

# WITHHOLDING *REVENews*

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## Methods of Submitting Wage and Tax Statements to DOR

In accordance with KRS 141.335(2), Employee Wage and Tax Statements are required to be submitted in the form that the Kentucky Department of Revenue (DOR) has prescribed by regulation.



Regulation 103 KAR 18:050 requires any employer that issues **100 or more** Form W-2s annually to utilize an acceptable form of electronic or magnetic media filing. Employers with **fewer than 100** Form W-2s are encouraged, but not required, to utilize electronic or magnetic media filing.

Regulation 103 KAR 18:050(5)(b) indicates that the Kentucky DOR will accept methods that can be supported by the department's equipment. The methods listed below are acceptable and listed in order of preference:

1. Web filing <http://revenue.ky.gov/business/whtax.htm>,
2. CD;
3. 3 1/2" Diskette; and
4. Paper (**for employers with fewer than 100 Form W-2s**).

**NOTE: MMREF-1 IS THE ONLY ACCEPTABLE FILE LAYOUT FOR WEB FILING AND CD/DISKETTE SUBMISSIONS. REFER TO <http://revenue.ky.gov/business/whtax.htm> FOR SPECIFICATIONS.**

Methods other than Web filing require a Transmitter Report for Filing Kentucky Wage Statements (Form 42A806) when filing Kentucky wage and tax information.

Please call (502) 564-7287 with questions regarding electronic and magnetic media filing of wage and tax statements.



## 2006 Standard Deduction

In accordance with KRS 141.081(2)(a), the DOR adjusts the standard deduction on an annual basis. The standard deduction for 2006 is \$1,970.

The online tax tables effective for pay periods ending on or after Jan. 1, 2006 may be viewed at <http://revenue.ky.gov/business/whtax.htm>.

## EFT Refund Request

If your employer withholding account is overpaid, you may now obtain a refund by electronic funds transfer (EFT). Form 42A815, Withholding Tax Refund Application, must be completed with bank deposit information.



Requests for refunds must be submitted within four years from the date the tax was paid to the State Treasurer. After the statute of limitations has expired, no claims for refunds will be considered.



## Updated KY Withholding Tax Booklet

The withholding tax instruction booklet has been updated and will be available in January 2006. It will be available by request or from our Web site at <http://revenue.ky.gov/business/whtax.htm>.



## Family Size Tax Credit–Special Withholding Exemption Certificate (Form K-4E)

During the 2005 Legislative Session, Gov. Ernie Fletcher proposed and the General Assembly enacted a family size tax credit to replace the low income tax credit. When Gov. Fletcher signed House Bill 272 on Mar. 18, 2005, these changes became effective for taxable years beginning on or after Jan. 1, 2005.

The new Family Size Tax Credit is based on modified gross income (MGI) and the size of the family. MGI is equal to federal adjusted gross income plus any interest income from other states' municipal bonds and pension income from a qualifying lump-sum distribution. Single individuals whose MGI and married couples whose combined MGI is at or below the threshold for their family size will receive a 100 percent tax credit.

Size of Family Unit	MGI Threshold
1	\$ 9,570
2	\$12,830
3	\$16,090
4 or more	\$19,350

Changes have been made to the Special Withholding Exemption Certificate (Form K-4E) to reflect the new Family Size Tax Credit. An employee may be entitled to claim exemption from the withholding of Kentucky income tax if no income tax liability is anticipated for the current year and the employee meets the MGI requirements as shown above. **The maximum MGI eligible for exemption of withholding tax is \$19,350 for a family of four or more.**

## Frequently Asked Questions

**Q.** *Should I mail the K-3 and paper W-2s to the same address?*

**A.** **No. Employers who issue fewer than 100 Form W-2s should mail the state copies, along with a Transmitter Report (Form 42A806) to:**



**Kentucky Department of Revenue  
W-2 Processing  
200 Fair Oaks Lane, Station 57  
Frankfort, KY 40620**

**Q.** *What should I do if I do not receive a K-1 or K-3 return?*

**A.** **If a return is not received 10 days before the due date, contact the Kentucky DOR immediately at (502) 564-7287, so a new return may be issued. Each return is preprinted and contains coded data for processing purposes.**

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The Department of Revenue can be found at [www.revenue.ky.gov](http://www.revenue.ky.gov).