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KENTUCKY DEPT. OF REVENUE PRESENTATION FOR KY CHAPTER OF NATP

Building Partnerships Through Education, Outreach and Transparency



Daniel P. Bork, Commissioner

C. Jane Becker, Deputy Commissioner

OFFICE OF PROPERTY VALUATION

John Giardina, CPA/ABV, ASA

Executive Director

Division of Minerals Taxation and GIS Services

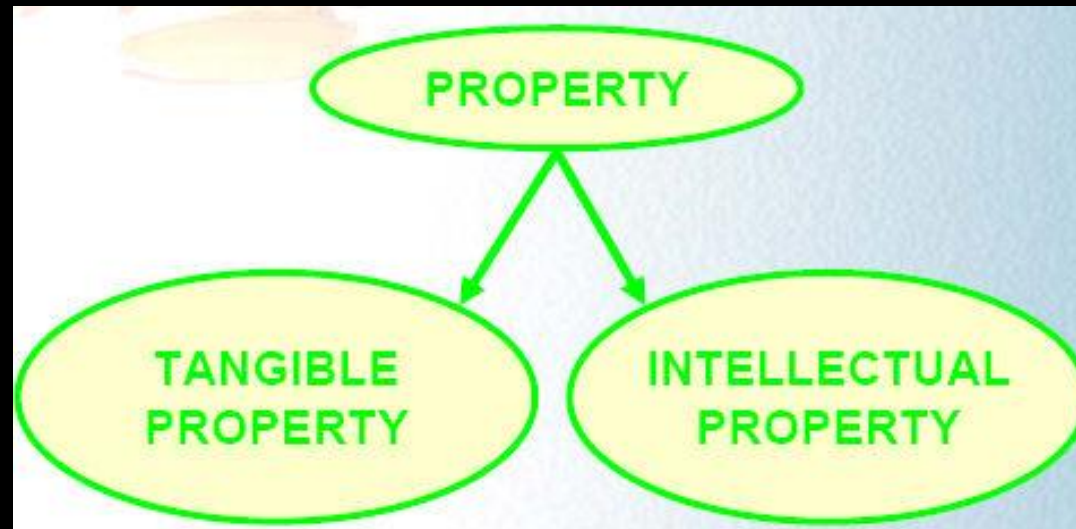
Division of Local Support

Division of State Valuation

<https://revenue.ky.gov/Forms/62A500P.pdf>

GOVERNING AUTHORITY

- **KRS 132.220-** It shall be the duty of all persons owning any tangible personal property taxable in this state to list or have listed the property with the property valuation administrator of the county of taxable situs or with the department between January 1 and May 15 in each year, except as otherwise prescribed by law.



FILING REQUIREMENTS

- **File the return between January 1 and May 15.**
- **There is no filing extension for this return.**
- File a tangible property tax return for **each property location** within Kentucky.
- The return **must include** the property location by street address and county. A post office box is not acceptable as the property address.
- File the return with the Property Valuation Administrator(PVA) in the county of taxable situs.
- **The Department recommends filing with the FEIN** instead of SSN due to increased cases of identify theft worldwide.

2017
TANGIBLE PERSONAL
PROPERTY TAX RETURN

FOR OFFICIAL USE ONLY
 County Code Locator Number
 T / / / / /

Property Assessed January 1, 2017
*Recommended for forms filed on or before due date to:
 File the return with the PVA in the county of taxable situs.*

Due Date:
Monday
May 15, 2017

MAY 2017						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

See pages 11 and 12 for a complete list of mailing addresses. **Returns filed after due date with the Office of Property Valuation.**
There is no filing extension for this return.

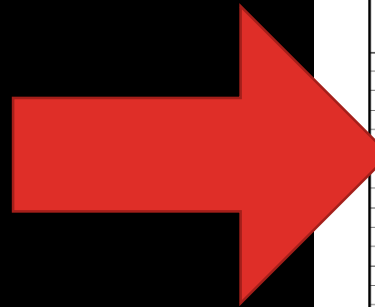
Check applicable box and write in <input type="checkbox"/> Federal ID No. or <input type="checkbox"/> Social Security No.	Name of Business		Organization Type <input type="checkbox"/> Individual 1 <input type="checkbox"/> Joint (Co-Owners) 2 <input type="checkbox"/> Partnership/LLP 3 <input type="checkbox"/> Domestic Corp./LLC 4 <input type="checkbox"/> Foreign Corp./LLC 5 <input type="checkbox"/> Fiduciary—Bank 6 <input type="checkbox"/> Fiduciary—Other 7
	Name of Taxpayer(s)	Telephone Number () () ()	
2nd SSN if joint return	Mailing Address		
NAICS CODE	City or Town	State	ZIP Code
Type of Business	Property Location (Number and Street or Rural Route, City)(Must List) REQUIRED		
Check if applicable Tangible in other county	Y Property is Located in	County	For Official Use Only District Code / / Type Return / /

NOTE: Taxpayers who have property in more than one location must complete a separate form for each location.

FROM SCHEDULE A					FROM SCHEDULE B				
	Class	Original Cost	Reported Value	For Official Use Only		Class	Original Cost	Reported Value	For Official Use Only
11	I				21	I			
12	II				22	II			
13	III				23	III			
14	IV				24	IV			
15	V				25	V			
16	VI				26	VI			
17	Total				27	Total			
See pages 3 through 5 for instructions.							Taxpayer's Valuation		For Official Use Only
31	Merchants Inventory								
32	Manufacturers Finished Goods								
33	Manufacturers Raw Materials/Goods in Process								
34	Motor Vehicles Held for Sale (dealers only) New Farm Machinery Held Under a Floor Plan New Boats and Marine Equipment Held Under a Floor Plan Salvage Titled Vehicles (insurance companies only) Recreational Vehicles Held in a Retailer's Inventory Biotechnology Products Held in a Warehouse (manufacturers and affiliates only) Nonferrous Metal Located in a Commodity Warehouse and Held on Warrant								
35	Goods Stored in Warehouse/Distribution Center (see instructions)								
36	Goods—In Transit (see instructions)								
37	Unmanufactured Tobacco Products not at Manufacturers Plant or in Hands of Grower or His Agent								
38	Other Unmanufactured Agricultural Products not at Manufacturers Plant or in Hands of Grower or His Agent								
39	Unmanufactured Agricultural Products at Manufacturers Plant or in Hands of Grower or His Agent/Industrial Revenue Bond Property Qualifying Voluntary Environmental Remediation Property								
50	Livestock and Farm Machinery/Fluidized Bed Energy Facilities								
60	Other Tangible Property (from Schedule C) (page 2)								
70	Activated Foreign Trade Zone								
81	Construction Work in Progress (manufacturing machinery)								
82	Construction Work in Progress (other tangible property)								
90	Recycling Machinery and Equipment								

- Please note the filing Due Date
- Recommend that you use FEIN in lieu of SSN due to increase in identity theft worldwide
- Need physical address to determine location of property
- **File one return for each property location**
- File return with Co. PVA between Jan 1st-May 15th
- **If filed after May 15th, there is no 2% discount and becomes subject to penalty and interest**

- Item commonly not reported.
- Estimate consumable items on hand as of assessment date



- Need Taxpayer signature AND contact information




SCHEDULE C

Other Tangible Personalty Not Listed Elsewhere				
	Description		Taxpayer's Value	For Official Use Only
	Materials and Supplies			
	Coin Collections			
	Stamp Collections			
	Art Works			
	Other Collectibles			
	Research Libraries			
	Other Tangible Property			
	Aircraft for Hire			
	Documented Watercraft (commercial purposes)			
	Precious Metals	Number of Ounces	Value Per Ounce December 31	
	Gold			
	Platinum			
	Silver			
	Other			
Total (enter this figure on Line Item 60)				

Comments	
Additional comments and/or information regarding alternative values may be provided by classification below:	
Classification Type	Comments/Information

I declare, under the penalties of perjury, that this return (including any accompanying schedules and statements) is a correct and complete return; and that all my taxable property has been listed.

Signature of Taxpayer _____	Date _____	Name of Preparer Other Than Taxpayer _____	Date _____
 Telephone Number _____	Email Address of Taxpayer _____	Telephone Number _____	Email Address of Preparer Other Than Taxpayer _____

- Schedule A includes;
 - Business Furniture
 - Fixtures
 - Trade Tools
 - Equipment
 - Computers
 - Peripheral Equipment
- Factors change EACH year
- Be sure to submit correct form accordingly

SCHEDULE A

2017 Tangible Personal Property Subject to Full State and Local Rates
Factors change every year. Please use correct year factors.

