

1 FINANCE AND ADMINISTRATION CABINET

2 Department of Revenue

3 (Amendment)

4 103 KAR 15:060. Estimated tax; amended declarations; short years.

5 RELATES TO: KRS 141.042, 141.044, 141.300, 141.305, 141.990

6 STATUTORY AUTHORITY: KRS 131.130[~~Chapter 13A~~]

7 NECESSITY, FUNCTION, AND CONFORMITY: This administrative regulation is
8 specifically required by KRS 141.042(6), 141.300(6), and 141.305(6) to provide for amended and
9 short-year declarations of estimated tax.

10 Section 1. General. A declaration of estimate tax return for a short taxable year shall be filed
11 by any individual whose income exceeds \$5,000[~~\$2,000~~] from which Kentucky tax is not withheld,
12 and by any corporation whose Kentucky income tax liability for the short taxable year can
13 reasonably be expected to exceed \$5,000. However, no declaration is required of an individual if
14 the estimated tax is less than \$500[~~forty (40)~~] dollars. A short taxable year contains more than five
15 (5) months and less than twelve (12) months. A declaration is not required of any taxpayer for a
16 period of less than five (5) months.

17 Section 2. Time for Filing. (1) Individuals. A declaration for a short taxable year shall be filed
18 at the time required by KRS 141.300(3).

19 (2) Corporations. A declaration for a short taxable year shall be filed at the time required by
20 KRS 141.042(3).

21 Section 3. Payment. (1) Individuals. Estimated Kentucky income tax for the short taxable year

1 shall be paid at the times prescribed by KRS 141.305(1) except that any installments unpaid at the
2 close of the short taxable year shall be paid when the income tax return is filed.

3 (2) Corporations. Estimated Kentucky income tax for the short taxable year shall be paid at the
4 times prescribed by KRS 141.044(1) except that any installments unpaid at the close of the short
5 taxable year shall be paid when the income tax return is filed.

6 Section 4. Fiscal Years. Fiscal year taxpayers shall substitute corresponding dates for dates
7 prescribed for calendar year taxpayers.

8 Section 5. Penalties. Individuals and corporations which fail to file and pay declarations of
9 estimated tax for the short taxable years are subject to penalties contained in KRS 141.990.

10 Section 6. Amended Declarations. Individuals and corporations may file amended declarations
11 of estimated income tax during any interval between installment dates. If an amended declaration
12 is filed, any remaining installment(s) shall be adjusted to reflect the amendment. An amended
13 declaration made after the third installment shall be paid in full when the amendment is filed.

103 KAR 15:060

APPROVED:

Daniel Bork/les
DANIEL BORK, COMMISSIONER
Department of Revenue
Finance and Administration Cabinet

Sept 14, 2018
DATE APPROVED BY AGENCY

PUBLIC HEARING AND PUBLIC COMMENT PERIOD

A public hearing on this administrative regulation shall be held on October 24, 2018 at 10:00 a.m. in Room 8A, State Office Building, 501 High Street, Frankfort KY 40601. Individuals interested in being heard at this hearing shall notify this agency in writing by five (5) workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be cancelled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through October 31, 2018. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON: Lisa Swiger, Revenue Tax Policy Research Consultant II, Department of Revenue, 501 High Street, Station 1, Frankfort, Kentucky, 40601, (502) 564-9526 (telephone), (502) 564-3875(fax), Lisa.Swiger@ky.gov(email).

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation Number: 103 KAR 15:060

Contact Person: Lisa Swiger
Phone Number: (502)564-9526
Email: Lisa.Swiger@ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation updates and clarifies statutory references and corrects the income threshold for the declaration of income tax from \$2,000 to \$5,000 per KRS 141.300(1).

(b) The necessity of this administrative regulation: This administrative regulation is necessary to update 103 KAR 15:060 to conform to statutory language and to update information related to thresholds for short-year returns to match KRS 131.300(1).

(c) How this administrative regulation conforms to the content of the authorizing statutes: This amendment updates 103 KAR 15:060 to provide taxpayers with the most current and up-to-date guidance as required in the authorizing statutes.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation provides the reporting guidelines necessary to comply with the requirements of the statute.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: See (1)(a).

(b) The necessity of the amendment to this administrative regulation: See (1)(b).

(c) How the amendment conforms to the content of the authorizing statutes: See (1)(c).

(d) How the amendment will assist in the effective administration of the statutes: See (1)(d).

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: Any individual who previously had to declare estimated income tax in Kentucky of \$499 or less will benefit from the reduction in reporting requirements.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: None. This amendment only updates statutory references and income thresholds to conform to KRS 141.300(1).

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): There is no new or additional cost involved.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): Potentially less reporting to the department as a result of the higher threshold limit may be a benefit to filers.

(5) Provide an estimate of how much it will cost to implement this administrative regulation:

(a) Initially: There are no new costs associated with this regulation. Current department

staff and resources will be used to implement this administrative regulation.

(b) On a continuing basis: None.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: Currently budgeted department funding and staff.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change, if it is an amendment: No increase in fees or funding will be necessary.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: No fees are established or increased by this regulation.

(9) TIERING: Is tiering applied? Tiering was not applied. All persons, businesses, etc. impacted by this regulation will be treated exactly the same when filing an estimated payment declaration.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation Number: 103 KAR 15:060

Contact Person: Lisa Swiger
Phone Number: (502)564-9526
Email: Lisa.Swiger@ky.gov

1. What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? The Finance and Administration Cabinet, Department of Revenue, will be impacted.

2. Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 131.130, 141.042, 141.300, and 141.305.

3. Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect. There will be no effect on expenditures and revenues for state and local government agencies.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? None.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? None.

(c) How much will it cost to administer this program for the first year? There are no additional cost required to promulgate this regulation other than budgetary funding already allocated for the administration of the department.

(d) How much will it cost to administer this program for subsequent years? None.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-): \$0

Expenditures (+/-): \$0

Other Explanation: