protest within 60 days from the original notice date (or 45 days if the original notice date is prior to 07/01/2018); notice of refund reduction or denial, or denial of a request for additional time to file a supporting statement;
- ✓ identify the type of tax involved and give the account number, Social Security number, or other identification number and attach a copy of the DOR Notice of Tax Due or refund denial to support that your protest is timely;
- ✓ explain why you disagree;
- ✓ attach any proof or documentation available to support your protest or request additional time to support your protest;
- ✓ sign your statement, include your daytime telephone number and mailing address; and
- ✓ mail to the Kentucky Department of Revenue, Frankfort, Kentucky 40620.

Conference

You have the right to request a conference to discuss the issue.

Final Ruling

If you do not want to have a conference or if the conference did not resolve your protest, you have the right to request a final ruling of the DOR so that you can appeal your case further.

Appeal

If you do not agree with the DOR's final ruling, you can file a written appeal with the Kentucky Board of Tax Appeals. If you do not agree with the decision of the Kentucky Board of Tax Appeals, you have the right to appeal their ruling to the Kentucky courts (first to the circuit court in your home county or in Franklin County, then to the Kentucky Court of Appeals, and finally to the Kentucky Supreme Court).

NOTE: The above protest and appeal procedures do not apply for real property which is valued by the local property valuation administrator (PVA). Contact the local PVA for information about how to appeal the valuation of real property.

TAXPAYER OMBUDSMAN

The DOR has a Taxpayer Ombudsman whose job is to serve as an advocate for taxpayers' rights. One of the main functions of the Ombudsman is to ensure that your rights as a Kentucky taxpayer are protected.

Also, an important function of the Taxpayer Ombudsman is to confer with DOR employees when you have a problem or conflict that you have been unable to resolve. However, it is not the role of the Ombudsman to intercede in an audit, handle a protest, waive taxes, penalty or interest, or answer technical tax questions. To file a protest, see PROTEST AND APPEAL PROCEDURE. Please do not mail your protest to the Ombudsman.

The Taxpayer Ombudsman is your advocate and is there to make sure your rights are protected. If you think you are not being treated fairly or if you have a problem or complaint, please contact the Ombudsman for assistance.

The Taxpayer Ombudsman may be contacted by telephone at 502–564–7822 (between 8:00 a.m. and 5:00 p.m. weekdays). The mailing address is: Department of Revenue, Taxpayer Ombudsman, 501 High Street, Station 1, Frankfort, Kentucky 40601.

WHERE TO GET ASSISTANCE

The DOR has offices in Frankfort and taxpayer service centers in nine cities and towns throughout Kentucky. DOR employees in the service centers answer tax questions and provide assistance. You may obtain assistance by contacting any of the following:

Ashland Taxpayer Service Center
1539 Greenup Avenue, Suite 501, 41101–7695
606–920–2037

Bowling Green Taxpayer Service Center
201 West Professional Park Court, 42104–3278
270–746–7470

Corbin Taxpayer Service Center
15100 North US25E, Suite 2, 40701–6188
606–528–3322

Frankfort Taxpayer Service Center
501 High Street, 40601–2103
502–564–5930

Hopkinsville Taxpayer Service Center
181 Hammond Drive, 42240–7926
270–889–6521

Louisville Taxpayer Service Center
600 West Cedar Street, 2nd Floor West, 40202–2310
502–595–4512

Northern Kentucky Taxpayer Service Center
Turfway Ridge Office Park
7310 Turfway Road, Suite 190
Florence 41042–4871
859–371–9049

Owensboro Taxpayer Service Center
401 Frederica Street, Building C, Suite 201, 42301–6295
270–687–7301

Paducah Taxpayer Service Center
Clark Business Complex, Suite G
2928 Park Avenue, 42001–4024
270–575–7148

Pikeville Taxpayer Service Center
Uniplex Center, 126 Trivette Drive, Suite 203, 41501–1275
606–433–7675

* * * * * * * * * *

The DOR has an online taxpayer service center where you can download forms, publications, and obtain general information about the department. The address is *revenue.ky.gov.*

The information in this brochure merely summarizes your rights as a Kentucky taxpayer and the responsibilities of the Department of Revenue. The Kentucky Taxpayers' Bill of Rights may be found in the Kentucky Revised Statutes (KRS) at Chapter 131.041-131.083. Additional rights and responsibilities are provided for in KRS 131.020, 131.110, 131.170, 131.1817, 131.183, 131.190, 131.500, 131.654, 133.120, 133.130, 134.580, and 134.590.

Printing costs paid from state funds.

Commonwealth of Kentucky
DEPARTMENT OF REVENUE

10F100 (2025)

TEAM KENTUCKY