

WITHHOLDING REVENews



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WHAT'S NEW FOR KENTUCKY WITHHOLDING TAX

ELECTRONIC FILING REQUIREMENTS

Effective May 5, 2020, Kentucky's tax law requires employers filing on a twice monthly and monthly frequency to electronically file and pay the income tax withheld for periods beginning on or after January 1, 2021. Employers on all other filing frequencies will be required to electronically file and pay the income tax withheld for periods beginning on or after January 1, 2022. (103 KAR 18:150)

Filing frequencies are annual, quarterly, twice monthly, and monthly. For filing frequencies and due dates, reference the Withholding Kentucky Income Tax Instructions for Employers which can be found at revenue.ky.gov. Filing frequencies for all tax accounts are updated in January based on tax withheld annually. Make sure to verify your filing frequencies mid-January each year to keep records up to date.

BULK FILING THROUGH FILE UPLOADS NOW AVAILABLE

Vendors and return preparers are now able to file withholding tax returns in bulk by uploading XML files through the Department of Revenue's Vendor Gateway. Users will create a file in the specified format and will include information that would normally be filed on Forms K-1, K-3, and their amendments. Vendors and return preparers interested in this filing method can find more information at <https://revenue.ky.gov/Software-Developer/Pages/Modernized-Electronic-Filing.aspx> or by contacting our E-Commerce Branch at 502-564-5370; Option 4, or email KRCWebResponseBulkFiling@ky.gov.

Note: Clients who switch from E returns (K-1E, K-3E, also known as "EFT filers") to bulk filing before January 1, 2021 will need to file a quarterly return for the October 1, 2020 – December 31, 2020 period before switching to their correct, state assigned filing frequency. Clients who switch from E returns to electronic filing after January 1, 2021 must begin filing at the correct, state assigned filing frequency immediately.

WITHHOLDING TAX REMINDERS

WITHHOLDING STATEMENT REPORTING

Employers must furnish the designated copies of the Wage and Tax Statement (Form W-2) to their employees by January 31. Employers must also submit withholding statement information, which includes W-2, W-2G, and 1099 series information, to the Department of Revenue by January 31. Statements may be submitted electronically or by filing Form K-5 if reporting 25 or fewer statements.

Note: Only report 1099's to the Kentucky Department of Revenue when Kentucky tax has been withheld.

ELECTRONIC FILING OF WITHHOLDING STATEMENTS THROUGH K-5 FILING PORTAL

In addition to the EFW2 and Publication 1220 formats of electronic filing, employers can also utilize the Department of Revenue's K-5 filing portal to electronically submit their withholding statements. The portal allows users to submit any number of withholding statements electronically and provides the option of printing and mailing the Form K-5 if reporting 25 or fewer statements. More information regarding the K-5 Portal can be found at <https://revenue.ky.gov/Business/Pages/Employer-Payroll-Withholding.aspx>.

This newsletter is intended to provide practical information to assist persons in fulfilling their withholding tax obligations to the Commonwealth.

This newsletter is posted on the Department of Revenue website at www.revenue.ky.gov and future editions may be accessed at the website. To submit additional questions or suggestions for future topics, please write to: KRC.WEBResponseWithholdingTax@ky.gov