CLASS I Under 6.5 Year Economic Life			CLASS II 6.5-8.9 Year Economic Life			CLASS III 9-10.9 Year Economic Life					
Age	Original Cost	Factor	Reported Value	Age	Original Cost	Factor	Reported Value	Age	Original Cost	Factor	Reported Value
1		.847		1		.904		1		.922	
2		.590		2		.730		2		.780	
3		.414		3		.595		3		.665	
4		.295		4		.491		4		.574	
5		.207		5		.401		5		.491	
6		.200		6		.335		6		.428	
7		.200		7		.282		7		.377	
8		.200		8		.229		8		.320	
9		.200		9		.200		9		.278	
10		.200		10		.200		10		.244	
11		.200		11		.200		11		.220	
12		.200		12		.200		12		.200	
13		.200		13		.200		13		.200	
13+		.200		13+		.200		13+		.200	
Total											

CLASS IV 11-13.4 Year Economic Life			CLASS V 13.5-17.4 Year Economic Life			CLASS VI Over 17.5 Year Economic Life					
Age	Original Cost	Factor	Reported Value	Age	Original Cost	Factor	Reported Value	Age	Original Cost	Factor	Reported Value
1		.860		1		.960		1		.960	
2		.642		2		.883		2		.883	
3		.483		3		.819		3		.819	
4		.392		4		.770		4		.770	
5		.355		5		.716		5		.716	
6		.328		6		.680		6		.680	
7		.306		7		.623		7		.651	
8		.275		8		.551		8		.602	
9		.253		9		.498		9		.568	
10		.235		10		.456		10		.544	
11		.224		11		.427		11		.533	
12		.210		12		.393		12		.512	
13		.204		13		.376		13		.512	
14		.200		14		.346		14		.492	
15		.200		15		.311		15		.463	
16		.200		16		.278		16		.432	
17		.200		17		.246		17		.401	
18		.200		18		.223		18		.379	
19		.200		19		.200		19		.352	
20		.200		20		.200		20		.328	
21		.200		21		.200		21		.308	
22		.200		22		.200		22		.290	
23		.200		23		.200		23		.277	
24		.200		24		.200		24		.264	
25		.200		25		.200		25		.249	
26		.200		26		.200		26		.233	
27		.200		27		.200		27		.220	
27+		.200		27+		.200		27+		.209	
Total											

- **Schedule B includes:**
 - Manufacturing Machinery
 - Qualified Pollution Control Facilities
 - Qualifying commercial radio and television equipment

SCHEDULE B (Manufacturing Assets)
2017 Tangible Personal Property Subject to State Rate
Factors change every year. Please use correct year factors.

Age	CLASS I Under 6.5 Year Economic Life			Age	CLASS II 6.5-8.9 Year Economic Life			Age	CLASS III 9-10.9 Year Economic Life		
	Original Cost	Factor	Reported Value		Original Cost	Factor	Reported Value		Original Cost	Factor	Reported Value
1		.847		1		.904		1		.922	
2		.590		2		.730		2		.780	
3		.414		3		.595		3		.665	
4		.295		4		.491		4		.574	
5		.207		5		.401		5		.491	
6		.200		6		.335		6		.428	
7		.200		7		.282		7		.377	
8		.200		8		.229		8		.320	
9		.200		9		.200		9		.278	
10		.200		10		.200		10		.244	
11		.200		11		.200		11		.220	
12		.200		12		.200		12		.200	
13		.200		13		.200		13		.200	
13+		.200		13+		.200		13+		.200	
Total											

Age	CLASS IV 11-13.4 Year Economic Life			Age	CLASS V 13.5-17.4 Year Economic Life			Age	CLASS VI Over 17.5 Year Economic Life		
	Original Cost	Factor	Reported Value		Original Cost	Factor	Reported Value		Original Cost	Factor	Reported Value
1		.860		1		.960		1		.960	
2		.642		2		.883		2		.883	
3		.483		3		.819		3		.819	
4		.392		4		.770		4		.770	
5		.355		5		.716		5		.716	
6		.328		6		.680		6		.680	
7		.306		7		.623		7		.651	
8		.275		8		.551		8		.602	
9		.253		9		.498		9		.568	
10		.235		10		.456		10		.544	
11		.224		11		.427		11		.533	
12		.210		12		.393		12		.512	
13		.204		13		.376		13		.512	
14		.200		14		.346		14		.492	
15		.200		15		.311		15		.463	
16		.200		16		.278		16		.432	
17		.200		17		.246		17		.401	
18		.200		18		.223		18		.379	
19		.200		19		.200		19		.352	
20		.200		20		.200		20		.328	
21		.200		21		.200		21		.308	
22		.200		22		.200		22		.290	
23		.200		23		.200		23		.277	
24		.200		24		.200		24		.264	
25		.200		25		.200		25		.249	
26		.200		26		.200		26		.233	
27		.200		27		.200		27		.220	
27+		.200		27+		.200		27+		.209	
Total											

FORM 61A500- TELECOMS

- Cable Companies
- Wired and Wireless Telecommunications Carriers
- Paging
- Satellite
- Telecommunications
- VOIP Service Providers

61A500 (9-15)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE
Office of Property Valuation
Division of State Valuation
Public Service Branch
501 High Street, Station 32
Frankfort, KY 40601-2103

2017
**TANGIBLE PERSONAL
PROPERTY TAX RETURN**
For
**Communications Service Providers and
Multichannel Video Programming
Service Providers**

File this return with the Office of Property Valuation.

DUE DATE:
Monday
May 15, 2017

Due Date

Property Assessed January 1, 2017

Check applicable box <input type="checkbox"/> Federal ID No. <input type="checkbox"/> Social Security No. 2nd SSN if joint return	Name of Business		Organization Type <input type="checkbox"/> Individual 1 <input type="checkbox"/> Joint (Co-Owners) 2 <input type="checkbox"/> Partnership/LLP 3 <input type="checkbox"/> Domestic Corp./LLC 4 <input type="checkbox"/> Foreign Corp./LLC 5 <input type="checkbox"/> Fiduciary—Bank 6 <input type="checkbox"/> Fiduciary—Other 7
	Name of Taxpayer(s)	Telephone Number ()	
NAICS CODE	Number and Street or Rural Route		
Type of Business	City or Town	State ZIP Code	
Check if applicable Yes DOR's prescribed method of valuation? <input type="checkbox"/> Alternative method of valuation? <input type="checkbox"/>	Name Contact	Telephone Number	
	Enterprise Zone <input type="checkbox"/> Yes <input type="checkbox"/> No <i>If yes, attach certificate.</i>	Fax Number	
	E-mail	GNC Number	
Tax Agent Name and Address			

FROM SCHEDULE A				
	Class	Original Cost	Reported Value	For Official Use Only
11	I			
12	II			
13	III			
14	IV			
15	V			
16	VI			
17	Total			
See pages 3 through 5 for instructions.				
31	Merchants Inventory			Taxpayer's Valuation For Official Use Only
35	Goods Stored in Warehouse/Distribution Center (see instructions)			
36	Inventory—In Transit (see instructions)			
60	Other Tangible Property (from Schedule C) (page 2)			
70	Activated Foreign Trade Zone			
82	Construction Work in Progress (other tangible property)			

- File form with KY DOR, State Valuation, Public Service Branch

• **NO**
EXTENSION

FORM 61A500-TELECOMS

- **Must Have Signature and Contact Information**


SCHEDULE C

Other Tangible Personalty Not Listed Elsewhere				
	Description	Taxpayer's Value	For Official Use Only	
Materials and Supplies				
Coin Collections				
Stamp Collections				
Art Works				
Other Collectibles				
Research Libraries				
Other Tangible Property				
Aircraft for Hire				
Documented Watercraft (commercial purposes)				
Precious Metals	Number of Ounces	Value Per Ounce December 31		
Gold				
Platinum				
Silver				
Other				
Total (enter this figure on Line Item 60)				

Comments	
Additional comments and/or information regarding alternative values may be provided by classification below:	
Classification Type	Comments/Information

I declare, under the penalties of perjury, that this return (including any accompanying schedules and statements) is a correct and complete return; and that all my taxable property has been listed.

_____ Signature of Taxpayer	_____ Name of Preparer Other Than Taxpayer
_____ Telephone Number of Taxpayer	_____ Date



FORM 61A500-TELECOMS

- Factors change **EACH** year
- Be sure to use correct form

SCHEDULE A

2017 Personal Property Subject to Full State and Local Rates

Yr. Acq.	Age	CLASS I Under 6.5 Year Economic Life			CLASS II 6.5-8.9 Year Economic Life			CLASS III 9-10.9 Year Economic Life		
		Original Cost	Factor	Reported Value	Original Cost	Factor	Reported Value	Original Cost	Factor	Reported Value
2016	1		.847			.904			.922	
2015	2		.590			.730			.780	
2014	3		.414			.595			.665	
2013	4		.295			.491			.574	
2012	5		.207			.401			.491	
2011	6		.200			.335			.428	
2010	7		.200			.282			.377	
2009	8		.200			.229			.320	
2008	9		.200			.200			.278	
2007	10		.200			.200			.244	
2006	11		.200			.200			.220	
2005	12		.200			.200			.200	
2004	13		.200			.200			.200	
2003	13+		.200			.200			.200	
	Total									

