

# Kentucky Tax Alert

## SCHEDULE A LIMITATION

The limitation on the itemized deduction threshold is \$181,150 (\$90,575 if married filing separate returns) for the tax year 2014. If your Kentucky AGI is above this threshold then your itemized deductions (excluding medical and dental expenses, investment interest, gambling losses and losses for casualty or theft) will be limited. In general, if the limitation applies, itemized deductions are reduced by the lesser of: 3 percent of the adjusted gross income that exceeds the threshold; or 80 percent of the allowable itemized deduction. A worksheet has been included with the Schedule A to help determine the amount of deductions you are allowed to take if you cross the threshold.

The limitation was temporarily eliminated by EGTRRA (2001), and this temporary elimination was later extended by the 2010 Tax Relief Act. However, this act had a sunset provision that ended EGTRRA on Dec. 31, 2012, and itemized deduction limitations returned for tax years beginning on or after Jan. 1, 2013. Although the federal government introduced new legislation to raise the limiting threshold in 2012, per KRS §141.010(11)(d)(1)(g), Kentucky uses the applicable threshold amount in effect as of Dec. 31, 2006. For 2014, that threshold amount adjusted for inflation is \$181,150 (\$90,575 if married filing separate returns).

## SCHOOL OF ACCOUNTANCY—62ND ANNUAL LOUIS A. GRIEF TAX PLANNING INSTITUTE

The School of Accountancy is holding its annual Louis A. Grief Tax Planning Institute on Dec. 17-19, 2014, in the College of Business on the University of Louisville Belknap campus. The three-day Institute provides 24 hours of CPE credits (which includes two hours of ethics). Online registration began on November 3 at: [www.business.louisville.edu/taxinstitute](http://www.business.louisville.edu/taxinstitute).



## STANDARD DEDUCTION INCREASES FOR 2015

The individual income tax standard deduction for 2015 is increasing to \$2,440 as authorized by KRS 141.081(2). The standard deduction rate is set each year by the Department of Revenue (DOR).

## DEPARTMENT OF REVENUE TAX INTEREST RATE REMAINS THE SAME FOR 2015

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, 2015, are based on the prime rate charged by Kentucky banks during October 2014. A recent survey of Kentucky banks showed the average prime interest rate in October was 4 percent. Pursuant to KRS 131.183(1)(c), the average prime rate is rounded to the nearest full percent, which is 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.

### TABLE OF CONTENTS

Schedule A Limitation .....	1
School of Accountancy-62nd Annual Louis A. Grief Tax Planning Institute .....	1
Standard Deduction Increases for 2015 .....	1
Department of Revenue Tax Interest Rate Remains the Same for 2015 .....	1
DOR Offices Closed for Holidays .....	2
2014 Kentucky Income Tax Forms Requisition .....	3

**DOR OFFICES CLOSED FOR HOLIDAYS**

Pursuant to KRS 18A.190, all DOR offices will be closed Thursday and Friday, Nov. 27 and 28, in observance of Thanksgiving; Thursday and Friday, Dec. 25 and 26, in observance of Christmas; and Thursday and Friday, Jan. 1 and Jan. 2, 2015, in observance of New Year's Day. Normal hours will resume on Monday, Jan. 5, 2015.



**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.

**STEVEN L. BESHEAR, Governor**

**LORI FLANERY, Secretary  
Finance and Administration Cabinet**

**THOMAS B. MILLER, Commissioner  
Department of Revenue**

**Pamela Trautner, Editor**

**Sarah Gilkison, Publications Coordinator**

**Production/Design: Support Services**

The Kentucky Department of Revenue does not discriminate on the basis of race, color, national origin, sex, age, religion, disability, sexual orientation, gender identity, veteran status, genetic information or ancestry in employment or the provision of services.

The Department of Revenue may be found at...

[www.revenue.ky.gov](http://www.revenue.ky.gov)

**Kentucky**  
UNBRIDLED SPIRIT™

40A727 (10-14)

**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 \_\_\_\_\_

**TO:**

Name \_\_\_\_\_  
Street \_\_\_\_\_  
City, State & 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—2015 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)	
720-ES—2015 Corporation Income/Limited Liability Entity Tax Estimated Tax Voucher	41A720ES	
720-ES—Instructions	41A720ES(I)	
720SL—Extension of Time to File Kentucky Corporation/LLET Return	41A720SL	
720-V—Electronic Filing Payment Voucher	41A720-V	
<b>Total Forms .....</b>	<b>➤</b>	

ENVELOPES (Available in groups of 100 only)	NO. OF GROUPS
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..... ➤	
<b>Total number of groups of envelopes .....</b>	<b>➤</b>

**Mail order form 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](http://www.revenue.ky.gov) (click on Tax Forms) or by calling (502) 564-3658.