

Tax Matters

connecting and informing
employees



OFFICE OF INCOME TAXATION
COMMUNICATIONS & TRAINING BRANCH

Winter 2012

CONTENTS:

DOR Spotlight.....	1-3
Division of Registration	
CSI.....	4-5
Groupons	
Taxable or Nontaxable Income?	
Problem/Solution.....	7
WELCOME ABOARD!	9

DOR Spotlight Division of Registration

Location: 5th and 6th Floor, State Office Building

Workforce: 35 Employees

Management:

- Yvonne Jackson—Director
- Janine Shackelford—Branch Manager, Program Improvement & Data Integrity
- Celeste Popplewell—Branch Manager, Registration Branch
- Chuck Comings—Section Supervisor, Registration Compliance Section
- Jeremy Wilson—Section Supervisor, Taxpayer Registration Section

The Division of Registration/Data Integrity is the entry point to the Department of Revenue (DOR) for new businesses. The Division is directly responsible for the timely registration of new businesses as well as the review of existing businesses that are not properly registered with all appropriate tax account numbers. The staff in this Division is also responsible for maintaining data accuracy and work to establish processes and solutions that will reduce errors and inconsistencies in our mainframe databases.

Program Improvement/Data Quality Branch

The Program Improvement/Data Quality Branch maintains the demographic data of each business registered with the DOR. This branch is responsible for researching various databases for missing or outdated information in our current systems and updating the systems accordingly. It also provides several offices with reports related to CRIS data and businesses within a specific ownership type.



The branch updates and files the 103 KAR 3:010 Administrative Forms Regulation, the Department's Policies and Procedures, compliances Schedule C filers to ensure registration for all necessary account numbers, and also conducts research and assists management with statistical and budget related data.

Registration Branch

The Taxpayer Registration Section assists taxpayers with the registration process and assigns accounts based on information from the Kentucky Tax Registration Application (Revenue Form 10A100) for the most common business taxes: Employer's Withholding Tax, Sales and Use Tax, Transient Room Tax, Motor Vehicle Tire Fee, Consumer's Use Tax, Corporation Income Tax, Limited Liability Entity Tax, Utility Gross Receipts License Tax, Telecommunications Tax, Coal Severance and Processing Tax, and the Coal Seller/Purchaser Certificate ID Number.

The Registration Compliance Section uses information received from a variety of sources to compliance businesses that are not registered with the Department of Revenue. This section sends a series of letters to taxpayers requesting the registration of their business according to Department standards. The Compliance Section also answers registration and nexus questions. Businesses and organizations who do not comply with registration requirements are administratively registered using the information available. Section staff also review licensing applications submitted by lottery vendors (businesses who sell Kentucky Lottery products) to determine if the lottery applicant or re-licensee is properly registered and if the business and each person involved in the management and/or ownership of the business is in compliance with Kentucky tax laws and has no outstanding delinquencies or liabilities.

The Division of Registration also registers businesses via the Kentucky Business One Stop website. Since its inception in late October 2011, over 2400 businesses have been registered via this site.



Division of Registration

Mail Station #20A

Phone: 564-2694 Fax: 564-0796

Yvonne Jackson

Director

47490

Program Improvement and Data Integrity Branch

Janine Shackelford..... Branch Manager..... 42730
Robert Albornoz..... 42683
Beth Frazee 42627
Vladimir Gomelsky 42653
Beth Hertweck..... 42628
Kendy Parks 42607
Beth Welch 42692

Registration Branch

Celeste Popplewell..... Branch Manager..... 47435

Registration & Compliance Section

ACD Group 49840
Elizabeth Bryant..... 47432
Marie Combs..... 47403
Chuck ComingsSection Supervisor 47395
Alice Fields 47408
Erin Hodgkin..... 47426
Debbie Hulker 47424
Ollie Kopp 47434
Craig Mitchell 47437
Derek Polly 42079
Vernon Purvis 47436
Billy Reddick 47447
Mauricia Sherwood 47443
Kris Trautwein..... 47425
Jesse Trinkle 47444
Christy Waldrige 42086
Misty Williams 47428

Taxpayer Registration Section

ACD Group 49841
Lori Akers..... 47449
Rebecca Blair 47454
Brenda Brewer 47469
Margie Drury..... 47471
Ruth Judy 47472
Phyllis Keesling 49778
Danny Samples..... 47476
Suzanne Underwood 47485
Autumn Wilson 47474
Jeremy WilsonSection Supervisor 47486

Taxable or Nontaxable Income?

Although most income you receive is taxable and must be reported on your federal income tax return, there are some instances when income may not be taxable.

The IRS offers the following list of items that do not have to be included as taxable income:

- Adoption expense reimbursements for qualifying expenses
- Child support payments
- Gifts, bequests and inheritances
- Workers' compensation benefits (some exceptions may apply)
- Meals and lodging for the convenience of your employer
- Compensatory damages awarded for physical injury or physical sickness
- Welfare benefits
- Cash rebates from a dealer or manufacturer

These examples are not all inclusive and there may be different income treatments on the state level due to differences in federal and state law.

Some income may be taxable under certain circumstances, but not taxable in other situations. Examples of items that may or may not be included in your taxable income are:

- **Life insurance** If you surrender a life insurance policy for cash, you must include in income any proceeds that are more than the cost of the life insurance policy. Life insurance proceeds, which were paid to you because of the insured person's death, are generally not taxable unless the policy was turned over to you for a price.
- **Scholarship or fellowship grant** If you are a candidate for a degree, you can exclude from income amounts you receive as a qualified scholarship or fellowship. Amounts used for room and board do not qualify for the exclusion.
- **Non-cash income** Taxable income may be in a form other than cash. One example of this is bartering, which is an exchange of property or services. The fair market value of goods and services exchanged is fully taxable and must be included as income on Form 1040 of both parties.