Yr. Acq.	Age	CLASS IV 11-13.4 Year Economic Life			CLASS V 13.5-17.4 Year Economic Life			CLASS VI Over 17.5 Year Economic Life		
		Original Cost	Factor	Reported Value	Original Cost	Factor	Reported Value	Original Cost	Factor	Reported Value
2016	1		.935			.960			.960	
2015	2		.814			.883			.883	
2014	3		.714			.819			.819	
2013	4		.635			.770			.770	
2012	5		.558			.716			.716	
2011	6		.502			.680			.680	
2010	7		.454			.623			.651	
2009	8		.397			.551			.602	
2008	9		.355			.498			.568	
2007	10		.322			.456			.544	
2006	11		.298			.427			.533	
2005	12		.271			.393			.512	
2004	13		.256			.376			.512	
2003	14		.233			.346			.492	
2002	15		.207			.311			.463	
2001	16		.200			.278			.432	
2000	17		.200			.246			.401	
1999	18		.200			.223			.379	
1998	19		.200			.200			.352	
1997	20		.200			.200			.328	
1996	21		.200			.200			.308	
1995	22		.200			.200			.290	
1994	23		.200			.200			.277	
1993	24		.200			.200			.264	
1992	25		.200			.200			.249	
1991	26		.200			.200			.233	
1990	27		.200			.200			.220	
1989	27+		.200			.200			.209	
	Total									

FORM 61A500-TELECOMS

- Schedule J spreads reported value to proper taxing authorities
- DOR certifies values to County Clerk Offices

61A500(J) (09-16)
Commonwealth of Kentucky
Department of Revenue

SUMMARY OF REPORTED PERSONAL TANGIBLE PROPERTY LISTING BY TAXING DISTRICT
AS OF JANUARY 1, 2017

GNC # _____

NAME OF TAXPAYER: _____

	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
Name of Taxing Jurisdiction	Reported Value Schedule A (Line 17)	Reported Value Merchants Inventory (Line 31)	Reported Value Goods Stored in Warehouse (Line 35)	Reported Value Inventory - In Transit (Line 36)	Reported Value Other Tangible Property (Line 60)	Reported Value Foreign Trade Zone (Line 70)	Reported Value Construction Work in Process (other) (Line 82)	Reported Value State & Local Taxes Columns 1+2+3+5+7
ADAIR 1								0
ADAIR COMMON SCHOOL								0
COLUMBIA								0
ALLEN 2								0
ALLEN COMMON SCHOOL								0
SCOTTSVILLE								0
ANDERSON 3								0
ANDERSON COMMON SCHOOL								0
LAWRENCEBURG								0
ANDERSON CO FIRE DIST (outside Lawrenceburg)								0
BALLARD 4								0
BALLARD COMMON SCHOOL								0
BARLOW								0
KEVIL								0
LACENTER								0
WICKLIFFE								0
BARREN 5								0
BARREN COMMON SCHOOL								0
CAVERNA INDEPENDENT SCHOOL								0
GLASGOW INDEPENDENT SCHOOL								0
CAVE CITY								0
GLASGOW								0
PARK CITY								0
BATH 6								0
BATH COMMON SCHOOL								0
OWINGSVILLE								0
SALT LICK								0
SHARPSBURG								0
BATH CO FIRE DIST (outside Owingsville)								0
BELL 7								0

IMPORTANCE FOR FILING ON TIME

- Critical for funding for schools.
- Taxpayers who do not file or file late cause budgets built by taxing authorities to be highly problematic.
- The valuations for personal property along with real estate are certified to local governments and taxing jurisdictions (schools, libraries, extension services, hospitals, health departments, counties, cities, etc.) and are used to set the tax rate for the current year.
- **All returns filed after May 15th are not part of the certified tax roll and therefore not included in the tax rate setting process.**
- County sheriff offices do not receive 4.25% collection percentage used to fund offices.

OMITTED VALUATIONS AND LOCAL TAX DOLLARS

Year	Sum of Omitted Valuation	Estimated Local Dollars
2014	\$ 2,269,155,276	\$ 24,733,793
2015	\$ 1,546,749,711	\$ 17,168,922
2016	\$ 1,639,921,336	\$ 18,531,111
Grand Total	\$ 5,455,826,323	\$ 60,433,825

2017 CITY EXAMPLES OF MISSING RETURNS

Company Failed to File

- Return assessment = \$ 1,076,000
- Total dollars = \$ 16,210
- City dollars = \$ 2,155
- City called and claimed would have to raise rate 5 cents on personal property on other taxpayers to make up for loss.

Company Omitted Inventory

- Missing Inventory= \$ 2,100,000
- Total Dollars = \$ 28,710
- City Dollars = \$ 8,990
- City claimed in public meeting would have to raise rates for failure of company to list inventory.

STATUTORY AND CONSTITUTIONAL REQUIREMENT

Typical non-filers do not realize the statutory and constitutional requirement to file:

- Section 171 KY Constitution
- KRS 132.220(1) (a) All taxable property and all interests in taxable property, unless otherwise specifically provided by law, shall be listed, assessed, and valued as of January 1 of each year.
- KRS 132.190 Property subject to taxation (1) All property shall be subject to taxation, unless it is exempted by the Constitution or in the case of personal property unless it is exempted by the Constitution or by statute.

DIVISION OF STATE VALUATION PERSONAL PROPERTY BRANCHES

Personal Property Omitted Branch

- Process returns not submitted to County on time
- Collects tax rates for 1400 taxing authorities.
- Distributes quarterly payments to 1400 taxing authorities.
- Compliance work for non-filers.
- Provides technical assistance to PVA and taxpayers.

Personal Property Compliance Branch

- Reviews and processes amended returns.
- Reviews and processes alternative valuation requests.
- Compliance work for non-filers.
- Provides technical assistance to PVA and taxpayers.

OFFICE OF PROCESSING AND ENFORCEMENT

Mack Gillim, Executive Director

Division of Registration and Data Integrity

Division of Operations

Division of Collections

Division of IT Services

FILING CHANGES FOR 2017

For Individual Income Tax:

- **NEW FORM: Schedule KW-2 (paper filers only)**
- **Standard deduction has increased to \$2,480**
- **Schedule A – medical/dental limitation is 10% of AGI**
- **Energy Efficiency Tax Credit has expired**
- **Amended 2016 740/740-NP**
 - **Amended checkbox added on 740 (the 740-X eliminated)**
 - **Line 30 (e) – Amount paid with original return**
 - **Line 32 (c) – Overpayment on original return**
- **TY 2016 returns accepted through e-file during processing year 2018 using TY 2016 schema includes 740, 740-NP, 740-NP-R, 740-X, 740 NP-X**

FILING CHANGES FOR 2017

For Business Income Tax:

- **NEW FORMS: 725-EZ** – Simplified version of the 725. Both are available for e-file
- **Form 741** is accepted through e-file
- **741-V** Payment Coupon
- **Schedule LLET** was renamed **Schedule L** and incorporated into the 720, 720S, 725, and 765
- **Schedule LLET-C** was renamed **Schedule L-C** and is still a stand-alone form
- **TY 2016** returns accepted through e-file during processing year 2018 using **TY 2016** schema

Form Appearance Standardized for Most Returns

ELECTRONIC FILING VS PAPER FILING

- **Electronic Filing is faster, safer and more accurate**
- **You can file early and “warehouse” individual financial information for payment on April 18th**
- **You receive confirmation it was received or rejected within 48 hours**
- **Convenient record keeping**
- **Clients may receive their refund by direct deposit**
- **Avoid penalties by filing electronic**

HELPFUL TIPS FOR FILING TAX RETURNS

When mailing documents to the Department of Revenue, be sure to:

- Use the correct mailing address for EACH tax type
- Ensure IRS and DOR specific documents/payments are mailed to the correct agency
- Use the correct Zip Code and “plus four” when available
- Do not include cash or coins
- Do not punch holes in the forms

When mailing a check with your return:

- Ensure the check is filled out completely and that it is signed
- Place account number, tax type, SSN on the “memo line” to assist in matching payments to the document
- Do not staple payments to return documents
- Remove check stub before mailing

HELPFUL TIPS FOR FILING TAX RETURNS

- Make sure the return is complete
- When filing 740-NP returns and fiduciary returns, make sure any PTE-WH statements are submitted when the PTE-WH is claimed on the return
- When submitting a prior year amended return (2016 and prior 740-X), make sure all three columns on page one are filled out
- Make sure all paper returns have a signature and a date
- Taxpayer should not submit his/her copy
- Verify all credits including withholding, estimated tax payments and credit forwards

FRAUD PREVENTION AND DETECTION

- **DOR utilizes internal edits and business rules to identify potential fraud**
- **Beginning in 2016, DOR collaborated with a third party vendor to combat identity theft and fraud**
- **In 2017, DOR formed a Fraud/ID Theft Protection Team to combat identity theft and fraud**

WHAT DO I NEED WHEN I CALL THE DIVISION OF COLLECTIONS?

