

Kentucky Tax Alert

A REVENUE PUBLICATION FOR THE TAX PROFESSIONAL

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TAX AMNESTY ENDS NOVEMBER 30TH; DOR EXTENDS OFFICE HOURS

Through the end of November, most people and businesses that owe overdue taxes to the Commonwealth can apply for amnesty. This means they can pay up without facing penalties or fees and owe only half the interest due.



The Department of Revenue (DOR) is offering extended hours in all regional taxpayer service centers including the Frankfort office. The extended hours are:

Saturday, November 17 and 24 from 9:00 a.m. to 2:00 p.m.;

Monday, November 26 through November 29 until 7:00 p.m.; and

Friday, November 30 until 9:00 p.m.

Each individual and business taking advantage of Tax Amnesty will save an average of 30 percent of what they would otherwise be charged. The average delinquent taxpayer owes about \$5,000, while the average tax debt for a delinquent business is \$25,000.

Those who don't apply for amnesty will face higher penalties plus owe an additional 2 percent in interest. Amnesty participants must remain current on their taxes over the next three years or face reinstated penalties, fees and interest.

The toll-free hotline set up by the Department of Revenue to handle Tax Amnesty questions is **855-KYTAXES (855-598-2937)**. The website – www.amnesty.ky.gov – provides more information and has a searchable database of delinquent taxpayers. It also has all forms needed to apply for amnesty.

The amnesty program applies to taxes owed only to the Kentucky Department of Revenue for eligible tax periods ending after December 1,

2001 and prior to October 1, 2011. While most on the delinquent tax roll reside in Kentucky, the list includes people in all 50 states plus several other countries.

SCHOOL OF ACCOUNTANCY-60TH ANNUAL LOUIS A. GRIEF TAX PLANNING INSTITUTE

The University of Louisville's School of Accountancy is holding its annual Louis A. Grief Tax Planning Institute on December 13-15, 2012. The Institute provides 20 CPE credits (which includes **Ethics**). Online registration began November 1 at www.business.louisville.edu/taxinstitute. Early registration fee is \$350 before December 1st or Thurs. & Friday (ONLY) \$325.

ESTIMATED TAX PAYMENT DEADLINES

Individual income taxpayers are reminded that final 2012 quarterly estimated tax payments are due on Jan. 15, 2013. Final 2012 estimated corporation income tax payments of 25 percent are due on Dec. 17, 2012.

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DEPARTMENT OF REVENUE SETS 2013 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 6 percent; for taxes overpaid the interest rate shall be 2 percent when interest is required to be paid.

The rates, effective Jan. 1, 2013, are based on the prime rate charged by Kentucky banks during October 2012. A recent survey of Kentucky banks showed the average prime interest rate in October was 4 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.

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 15 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 website at <http://revenue.ky.gov/wbt/> 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.

The Department accepts electronic filing of Forms 1099G, 1099M, 1099R and W2G. Electronic submissions may only be made via CD and are required to be in the federal format found in Pub. 1220 Rev. Proc. 2012-30. See Kentucky DOR's website at <http://revenue.ky.gov/wbt/> for the detailed specifications on the state defined fields. **1099 Forms are required to be submitted to Kentucky DOR only when Kentucky tax is withheld.**



The filing deadline for Wage and Tax Statements is Jan. 31, 2013.

APPLICATIONS FOR RECYCLING AND COMPOSTING EQUIPMENT TAX CREDIT

A reminder to taxpayers that, if you have not already been doing so, for any pending or future applications pursuant to Schedule RC, Application for Income Tax/LLET Credit for Recycling and/or Composting Equipment or Major Recycling Project, and Schedule RC-C, Schedule RC – Part I Continuation (the "Application"), the cost of each item of equipment, and the installation cost of each item of equipment listed on the Application must be supported by a vendor invoice or other documentation. If the cost of an item of equipment or the installation cost consists of more than one invoice, a spreadsheet should be attached showing each item of cost included and reconciled to the equipment or the installation cost. This information is needed to verify the amount of the claimed credit.

KRS 141.390(3) provides that the application for recycling or composting equipment tax credit shall include a description of each item of recycling equipment purchased, the date of purchase and the installed cost of the recycling equipment, a statement of where the recycling equipment is to be used, and any other information as the DOR may require.

The Application will not be approved until all information and supporting documentation has been received by the DOR. If you have not previously provided such information with respect to a pending Application, please provide it at your earliest convenience. If you have any questions, please contact the Tax Credits Section (telephone: (502) 564-7253 or email: marion.parker@ky.gov).

DOR OFFICES CLOSED FOR HOLIDAYS

Pursuant to KRS 18A.190, all DOR offices will be closed Monday and Tuesday, Dec. 24 and 25, in observance of Christmas; and Monday and Tuesday, Dec. 31 and Jan. 1, 2013, in observance of New Year's Day. Normal hours will resume on Wednesday, Jan. 2, 2013.



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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The Department of Revenue may be found at...

www.revenue.ky.gov



40A727 (10-12)

**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 _____
Phone () _____
Date Ordered _____

**FROM: Department of Revenue
Frankfort, KY 40620**

TO: Name _____
Street _____
City, State and ZIP Code _____

Check one: Individual Attorney CPA Tax Practitioner Other _____

FORMS	ISSUANCE NO.	QUANTITY
740/740-EZ—Kentucky Individual Income Tax Packet (Maximum 10)	42A740	
740-NP—Nonresident or Part-Year Resident Income Tax Packet (Maximum 10)	42A740-NP	
740-ES—2013 Estimated Tax Voucher	42A740-ES	
740-ES—Instructions	42A740-S4	
Kentucky Individual Income Tax Installment Agreement Request	12A200	
765-GP—Kentucky General Partnership Income Return	42A765-GP	
765-GP(I)—Instructions	42A765-GP(I)	
Schedule K-1 (765-GP)—Partner’s Share of Income, Credits, Deductions, etc.	42A765-GP (K-1)	
720—Kentucky Corporation Income Tax and LLET Return	41A720	
720(I)—Instructions	41A720(I)	
720S—Kentucky S Corporation Income Tax and LLET Return	41A720S	
720S(I)—Instructions	41A720S(I)	
Schedule K-1 (720S)—Shareholder’s Share of Income, Credits, Deductions, etc.	41A720S (K-1)	
725—Kentucky Single Member LLC Individually Owned LLET Return	41A725	
725(I)—Instructions	41A725(I)	
725CP—Kentucky Single Member LLC Individually Owned Composite Return Schedule	41A725CP	
765—Kentucky Partnership Income and LLET Return	41A765	
765(I)—Instructions	41A765(I)	
Schedule K-1 (765)—Partner’s Share of Income, Credits, Deductions, etc.	41A765 (K-1)	

Total Forms ➤

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 ➤ _____
 740-V Electronic return payments—Enter number of groups here ➤ _____
 Envelopes _____ x \$5.00 per group of 100..... _____
 Subtotal..... _____
 Sales Tax (6%) (Kentucky residents only) _____
TOTAL ➤

Make check payable to:
Kentucky State Treasurer

Mail order form and check to: Kentucky Department of Revenue
FORMS
P.O. Box 518
Frankfort, Kentucky 40602-0518

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