All other items—including income such as wages, salaries, tips and unemployment compensation — are fully taxable and must be included in your income unless it is specifically excluded by law.

For more information, see **Publication 525**, Taxable and Nontaxable Income, which can be obtained at the IRS.gov website or by calling the IRS at 800-TAX-FORM (800-829-3676).

Don't Forget...On Sunday, March 11, 2012 at 2 a.m., Daylight Saving Time Will Begin in the United States.

During late winter we move our clocks one hour ahead and "lose" an hour during the night and each fall we move our clocks back one hour and "gain" an extra hour. But Daylight Saving Time (and not Daylight Savings Time with an "s") wasn't just created to confuse our schedules.

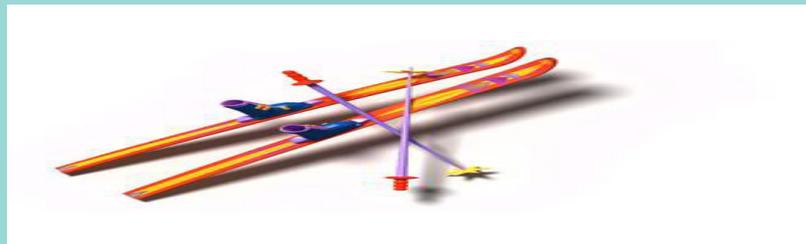
The phrase "spring forward, fall back" helps people remember how Daylight Saving Time affects their clocks. At 2 a.m. on the second Sunday in March, we set our clocks forward one hour ahead of Standard Time ("Spring forward," even though spring doesn't begin until late March, over a week after the start of Daylight Saving Time). We "Fall back" at 2 a.m. on the first Sunday in November by setting our clock back one hour and thus returning to Standard Time.



The change to Daylight Saving Time ostensibly allows us to use less energy in lighting our homes by taking advantage of the longer and later daylight hours. During the eight-month period of Daylight Saving Time, the names of time in each of the time zones in the U.S. change as well. For example, Eastern Standard Time (EST) becomes Eastern Daylight Time (EDT), Central Standard Time (CST) becomes Central Daylight Time (CDT), and so forth.

All things are possible, except for skiing through a revolving door.

—Author Unknown



PROBLEM:

A new column has appeared on PF3 this year. This column is labeled “F” and has caused some confusion as to its purpose.

SOLUTION:

Column F was added this year to note under which system an e-filed return was processed. This coincides with the Department of Revenue instituting a new electronic system to process returns with more information and accuracy. That system has been named the Modernized E-File System (MeF for short). If a return was processed under the MeF system, there will be an “M” under Column F, informing you to look under that system for that tax return. The MeF system can be accessed by clicking the appropriate link on KREW. NOTE: More information on MeF can be found on KREW by reading the manual located at this [Link](#).



Think Spring...

- Easter is celebrated on the Sunday following the Paschal Full Moon, or the first Sunday after the first full moon after Spring begins. The date Easter is celebrated ranges from March 22 through April 25.
- An area along the California and Oregon border between the Harbor-Brookings bench of Oregon and the Smith River area of California is often called the “Easter Lily Capital of the World”. Each year this region produces 95 percent of the more than 11 million bulbs grown in the world for the potted Easter lily market.
- Spring fever is real! It commonly occurs when a sudden warm spell follows a long cold period. When the temperature rises, there's a dilation or expansion of the blood vessels so that blood is carried to the body surface where heat is quickly lost. Some people experience an energetic feeling to this reaction.
- Spring cleaning often accompanies spring fever. It has been suggested that spring cleaning dates back to the Persian New Year where they practice "Khoneh Tekouni" which means "Shaking the House". Another possibility of the origin can be traced to the ancient Jewish tradition of cleansing the home in anticipation of Passover.
- Fleas become more active as it gets warmer. Spring is a great time to make sure you have a defense plan as your pet begins spending more time outdoors.
- Emeralds represent spring, rebirth, hope, peace, and tranquility.
- Popular spring blooms include tulips, hyacinths, daffodils, iris, daisies, and lilies.
- One of spring's first blooms is a dandelion. Dandelions first came from Asia, but now call the entire world home. The dandelion can be used both as a food and a medicine and the seeds provide important food to many small birds.
- *On a positive note, the next state holiday is a one-half day for Good Friday, April 6, 2012!*





Individual Income Tax

Brittany Hulette
Jacquee McNear
Bassi Sidibe
Lisa Starns

Property Valuation

Richard Price
Tiffany Shaddix
Brandi Smith
Stephen Yates

Revenue Operations

Kevin Clark
Shawn Dade
Nora Love
Natalie Spencer
Dawn Terry

Sales & Excise Tax

Nicole Ferguson
John Maddy
Melissa Mounts
Joshua Parrish
Matthew Watts

Collections

Landon Dickens
Sharla Whitt

Corporation Tax

Tracy Jones

Field Operations

Kayce Arthur
Derrick Payne

CONNECTIONS:

ACKNOWLEDGEMENTS

Rebecca Willis, Newsletter Design

INPUT

Tim Bennett
Ricky Haven
Yvonne Jackson
OIT Training Branch Staff

YOUR INPUT IS REQUESTED:

Your input, comments, and suggestions are welcomed. Please submit via e-mail to contact below.

CONTACT:

Gayle.Fields@ky.gov