- **Have the assigned Collections case number or the social security number ready for our staff to assist you**
- **Have a current address and phone number for the taxpayer**
- **Have the taxpayer in the office or on the phone so we may confirm that we have their expressed consent to discuss the case or have the completed Power of Attorney documents ready to fax or email to us**
- **When discussing a penalty waiver, remember they are not just granted because a request has been made- reasonable cause must be presented; tax and interest must be paid in full before waivers are reviewed and considered**
- **If your client needs a payment agreement, please have available his/her income/ expenses for the last year and have an idea for what he/she can pay**

KENTUCKY BUSINESS ONE STOP (KyBOS)

- **63% of new business registrations are filed using KyBOS**

Through this portal you can:

- Register a new business
- Link (grant access) to an existing business
- Manage your business information
- File the following tax types:
 - Sales and Use Tax
 - Consumer's Use Tax
 - Transient Room Tax
 - Motor Vehicle Tire Fee
 - Commercial Mobile Radio Service Charge (CMRS)
 - Employer's Withholding Tax

USER ACCOUNTS AND ACCESS

- Every business using the KyBOS portal to register or manage their business information is required to appoint a **“One Stop Business Administrator”**
- The One Stop Business Administrator is responsible for:
 - Managing security roles for the business entity
 - Granting user access to both the business and/or associated accounts
 - Revoking user access to both the business and/or associated accounts
- As a matter of best practice, preparers should not choose this role for themselves
- A business representative, other than the bookkeeper or accountant, should always be the KyBOS Administrator

KENTUCKY BUSINESS ONE STOP (KyBOS)

Once you have registered via the One Stop Portal or linked to an existing business, you can:

- **Change the business name (if not registered with KY Secretary of State)**
- **Add a DBA name**
- **Apply for additional tax accounts**
- **Change the accounting period**
- **Change the mailing address**
- **Change the phone number**
- **Enroll for online filing for several tax types**
- **Print a Sales & Use tax permit**
- **Manage responsible parties (add new or update existing)**

OFFICE OF SALES AND EXCISE TAXES

Richard Dobson, Executive Director

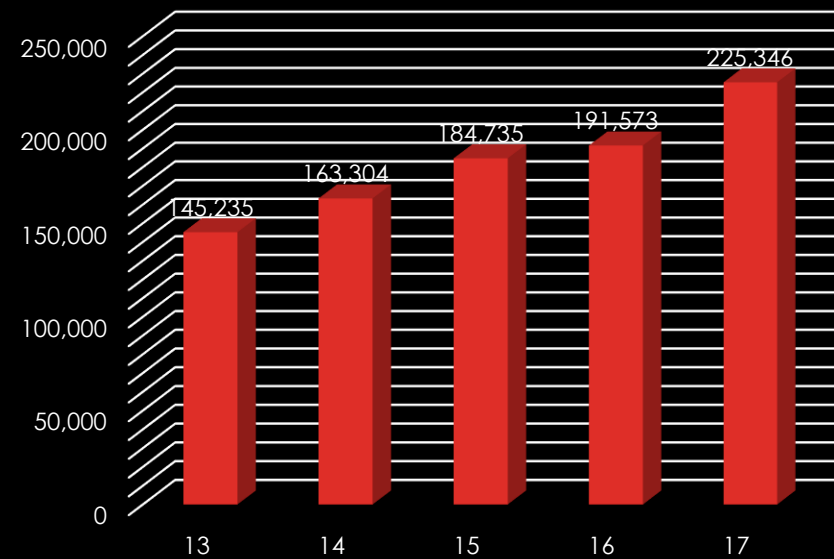
Division of Miscellaneous Taxes

Division of Sales and Use Tax

ELECTRONICALLY FILED RETURNS

New e-Filing this FY year!

Sales Tax



ONLINE TRAVEL COMPANIES

Beginning October 1, 2017, sales tax due on accommodations purchased in Kentucky through online travel companies (OTCs) or “travel intermediaries” (such as Expedia or Priceline) will be collected and paid directly to the Kentucky Department of Revenue by the travel intermediary on the entire room charge (not just the portion of the charge for the room reservation retained by the OTC).

Please see the letter dated September 1, 2017 to hotel, motel, and other accommodations providers regarding the payment of Kentucky sales tax on hotel bookings reserved through “travel intermediaries.” You can access it at <https://revenue.ky.gov/News/Pages/Reporting%20Sales%20Tax%20for%20Online%20Hotel%20Bookings%20-%2008-31-17.pdf> .

Also effective October 1, 2017, Airbnb will automatically collect and remit the state sales tax (6%) and the state transient room tax (1%) to the Kentucky Department of Revenue on all Airbnb bookings, making the process seamless and easy for both hosts and the Commonwealth.

This marks the company’s first tax agreement within Kentucky. This agreement with Kentucky DOR only covers taxes assessed by the state, meaning collecting and remitting local municipal lodging/occupancy taxes requires separate agreements with the cities. Airbnb is currently engaged in discussions with Louisville and Lexington -- the two largest home sharing markets in Kentucky -- and the company is hopeful to secure agreements and begin collecting and remitting local taxes for both cities soon.

Overview of Airbnb in Kentucky:

3,100 active hosts

80,000 guest arrivals to Kentucky via Airbnb in 2016

TELECOM FRANCHISE FEES

TELECOM FRANCHISE FEES

On June 15, 2017, the Kentucky Supreme Court (*Kentucky CATV Association, Inc. v. City of Florence*, 520 S.W.3d 355 (Ky. 2017)) determined that the portion of Kentucky's telecom taxes prohibiting municipalities from collecting franchise fees from utilities in exchange for use of their rights-of-way was invalid, as that power was constitutionally granted to local municipalities pursuant to Ky. Const. §§ 163 and 164.

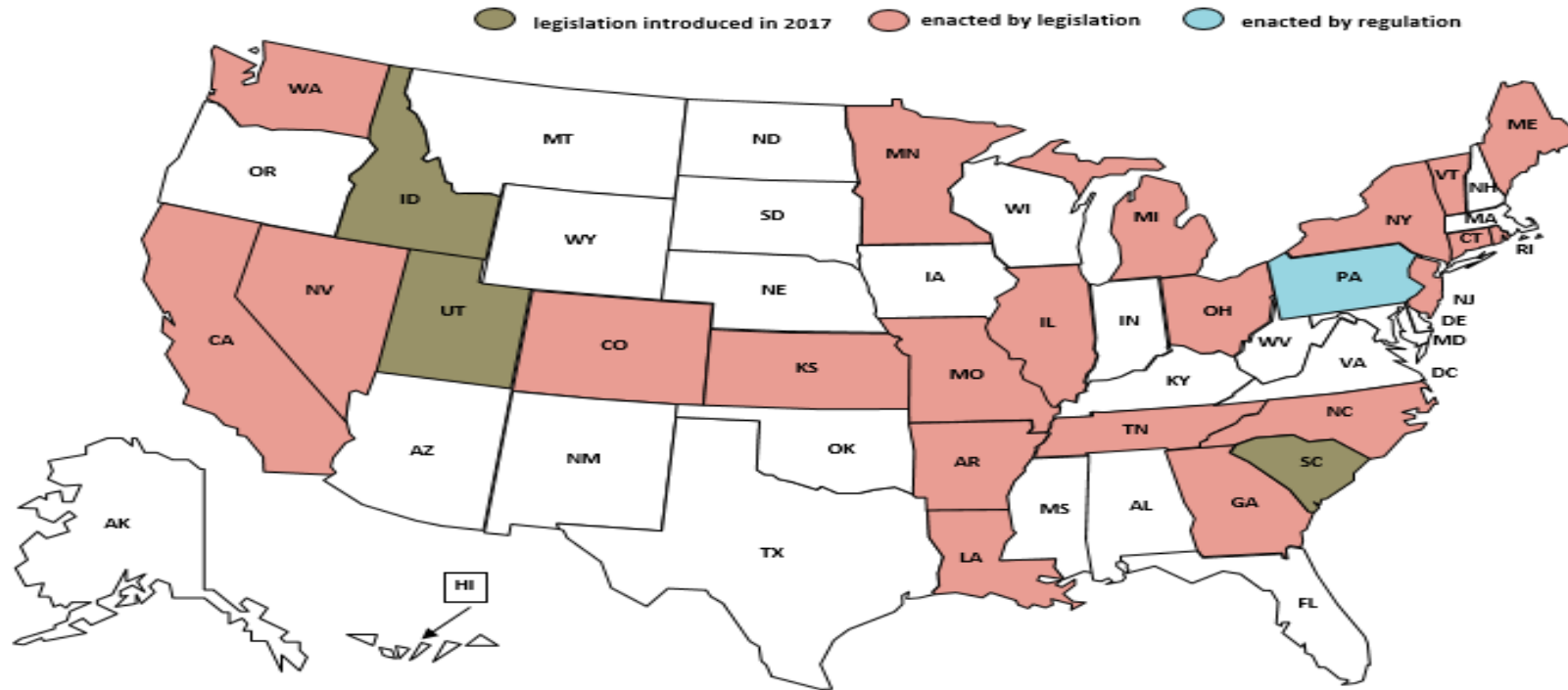
The telecom taxes imposed under KRS 136.604 and 136.616 were originally enacted as part of Tax Modernization in 2005 (HB 272). Effective January 1, 2006, the bill replaced the franchise value property tax and franchise fees on telecommunications companies with a 3% excise tax on multichannel video programming services and separate gross revenues tax rates on multichannel video programming services and communications services (2.4% and 1.3% respectively). With this legislation, existing local franchise fee collections were purportedly prohibited.

Because of this Supreme Court decision, some local jurisdictions are considering whether to renew or establish a franchise fee on cable service and/or communications service instead of relying on receipts from the state telecom taxes. Below are some key points cities and other jurisdictions should consider before activating any franchise payment provisions.

- Since 2006, cities, counties and other local jurisdictions throughout the Commonwealth have received monthly distributions of state telecom receipts electronically deposited into their bank accounts. The combined amounts for all jurisdictions annually totals \$36.4 million.
- According to the provisions of KRS 136.660(4), any political subdivision that chooses to impose a franchise fee on any cable or communications service will forfeit distributions of all state telecom receipts (3% excise and 2.4% and 1.3% gross revenues taxes) during the time that any franchise fees are being collected. While each franchising jurisdiction should carefully evaluate its own unique situation, in many cases, the current distributions of state telecom taxes are and will continue to be greater than any revenues that might be generated from local franchise fees on cable services.
- Before a political subdivision begins a franchise fee imposition, it must notify the Department of Revenue in writing of the effective date of the franchise fee and that it is revoking its certified participation in the state telecom distribution fund. The Department requests a ninety-day notice before franchise fees begin.
- Cable companies and other utilities will need advance notification so they can perform any database changes needed to comply with new franchise fee requirements. Depending on the terms of the franchise, providers may also need time to communicate billing changes to the affected customer base. A ninety-day notice is a recommended minimum, but please consult with local providers to coordinate implementation details.
- Overall, cable receipts are in gradual decline statewide. In contrast, the annual state telecom distributions to local jurisdictions remains fixed at the statutorily set threshold of \$36.4 million. While this amount does not fully cover the 2005 baseline, it will not decline under current law regardless of any further erosion of cable receipts.
- The repealed franchise value property tax component of cities' historical tax base comprised, on average, at least 20% of their total collections amount. If a local jurisdiction elects to activate a franchise fee, the local jurisdiction would likely want to determine whether any new collections would exceed both the property tax and franchise fee components of its 2005 tax base to verify whether the decision to opt-out of participation with the state makes sound financial sense for the local jurisdiction.

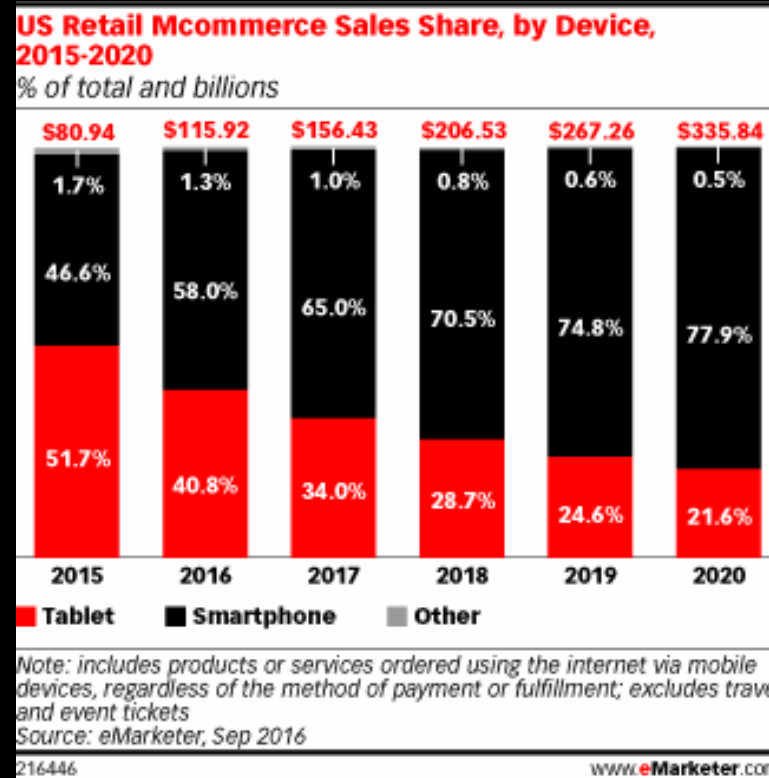
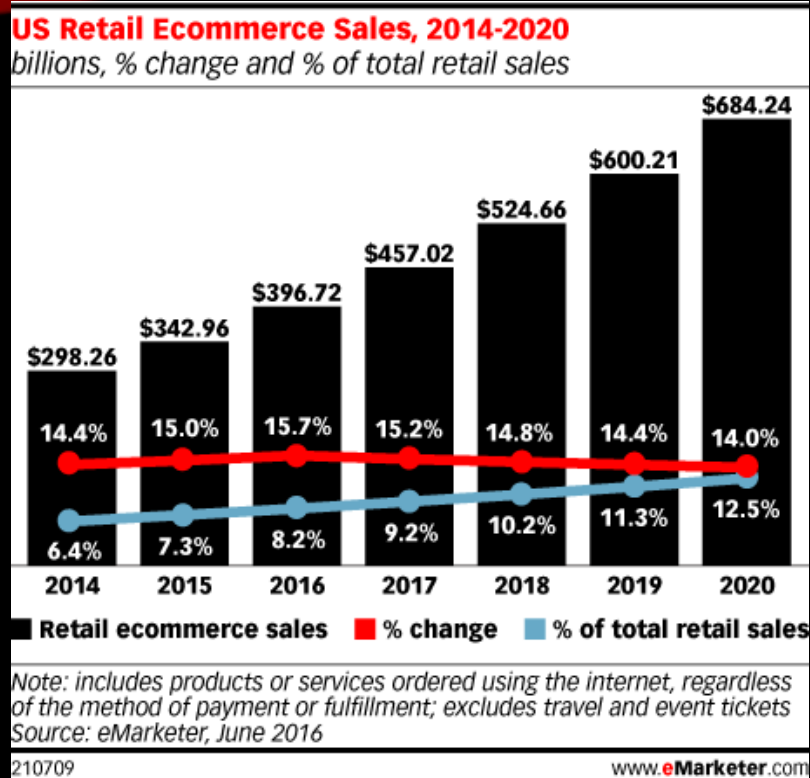
CLICK-THROUGH NEXUS AS OF 2017: SALES TAX

CLICK-THROUGH NEXUS AS OF 2017: SALES TAX



Source: COST Legislative Tracking

E-COMMERCE STATISTICS



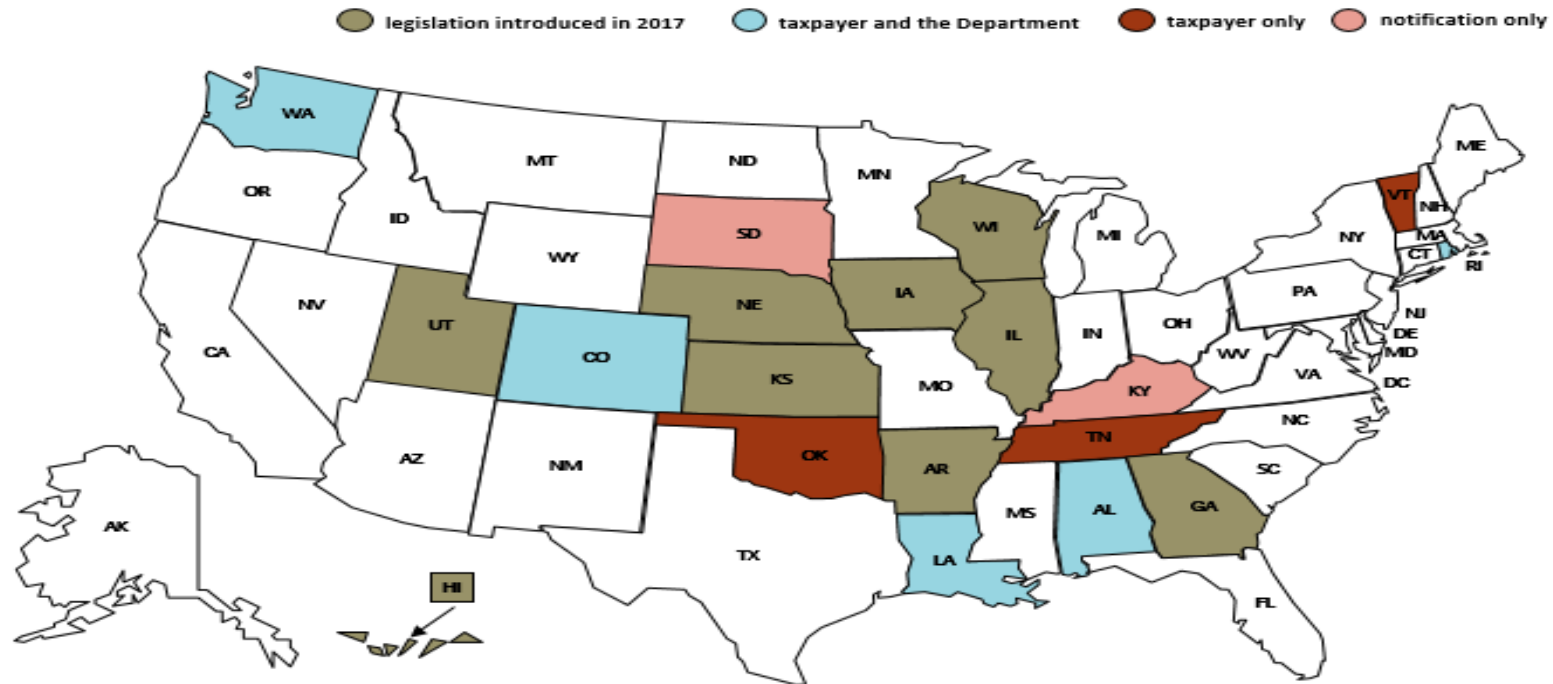
Kentucky collected more than \$29M in Sales Tax from SST registered retailers reporting sales into the state for FY17. This is up from \$25.9M in FY16.

