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Section 1: Introduction to Kentucky 2-D Barcoding Program

The Kentucky Department of Revenue will be accepting 2-D barcodes on the Form 740, Form 740-EZ and 740-NP Individual Income Tax Returns for tax year 2016. This is a great opportunity to improve the service provided to the taxpayers of Kentucky.

The benefits include:

- Reduction in processing time; saving Kentucky taxpayer dollars.
- Fewer data entry errors, since all data listed on the return is included in the barcode.
- Fast access to taxpayer information; better assistance to the taxpayer.

We would like to thank the software community that support the development of the 2D barcode for Kentucky and welcome your comments or suggestions for improving the 2D barcode process.

For tax year 2016, the Kentucky Department of Revenue (KDOR) will develop one version of the primary individual income tax forms, to be used for the software developers for computer generated returns. The computer generated forms are designed for the 2-D barcode format. If the 2-D barcode is not printed on the form, the space allotted for the barcode should be left blank.

Additional information regarding 2-D barcodes used for tax forms is available on the Federation of Tax Administrators (FTA) web site at www.taxadmin.org.

The Form 740-EZ, Form 740, Form 740-NP forms are available on our website: http://revenue.ky.gov/Software-Developer/Pages/Individual-Income-Tax-Forms.aspx

If you need a copy of any of the forms sent via email or postal mail, send a request to the contacts listed in this document.
New for Tax Year 2016

Driver’s License/State Issued ID Number
The Department of Revenue is requesting that taxpayers include a driver’s license or state issued identification number. This additional information will assist the Department of Revenue’s efforts to protect the taxpayer and their identity. Added barcode field 9 for the primary taxpayer and barcode field 10 for secondary taxpayer on Form 740/740-EZ file layout. Added barcode field 10 for the primary taxpayer and barcode field 11 for the secondary taxpayer on the Form 740-NP file layout. Subsequent fields and field references were updated.

Schedule DS-R Indicator
A checkbox was added on the Form 740, line 13 to indicate that a Schedule DS-R is being filed. It has been added as barcode 53. Barcode field 53 and subsequent fields renumbered on 740/740-EZ layout. Subsequent fields and field references were updated.

Contributions
Three new contribution accounts have been added to the 740, 740-EZ and 740-NP. Subsequent fields and field references were updated as a result of the additions.

The new contribution options are as follows:

- **Barcode field 94 (740), Barcode field 81 (740-NP) - SPECIAL OLYMPICS KENTUCKY**—KRS 141.443 allows an individual’s refund to be contributed to Special Olympics Kentucky. Designated funds support health, education and athletic programs serving children and adults with intellectual disabilities in the Special Olympics Kentucky program. This credit is found on Form 740 –EZ, line 13g; Form 740 and Form 740-NP, line 33g.

- **Barcode field 95 (740), Barcode field 82 (740-NP) - PEDIATRIC CANCER RESEARCH TRUST FUND**—KRS 141.445 allows an individual’s refund to be contributed to the Pediatric Cancer Research Trust Fund. Designated funds support pediatric cancer research and treatment for Kentucky patients. This credit is found on Form 740 –EZ, line 13h; Form 740 and Form 740-NP, line 33h.

- **Barcode field 96 (740); Barcode field 83 (740-NP) - RAPE CRISIS CENTER TRUST FUND**—KRS 141.447 allows an individual’s refund to be contributed to the Rape Crisis Center Trust Fund. Designated funds support centers which
serve victims of rape and their families by providing counseling and other support. This credit is found on Form 740 –EZ, line 13i; Form 740 and Form 740-NP, line 33i.

**740-EZ – Additional field captured**
There are 3 additional fields captured in tax year 2016 for the Form 740-EZ. These are existing fields in the layout for the Form 740.

Daytime Phone Number (barcode field 191)
Preparer Name (barcode field 192)
Preparer Id (barcode field 193)

**Form 5695-K**
This nonrefundable credit was established by HB 2 in the 2008 General Assembly for tax periods beginning after Dec. 31, 2008, and before Jan. 1, 2016. The nonrefundable credit may be applied against tax imposed under KRS 141.020 or 141.040 and KRS 141.0401. Any unused credit may be carried forward one year. Thus, for tax year 2016 this credit has expired and the only allowable Kentucky Energy Efficiency Products Tax Credit will be any **unused credit carryforward from 2015** income tax returns.

Form 740, barcode fields 357 through 368 (12 fields) and Form 740-NP, barcode fields 282 through 293 (12 fields) were used for the Form 5695-K in tax year 2015. Form 5695-K is not a valid form for tax year 2016 and the fields related to the 5695-K are removed from the tax year 2016 2D barcode layout.
Section 2: Contact Personnel- Kentucky Department of Revenue

Technical Specifications/Assistance and Acceptance Testing

Help Desk: 502-564-5370

Primary Contact:
Audrey J. Terry
Kentucky Department of Revenue
Division of Operations
Electronic Commerce Branch
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Frankfort, KY 40601-2103
Phone: 502-564-7862
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Additional Information:
Software Developer’s Information webpage (http://revenue.ky.gov/Software-Developer/Pages/default.aspx)

Kentucky Publication 1345 – Handbook for Electronic Filers of Individual Income Tax Returns (This publication can be found through the following web page: http://revenue.ky.gov/Software-Developer/Pages/default.aspx.)
Section 3: Barcode Content

The Form 740/740-EZ and 740-NP are developed in a separate barcode layout for those vendors that wish to support the 2D barcode of one but not the other form. The barcode for the Form 740-EZ must be printed using the Form 740 layout.

If Form 740-EZ is printed, the following fields in the 740 format must be prefilled. Field 21 must equal “X”, Field 64 must equal “X”, Field 158 must equal “X”, field 166 must equal “01”, Fields 178 and 180 must equal “01”.

The 2-D barcode for the Form 740/740-EZ will include the following forms if they are a part of the taxpayer’s return:

- 740-EZ – Kentucky Individual Income Tax Return for Single Filers
- 740 – Kentucky Individual Income Tax Return for Full Year Resident
- Schedule M – Federal Adjusted Gross Income Modifications
- Schedule A – Kentucky Itemized Deductions
- Schedule P – Kentucky Pension Income Exclusion
- Form 2210-K – Underpayment of Estimated Tax by Individuals
- Form 8863-K – Education Tuition Tax Credit
- Form W-2 – Wage and Tax Statement
- Form 1099-R – Distributions from Pension, Annuities, Retirement…

The 2-D barcode for the Form 740-NP will include the following forms if they are a part of the taxpayer’s return:

- 740-NP – Kentucky Individual Income Tax Return for Nonresident or Part-Year Resident
- Schedule ME – Moving Expense and Reimbursement
- Schedule A (Form 740-NP) – Kentucky Itemized Deductions
- Form 8863-K – Education Tuition Tax Credit
- Form W-2 – Wage and Tax Statement
- Form 1099-R – Distributions from Pension, Annuities, Retirement…

Note: The 5695-K has been removed. It is no longer valid for tax year 2016.
Section 4: Kentucky Testing Procedures

A contact name and email address must also be provided for test result notification. After your software is accepted, an acceptance letter will be issued which must be provided to all software users upon request.

Kentucky will no longer require scenario testing for 2D approval. We will be accepting criteria based testing.

Test Requirements:
- Letter of Intent for 2D Barcode Development should be provided to KDOR
- A test for each type of return (740-EZ, 740, 740-NP) that you support will be required.
- All fields that you support should be included in your testing.
- A test for each filing status/residency status should be included.
- A PDF of the entire Kentucky income tax return (forms supporting the fields found in the 2D barcode) must be provided with the test submission.
- You are not limited to the number of tests that you submit.
- The 2-D barcode test scenarios may differ from the scenarios used for ATS.

Please see Section 5 for list of required fields that must be completed by the taxpayer. If the software community could alert the taxpayer that these fields are required to process the return, and if not completed, will result in the delay of the return being processed, it would be appreciated. Alerting the taxpayer within the software when a required field is not completed would be beneficial to all.

Please send an e-mail prior to testing to advise what is supported/not supported. The Letter of Intent for 2D Barcode Development should be used for this purpose. Check the individual income tax forms supported and then in the Comments or Limitations section list any limitation(s).
Section 5 – Mandatory Barcode Fields

- **Primary Social Security Number** – Required on all returns. Must be 9 digits.

- **Spouse Social Security Number** – Required on Married Filing Joint and Married Filing Separately on a Combined Return filing statuses. Must be 9 digits.

- **Primary Last and First Name** – Required on all returns.

- **Spouse Last and First Name** - Required on Married Filing Joint and Married Filing Separately on a Combined Return filing statuses.

- **Address, City, State Abb., Zip Code** – Required on all returns. This field should contain numbers 0-9 and letters A-Z. The only special characters permitted in the address are the “-” dash and the “&” ampersand.

- **Filing Status** – One of the four (4) filing statuses is required.

- **Spouse Full Name** – Required if Married Filing Separate filing status is selected.

- **Political Party Fund** – One of the three (3) taxpayer political party fund options must be selected for all filing statuses. If married filing joint or married filing separate on a combined return filing status is selected, one of the taxpayer and spouse political party fund options must be selected.

- **Regular Credit Taxpayer** – Required for all returns.

- **Regular Credit Spouse** - Required on Married Filing Joint and Married Filing Separately on a Combined Return filing statuses.

- **Credit Total Fields** – Must be two (2) characters. (1 = 01, 5 = 05, etc.)

- **Taxpayer Tax Credits** – Required entry for all returns. If single, married filing joint or married filing separate return filing status is selected, this field must equal Total Tax Credits Field.

- **Spouse Tax Credits** – Required on Married Filing Separately on a Combined Return filing status. The Total Tax Credits must be split between the taxpayer and spouse and must equal the Total Tax Credits Field. Taxpayers may determine how to split the credits but each field must be a minimum of 1.

- **All Money Fields** – All money fields must be rounded to the nearest dollar. The barcode field must contain **whole dollars** only with no special characters. Special Characters are defined as any character other than numbers 0 through 9. No “$” or “.”
should be included in the barcode. The only exception to this would be the “-“ in front of a negative dollar amount.
Section 6 – 2D Barcode Layouts

The 2D barcode layouts for the Form 740/Form 740-EZ and Form 740-NP can be found on our website: [http://revenue.ky.gov/Software-Developer/Pages/2D-Barcode-Specifications.aspx](http://revenue.ky.gov/Software-Developer/Pages/2D-Barcode-Specifications.aspx)

See highlighted fields on barcode layouts for additions and changes for tax year 2016. Also, refer to Section 3 of this document.

All data formats follow the criteria published in the “Tax Forms Processing 2-D Barcoding Standards Guidance” issued by the Federation of Tax Administrators (FTA).

Note: Hyphens and separators should not be used in dates, social security numbers, telephone numbers, etc.

The name field on the return should be broken down by field as described in the tax form layout specifications.

For check boxes return “X” if checked and NULL if blank.

The barcode for the Form 740-EZ must be printed using the Form 740 layout. If Form 740-EZ is printed, the following fields in the 740 format must be prefilled. Field 23 must equal “X”, Field 67 must equal “X”, Field 160 must equal “X”, field 178 must equal “01”, Fields 180 and 182 must equal “01”.

The daytime phone number (barcode field 191), preparer name (barcode field 192) and preparer id (barcode field 193) should be included for the Form 740-EZ.

If Form 2210-K is completed, field 103 (740)/field 90 (740-NP) must be marked “X”.
