

Kentucky Tax Alert

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COMMON ERRORS ON CORPORATION INCOME AND PASS THROUGH ENTITY INCOME AND LIMITED LIABILITY ENTITY RETURNS

Following is a list of common errors on Corporation Income and Pass Through Entity Income and Limited Liability Entity returns which may result in a delay of processing the return and/or result in the issuance of a tax bill.

Forms & Schedules:

- Submitting a Schedule CP without the form 725;
- Submitting a Schedule LLET without the form 720, 720S, 765 or 725;
- Submitting a return on the wrong year's form;
- Submitting an amended return on the wrong form;
- Attaching the nonresident income tax withholding tax return (forms 740NP-WH and PTE-WH) to an income and limited liability entity tax return when it is a separate tax return.

Payments:

- Not including payment with a return reflecting tax due;
- Submitting payment with a return which doesn't match the amount due on the return;
- Submitting a payment without documentation or anything written on the check indicating the tax, year or account for which it is intended. The FEIN should be written on the check.
- Submitting payments with the incorrect account number;
- Submitting one payment for multiple liabilities, tax types or different period ends;
- Omitting Form 41A720SL when paying with an extension;
- Omitting Form 41A720ES when paying an estimated payment;
- Indicating the estimate payment due date instead of the tax year end on EFT payments which results in the payment being posted to the incorrect period end;
- Failure to record the payment on the correct line when claiming declaration and extension payments;
- EFT payments are only authorized for estimates and extensions; balance due payments should not be submitted via EFT.

Information on Returns:

- Omitting beginning and ending dates from the return;
- Fiscal year end filers omitting their taxable year ending date;
- Address changes; check the box on the front page of the return to indicate a change of address so department records may be updated;
- Omitting contact information including a phone number and/or responsible party information;
- Omitting the business name from the form 725 when not filing a CP Schedule.

INDIVIDUAL INCOME TAX PAYMENTS FOR ELECTRONICALLY FILED RETURNS

Many individual income taxpayers will owe additional tax when their 2013 income tax return is filed this year. The taxpayers have the option of electronically paying this additional tax with a bank account at the same time their return is submitted. The other option is to file Form 740-V, Kentucky Electronic Payment Voucher, with a check or money order. In 2014 DOR has implemented a new method of processing the Form 740-V and the payments, so the extraction of funds from the taxpayers' bank accounts will be much quicker than taxpayers have experienced in past processing years. All tax paid in full by April 15, 2014 will prevent tax notices for late payment of interest and/or penalty from being created.

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Kentucky Tax Alert comments and suggestions should be addressed to the Office of Income Taxation/Training Branch, Finance Cabinet, Department of Revenue, Frankfort, Kentucky, (502) 564-0937.

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