Sales on the web reached \$396.72 billion in 2016, a 15.7% increase compared with \$342.96 billion in 2015. That's the highest growth rate since 2013, when online sales grew 16.5% over 2012.

E-commerce sales represented 8.2% of total retail sales in 2016, compared with a 7.3% share in 2015. E-commerce is expected to grow 15.8% in 2017 with a 9% share of total retail sales.

NOTICE AND REPORTING AS OF 2017: SALES TAX

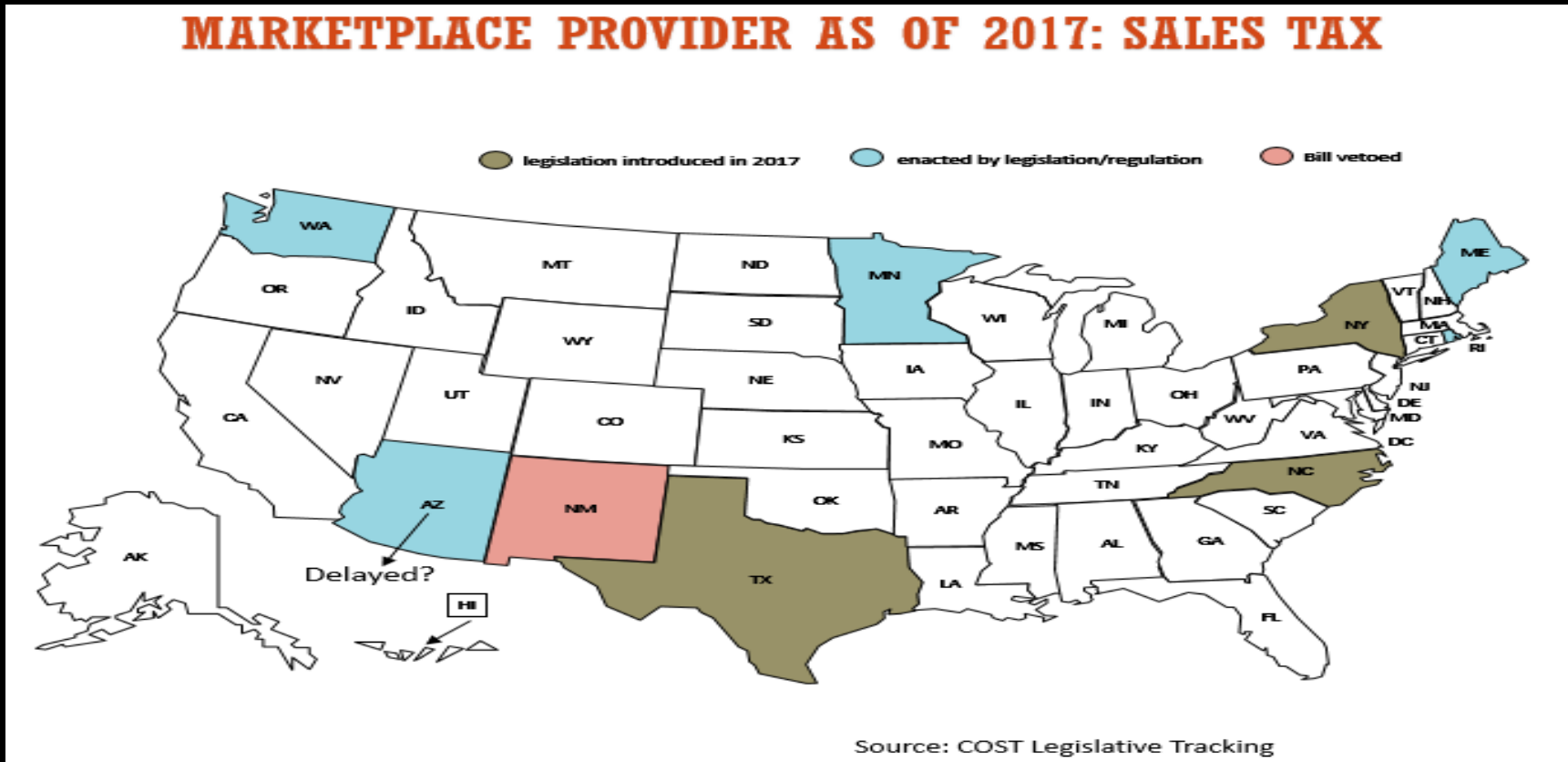
NOTICE AND REPORTING AS OF 2017: SALES TAX



Source: COST Legislative Tracking

MARKETPLACE PROVIDER AS OF 2017: SALES TAX

MARKETPLACE PROVIDER AS OF 2017: SALES TAX



STATE LITIGATION ACTIVITY

Alabama	Newegg Inc. v. Ala. Dep't of Revenue, No. S. 16-613 (Ala. Tax Tribunal June 8, 2016) Newegg Inc. appealed its Notice of Final Assessment of Sellers Use Tax ("Final Assessment") to the Alabama Tax Tribunal. Once decided by the Tax Tribunal, the case could be appealed to the Montgomery County Circuit Court where a trial de novo is available. Beyond the Circuit Court, there are two levels of appellate review possible in Alabama before the case would reach the U.S. Supreme Court.
Indiana	HB 1129 - Nexus provision became law April 28, 2017 with \$100,000 in sales or 200 transactions. State filed suit in Superior Court asking for constitutional ruling.
Massachusetts	Administrative regulation, effective October 1, 2017 Use of in-state software, internet data files ("cookies") and content distribution networks constitutes a physical presence in the state.
South Carolina	State DOR litigating marketplace providers by treating as consignment sales (no legislation).
South Dakota	SB 106 - South Dakota v. Wayfair, Inc., No. 3:16-CV-03019 (D.S.D. filed May 25, 2016). On March 7, 2017, the Sixth Judicial Circuit Court ruled the law was unconstitutional because it requires sellers with no physical presence to collect and remit sales tax to SD. The state appealed the very next day to the South Dakota Supreme Court. On September 14, 2017 the SD Supreme Court confirmed the law was unconstitutional. The state has now appealed to the US Supreme Court. Multiple Amicus briefs are being filed encouraging the Court to take up the case.
South Dakota	American Catalog Mailers Association ("ACMA") and NetChoice v. Gerlach. The retailers seek a declaratory judgment as to the constitutionality of the new law. The state has answered the complaint arguing the retailers lack standing to challenge the law and contesting the court's jurisdiction to hear the case.
Tennessee	The American Catalog Mailers Association of America and NetChoice have sued to block Tennessee's online rule requiring remote vendors with more than \$500,000 in annual sales to begin collecting sales taxes by July 1, 2017. Tennessee has agreed to suspend enforcement until court challenges are resolved under terms of joint agreement with the plaintiffs in state chancery court (4/10/17).
Wyoming	HB 19 - Nexus provision became law in March 2017 with \$100,000 in sales or 200 sales transaction threshold.

CONTACT INFORMATION

Richard Dobson, Executive Director

Office of Sales & Excise Taxes
501 High Street, Station 50
Frankfort, KY 40601
(502) 564-5523

Ricky Haven, Director

Division of Sales & Use Taxes
501 High Street, Station 53
Frankfort, KY 40601
(502) 564-6828

Jim Oliver, Director

Division of Miscellaneous Taxes
501 High Street, Station 63
Frankfort, KY 40601
(502) 564-2935

Sales and Use Tax	(502) 564-5170
Telecommunications Tax	(502) 564-5170
E911 Prepaid Service Charge	(502) 564-5170

Motor Fuels Tax	(502) 564-3853
Motor Vehicle Usage Tax	(502) 564-4455
Financial Tax	(502) 564-4810
Excise Tax	(502) 564-6823
Tobacco Tax	(502) 564-6823

website: <http://revenue.ky.gov>

OFFICE OF INCOME TAXATION

Todd Renner, Executive Director

Division of Individual Tax

Division of Corporation Tax

WHAT'S NEW IN THE COMMONWEALTH

- New Declaration of Representative Form

Form 20A100

- Completed forms may be submitted by:

