ESTIMATED TAX PAYMENT DEADLINES

Individual income taxpayers are reminded that final 2010 quarterly estimated tax payments are due on Jan. 17, 2011. Final 2010 estimated corporation income tax payments of 25 percent are due on Dec. 15, 2010.

EMPLOYERS ENCOURAGED TO RELEASE FORMS W-2/K-2 EARLY

In an effort to speed the issuance of individual income tax refunds, employers are encouraged to release Employee’s Wage and Tax Statements, Forms W-2/K-2, at the earliest possible date. This allows taxpayers to file their income tax returns earlier, thereby avoiding backlogs and delay of refunds. Fewer returns are filed at the beginning of the tax season than near the April 18, 2011 deadline. By increasing the number of tax returns filed early, refunds can be processed more efficiently.

W-2 PROCESSING

Web filing is the preferred method to report Employees Wage and Tax Statements. The EFW2 specifications are updated and posted annually to the department’s Web site at http://revenue.ky.gov/business/whtax.htm no later than Oct. 31 each year. Electronic filing is required for reporting of 100 or more Wage and Tax Statements. Those reporting fewer than 100 Wage and Tax Statements are encouraged to file in an electronic format (Web filing, CD, or diskette).

A Transmitter Report, Form 42A806, is required to be included with CD, diskette and paper submissions of Wage and Tax Statements. Do not mail the Wage and Tax Statements with the year-end return, Form K-3. Mail CD, diskette and paper submissions to: Kentucky Department of Revenue, W-2 Processing, Station 57, 501 High Street, Frankfort, KY 40601-2103.

Form 1099 is only required to be submitted when Kentucky tax is withheld. When 1099s are required, paper copies should be mailed to the same address as the Wage and Tax Statements with Form 42A806. Currently the department only accepts paper copies of Form 1099.

The filing deadline for Wage and Tax Statements is Jan. 31, 2011.

REPORTING ECONOMIC INCENTIVE CREDIT ON W-2’S

The economic incentive credit amount should be included in box 17 (Kentucky income tax) of the W-2. When filing electronically, the economic incentive credit amount should be reported in fields 287-297 of the RS Record.

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NEW WITHHOLDING TAX EXEMPTION CERTIFICATE FOR MILITARY SPOUSES

The federal Military Spouses Residency Relief Act (Public Law 111-97) which amends the Servicemember Civil Relief Act was signed into law on Nov. 11, 2009. The act provides certain tax relief for military spouses who are present in a state solely to be with the servicemember when the servicemember is in that state in compliance with his/her military orders. To qualify for this exemption, the military spouse must complete Form K-4M to certify that they are not subject to Kentucky withholding tax.

DEPARTMENT OF REVENUE SETS 2011 TAX INTEREST RATE

Pursuant to KRS 131.183 et seq., the Commissioner of the Department of Revenue has set the following tax interest rates: for taxes underpaid the interest rate shall be 5 percent; for taxes overpaid the interest rate shall be 1 percent when interest is required to be paid.

The rates, effective Jan. 1, 2011, are based on the prime rate charged by Kentucky banks during October 2010. A recent survey of Kentucky banks showed the average prime interest rate in October was 3.25 percent. Pursuant to KRS 131.183(1)(c), the average prime rate is rounded to the nearest full percent, which is 3 percent.

Effective May 1, 2008, all taxes payable to the commonwealth that have not been paid at the time prescribed by statute shall accrue interest at the base rate plus two percent; when interest is paid on a refund, it shall be paid at the base rate minus two percent.

The Commissioner of the Department of Revenue is required by law to set the tax interest rate by Nov. 15 for the following calendar year.

DOR OFFICES CLOSED FOR HOLIDAYS

Pursuant to KRS 18A.190, all DOR offices will be closed Thursday and Friday, Nov. 25 and 26, in observance of Thanksgiving; Thursday and Friday, Dec. 23 and 24, in observance of Christmas; and Thursday and Friday, Dec. 30 and Dec. 31, in observance of New Year's Day. Normal hours will resume on Monday, Jan. 3, 2011.
**KENTUCKY INCOME TAX FORMS REQUISITION**

The label at right will be used to mail your forms. Do not detach.
Please prepare a duplicate address below for our files.

Name ____________________________

Street ____________________________

City, State and ZIP Code ______________

Phone ____________________________

Date Ordered ______________________

Check one:  □ Individual    □ Attorney    □ CPA    □ Tax Practitioner    □ Other ________

**Package K** (contains all individual, fiduciary, partnership, corporation and S corporation income tax forms, schedules and instructions) ........................................... Quantity ▶

<table>
<thead>
<tr>
<th>FORMS</th>
<th>ISSUANCE NO.</th>
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<tbody>
<tr>
<td>740/740-EZ — Kentucky Individual Income Tax Packet (Maximum 10)</td>
<td>42A740</td>
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<tr>
<td>740-NP — Nonresident or Part-Year Resident Income Tax Packet (Maximum 10)</td>
<td>42A740-NP</td>
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<td>740-ES — 2011 Estimated Tax Voucher</td>
<td>42A740-ES</td>
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<td>740-ES — Instructions</td>
<td>42A740-S4</td>
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<tr>
<td>Kentucky Individual Income Tax Installment Agreement Request</td>
<td>12A200</td>
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<tr>
<td>765-GP — Kentucky General Partnership Income Return</td>
<td>42A765-GP</td>
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<td>765-GP(1) — Instructions</td>
<td>42A765-GP(1)</td>
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<td>Schedule K-1 (765-GP) — Partner’s Share of Income, Credits, Deductions, etc.</td>
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<td>720 — Kentucky Corporation Income Tax and LLET Return</td>
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<td>720(1) — Instructions</td>
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<td>Schedule K-1 (720S) — Shareholder’s Share of Income, Credits, Deductions, etc.</td>
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<td>725 — Kentucky Single Member LLC Individually Owned LLET Return</td>
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<td>725(1) — Instructions</td>
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<td>725CP — Kentucky Single Member LLC Individually Owned Composite Return Schedule</td>
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<td>765 — Kentucky Partnership Income and LLET Return</td>
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<td>765(1) — Instructions</td>
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Total Forms .......................................................... ▶
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Package K ______________ × $20.00 (includes UPS shipping) ...........................................
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**ENVELOPES (Available in groups of 100 only)**

Refund 6" x 9" Blue—Enter number of groups here .................. ▶

Payment 6" x 9" Yellow—Enter number of groups here ..................

Envelopes ______________ × $5.00 per group of 100 ..................

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Subtotal ..........................................................
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Sales Tax (6%) (Kentucky residents only) ..........................

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TOTAL ..........................................................
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Make check payable to: Kentucky State Treasurer

Mail order form and check to: Kentucky Department of Revenue FORMS
PO. Box 518
Frankfort, Kentucky 40620

All income tax and limited liability entity tax (LLET) forms are available at www.revenue.ky.gov (click on Forms).