Fax: 502-564-0058

P.O. Box 181, Station
56 Frankfort, KY 40602

FORM 20A100		DECLARATION OF REPRESENTATIVE	
1. TAXPAYER INFORMATION: Please type or print.		Enter only those that apply.	
Taxpayer Name		Federal Taxpayer Identification Number	
Mailing Address - Number and Street		Apartment/Suite No.	
City		E-mail Address	
State	Zip Code	Daytime Phone	
2. REPRESENTATIVE(S) INFORMATION		Enter applicable identification number.	
Name		State and State Bar Number	
Mailing Address - Number and Street		Apartment/Suite No.	
City		State and CPA License Number	
State	Zip Code	IRS Enrolled Agent Number	
Daytime Phone			
Name		State and State Bar Number	
Mailing Address - Number and Street		Apartment/Suite No.	
City		State and CPA License Number	
State	Zip Code	IRS Enrolled Agent Number	
Daytime Phone			
Name		State and State Bar Number	
Mailing Address - Number and Street		Apartment/Suite No.	
City		State and CPA License Number	
State	Zip Code	IRS Enrolled Agent Number	
Daytime Phone			
3. TAX MATTERS: The taxpayer appoints the above representative(s) for purposes of duly authorized representation in any proceeding with the Kentucky Department of Revenue with respect to the tax matters indicated below. If no tax form number or tax year is provided this form will be valid for all tax types and authorized acts selected until revoked.			
TAX TYPE	ACCOUNT NUMBER	TAX FORM NUMBER (740, 720, 51A205, etc.)	TAX YEAR(S) OR PERIOD(S)
<input type="checkbox"/> Corporation Income/Limited Liability Entity Tax			
<input type="checkbox"/> Individual Income Tax			
<input type="checkbox"/> Sales and Use Tax			
<input type="checkbox"/> Property Tax			
<input type="checkbox"/> Other (Please Specify)			
4. AUTHORIZED ACTS: The representative listed above is authorized to receive, inspect, and discuss the taxpayer's confidential tax information. The taxpayer also authorizes the following acts:			
<input type="checkbox"/> Representative has the authority to sign a statute of limitations waiver on Taxpayer's behalf.			
<input type="checkbox"/> Representative has the authority to execute a protest on Taxpayer's behalf.			
<input type="checkbox"/> Representative has the authority to represent Taxpayer in any administrative tax proceeding, including conferences.			
<input type="checkbox"/> Representative has the authority to receive notices and communications (unless system generated) from the Department of Revenue.			
<input type="checkbox"/> Representative has the authority to represent Taxpayer in any collection matter, including an Offer-in-Settlement.			
<input type="checkbox"/> Representative may obtain Taxpayer's CBI number and execute changes to Taxpayer's account.			
<input type="checkbox"/> Other acts. (Please specify) _____			

2017 LEGISLATIVE UPDATE

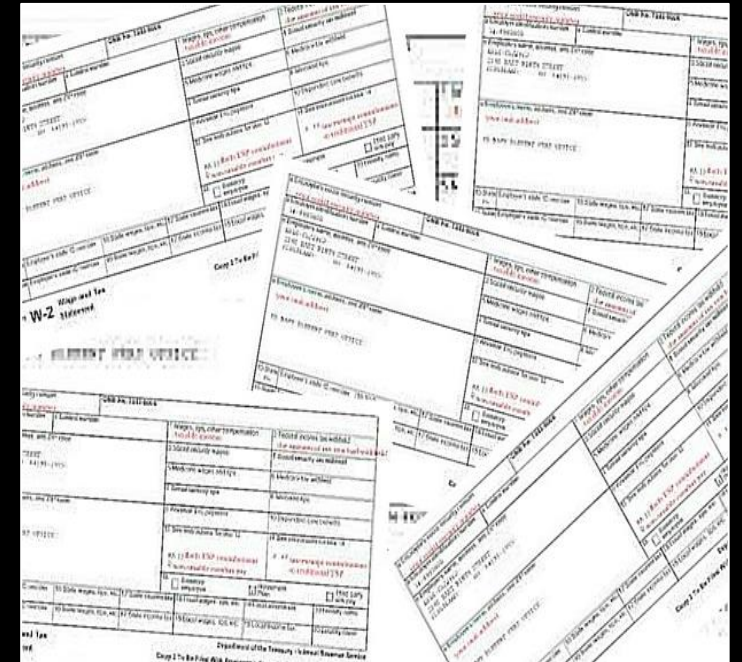
House Bill 245

- Amends KRS 131.130 to allow the Department of Revenue to respond to taxpayer's questions and publish the responses
- The DOR may include examples as part of any response or publication
- Designed to improve transparency in tax guidance

INDIVIDUAL INCOME TAX

Schedule KW-2

- Created for paper returns to help reduce the number of attachments filed
- Submitted in place of the genuine W-2 and/or other wage statements
- Helps taxpayers to more easily retain copies of their own original statements



INDIVIDUAL INCOME TAX

Amendment Election Checkbox on Form 740

- Beginning with 2017 the Form 740-X is no longer required to file an amended return
- Copy of the 1040X is requested if applicable
- The 740-X will still be required for amendments to years prior to 2017

Check if applicable:

- Amended (Enclose copy of 1040X, if applicable.)*

INDIVIDUAL INCOME TAX

Updated Figures

Family Size Tax Credit	2017 Threshold for 100% Credit
Family size of 1	\$12,060
Family size of 2	\$16,240
Family size of 3	\$20,420
Family size of 4 or more	\$24,600

2017 Itemized Deduction Limitation Thresholds	
Single or MFJ	\$186,350
MFS – Combined or Separate Returns	\$93,175

2017 Standard Deduction	\$2,480
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2018 Standard Deduction	\$2,530
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INDIVIDUAL INCOME TAX

Penalties for Failure to E-File

- Penalty will be assessed on preparers that submit over 11 tax returns and fail to file electronically
- Penalty amount is a **\$10 per paper return** filed that exceeds the 11 return threshold
- Revenue may waive the penalty if a preparer can provide sufficient reason for paper filing
- Must submit a completed Form 8948-K

KRS 131.990(7)



8948-K

42A,740-S25 (10-15)
Department of Revenue



**PREPARER EXPLANATION FOR
NOT FILING ELECTRONICALLY**

➤ Attach to Form 740 or 740-NP

➤ See federal instructions for 8948

Name(s) on tax return.		Tax year of return	Taxpayer's Identifying Number
Preparer's name		Preparer Tax Identification Number (PTIN)	

Check the applicable box to indicate the reason this return is not being filed electronically.

1. Taxpayer chose to file this return on paper.
2. The preparer received a federal waiver from the requirement to electronically file the tax return.
 Waiver Reference Number: _____ Approval Letter Date: _____
3. The preparer is a member of a recognized religious group that is conscientiously opposed to electronic filing.
4. The return was rejected by IRS / Kentucky *e-file* and the reject condition could not be resolved.
 Reject Code: _____ Number of attempts to resolve reject: _____
5. The preparer's *e-file* software package does not support Form _____ or Schedule _____
6. Check the box that applies and provide additional information if requested.
 - a. The preparer is ineligible to file electronically because IRS *e-file* does not accept foreign preparer's without social security numbers who live and work abroad.
 - b. The preparer is ineligible to participate in IRS/KY *e-file* due to an IRS sanction.
 - c. Other: Describe below the circumstances that prevented the preparer from filing the return electronically.

INDIVIDUAL INCOME TAX

Fraud Deterrence Measures

- **Identity Quiz Reminder**
 - Participants get **two** chances to pass
 - Even if the quiz is failed, a legible photo ID and a copy of wage statements can be used to confirm identity
 - For joint returns both spouses must provide information
 - Filtering criteria is reviewed regularly to improve the process and reduce the number of false positives



INDIVIDUAL INCOME TAX

Fraud Deterrence Measures

- **Fraud reporting online**
 - A link is under development that will allow users to report fraud and/or data breaches directly through the Revenue website
 - Link should be live in time for tax season
 - This tool is planned to contain links to the IRS fraud reporting authorities and the FTC
- **Processing date of returns begins February 26**
 - Helps ensure Revenue has sufficient time to evaluate the effectiveness of all security filters before processing begins



INDIVIDUAL INCOME TAX

Effectiveness of Fraud Prevention Measures

- **Statistics on DOR Fraud Prevention**
 - During calendar year 2017, DOR fraud prevention measures have:
 - Saved over \$30 million in potentially fraudulent refunds from being sent out
- **Statistics on Quiz Letters**
 - Under 2% of Kentucky filers have received identity quiz letters in calendar year 2017



INDIVIDUAL & CORPORATE INCOME TAX

Electronic Filing Statistics

Individual

- 88.41% of the 1.96 million returns received through September were e-filed

Corporate

- 44.31% of the Corporate returns received through September were e-filed
- Number of e-filed Corporate returns nearly doubled each year in the last two years



FILING YEAR 2018 ELECTRONIC FILING

Kentucky follows the IRS for return acceptance dates

Filing Year	Form	Payment/Refund
2018	Form 740	E-Pay & Direct Deposit of Refund
	Form 740-NP	E-Pay
	Form 740-NP-R	E-Pay
	Form 741*	E-Pay
	Form 720	E-Pay
	Form 720 (consolidated)	E-Pay
	Form 720S	E-Pay
	Form 725 / 725-EZ *	E-Pay
	Form 765	E-Pay
	Form 765-GP	E-Pay

❖ **Projected to be available for e-filing during the 2018 Filing Year**

CORPORATE INCOME TAX

Corporate form and instruction changes

Form	Change(s)
Form 725-EZ	New short form for \$175 minimum single-member LLET filers; Schedule CP discontinued
Schedule LLET	Information/calculations are now Schedule L on main forms; related Schedule LLET forms have been consolidated into Schedule L-C
Schedules K and K-1	Updated for clearer LLET and apportionment pass-through items
Schedule A	Updated to include Schedules A-C and A-N
Schedules CR and KCR	Updated to include Schedules CR-C and KCR-C
Schedule DS	Updated to include Schedule DS-R
Schedule NOL	Updated to include Schedule NOL-CF
Form 740NP-WH-P	Discontinued—included as a worksheet within the instruction package
Tax Credit Packages	Most tax credit forms combined into packages to ease use

OFFICE OF FIELD OPERATIONS

Brent R. King, CPA
Executive Director

SALES TAX AUDIT ISSUES

- **Failing to accrue use tax when due**

Step 3 – Amount of Purchases Subject to Sales and Use Tax

23. (a) Cost of all tangible personal property and digital property purchased without payment of the sales and use tax for business or personal use (enter here and on line 23(a) below) 23(a)

- **Not reconciling Gross Receipts on Sales and Use Tax Returns with Income Tax Returns**
- **Contractors – in general, not paying sales or use tax on all purchases**

SALES TAX AUDIT ISSUES

- **New businesses not accruing use tax and purchase of business assets from prior owners**
- **Not registering for sales & use account**

SALES TAX AUDIT ISSUES

Reminders

- Shipping is taxable
- Sales tax should be charged on hazardous waste and environmental fees
- Deductions – don't deduct city, tourism, or restaurant taxes
- Fabrication labor is different than other types of labor – fabrication labor is taxable
- Paper Returns – include sales tax collected with gross receipts on line 1

SALES TAX AUDIT ISSUES

KENTUCKY SALES TAX FACTS

A REVENUE PUBLICATION FOR THE BUSINESS OWNER

JUNE 2017

2017 Legislative Changes Related to Sales Tax

- HB 245—permits the department to publish more guidance on various tax issues.
- HB 50—requires that an administrative regulation will expire seven years after its last effective date.
- HB 453—reorganizes the Kentucky Board of Tax Appeals into the Kentucky Claims Commission.
- HB 368—allows persons that contract with one or more certificated air carriers to be eligible for a sales tax credit for sales tax paid on aviation fuel in excess of \$1,000,000 each fiscal year.
- HB 330—amended the Tax Increment Financing (TIF) statutes to increase the life of Pilot Projects from 20 years to 45 years.

See the May 2017 *Kentucky Tax Alert* newsletter for additional legislation detail.

Electronic Filing of Tax Returns—The Department of Revenue has recently deployed a new system for filing online returns called E-File. The E-File system was developed to provide updated and enhanced functionality for filing sales and use tax returns online, and to extend electronic filing to other taxes such as transient room tax, waste tire fee, and the new CMRS 911 service charge.

The new KY E-File system is accessed through the Kentucky Business One Stop (KyBOS) portal at <http://onestop.ky.gov/>

Once you have completed these steps you can begin filing returns for your business in the E-file system. The enhanced E-File will also allow you to amend sales and use and consumer's use tax returns that have previously been filed. Also, the transient room tax, waste tire fee, and CMRS 911 service charges are available and required to be filed electronically.

Printing a Sales Tax Permit from the KY Business One Stop Account

In order to have the capability to print a sales tax permit, users will have to create an account at the Kentucky Business One Stop website and have linked their business to the account using the CBI number. See the previous article for instructions to link the business to your One Stop account. Once the business has been linked to the One Stop account, use the following procedures to print your sales tax permit:

1. From the dashboard screen click on the business name under the My Businesses Tile.
2. From the Business Summary screen click MANAGE/VIEW TAXES.
3. Under the Taxes tab, all tax accounts for the business are displayed. Click the VIEW button beside the sales tax account.
4. Scroll to the bottom of the screen and click BUSINESS LOCATIONS.
5. The business location address will be displayed. Click PRINT to print the sales tax permit.

Tangible Personal Property Tax Audit Issues

62A500 (2-17)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE
 Office of Property Valuation
 Division of State Valuation, ST 32

2017 TANGIBLE PERSONAL PROPERTY TAX RETURN

Property Assessed January 1, 2017

*Recommended for forms filed on or before due date to:
 File the return with the PVA in the county of taxable situs.*

Returns filed after due date with the Office of Property Valuation.

There is no filing extension for this return.

See pages 11 and 12 for a complete list of mailing addresses.

FOR OFFICIAL USE ONLY	
County Code	Locator Number
T	/

Due Date:
 Monday
 May 15, 2017

MAY 2017						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

15

Check applicable box and write in <input type="checkbox"/> Federal ID No. or <input type="checkbox"/> Social Security No. 2nd SSN if joint return NAICS CODE Type of Business Check if applicable Tangible in other KY counties? <input type="checkbox"/> Yes Alternative valuation? <input type="checkbox"/> Final Return? <input type="checkbox"/>	Name of Business Name of Taxpayer(s) Mailing Address City or Town State ZIP Code Property Location (Number and Street or Rural Route, City)(Must List) REQUIRED Property is Located in County For Official Use Only District Code Type Return	Organization Type <input type="checkbox"/> Individual 1 <input type="checkbox"/> Joint (Co-Owners) 2 <input type="checkbox"/> Partnership/LLP 3 <input type="checkbox"/> Domestic Corp./LLC 4 <input type="checkbox"/> Foreign Corp./LLC 5 <input type="checkbox"/> Fiduciary—Bank 6 <input type="checkbox"/> Fiduciary—Other 7
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NOTE: Taxpayers who have property in more than one location must complete a separate form for each location.

FROM SCHEDULE A					FROM SCHEDULE B					
	Class	Original Cost	Reported Value	For Official Use Only		Class	Original Cost	Reported Value	For Official Use Only	
11	I				21	I				
12	II				22	II				
13	III				23	III				
14	IV				24	IV				
15	V				25	V				
16	VI				26	VI				
17	Total				27	Total				
See pages 3 through 5 for instructions.							Taxpayer's Valuation		For Official Use Only	
31	Merchants Inventory									
32	Manufacturers Finished Goods									
33	Manufacturers Raw Materials/Goods in Process									
34	Motor Vehicles Held for Sale (dealers only) New Farm Machinery Held Under a Floor Plan New Boats and Marine Equipment Held Under a Floor Plan Salvage Titled Vehicles (insurance companies only) Recreational Vehicles Held in a Retailer's Inventory Biotechnology Products Held in a Warehouse (manufacturers and affiliates only) Nonferrous Metal Located in a Commodity Warehouse and Held on Warrant									
35	Goods Stored in Warehouse/Distribution Center (see instructions)									
36	Goods—In Transit (see instructions)									
37	Unmanufactured Tobacco Products not at Manufacturers Plant or in Hands of Grower or His Agent									

TANGIBLE PERSONAL PROPERTY TAX **AUDIT ISSUES**

- **Taxpayers not filing tangible tax return**
- **Section 179 expensed assets & fully depreciated assets left off return**
- **Reconcile total assets & inventory in trial balance / KY Schedule A with amounts on Tangible Return**
- **Assets not classified properly between Schedules A and B**

TANGIBLE PERSONAL PROPERTY TAX **AUDIT ISSUES**

- **Assets are improperly classified**
- **Supplies and material inventories should be reported on line 60**

TANGIBLE PERSONAL PROPERTY TAX AUDIT ISSUES

DE MINIMIS SAFE HARBOR LIMIT FOR TANGIBLE PROPERTY

Property Tax

For taxable years beginning on or after January 1,

details capitalization and expensing requirements related to income tax reporting. This rule is not applicable for Kentucky property tax purposes. For property tax, all Kentucky property is taxable unless exempted (Section 170 of the Kentucky Constitution),

applicable for Kentucky property tax purposes. For property tax, all Kentucky property is taxable unless exempted (Section 170 of the Kentucky Constitution), and all Kentucky property not exempted is to be assessed at its fair cash value (Section 172). All taxable tangible personal property should be listed annually on the Tangible Personal Property Tax Return (Form 62A500) utilizing the appropriate schedule and class or economic life.

CORPORATE TAX AUDIT ISSUES

- Returns not reflecting current address and phone number
- Mandatory Nexus filers with pro-forma returns not including the Federal Form 851 reflecting ownership
- Mandatory Nexus Filers – include NOL schedules

<p>Form 851 (Rev. October 2016) Department of the Treasury Internal Revenue Service</p>	<p>Affiliations Schedule</p> <p>For tax year ending _____, _____</p> <p>► File with each consolidated income tax return.</p> <p>► Information about Form 851 and its instructions is at www.irs.gov/form851.</p>	<p>OMB No. 1545-0123</p>		
Name of common parent corporation		Employer identification number		
Number, street, and room or suite no. If a P.O. box, see instructions.				
City or town, state, and ZIP code				
Part I Overpayment Credits, Estimated Tax Payments, and Tax Deposits (see instructions)				
Corp. No.	Name and address of corporation	Employer identification number	Portion of overpayment credits and estimated tax payments	Portion of tax deposited with Form 7004
1	Common parent corporation			
2	Subsidiary corporations:			
3				

THANK YOU !!!
TOGETHER WE ARE



ONE DEPARTMENT
ONE TEAM