

Tax Matters

connecting and informing
employees



OFFICE OF INCOME TAXATION
COMMUNICATIONS & TRAINING BRANCH

Summer 2011

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DOR Spotlight Protest Resolution Branch

Location: 10th Floor, State Office Building

Workforce: 23 Employees

Management:

- Brent Gregory—Director
- Jon Goben—Supervisor, Income Tax Section
- Cynthia Brown—Supervisor, Property Tax Section
- Ray Franklin—Supervisor, Sales and Miscellaneous Tax Section

Protest Resolution originally started out as a division of the Department of Law in the former Kentucky Revenue Cabinet. After several reorganizations during the last decade, Protest Resolution is now a part of the Office of Processing and Enforcement and is composed of three sections: Income Tax, Property Tax and Sales and Miscellaneous Tax. As a branch, employees work hand-in-hand with the Division of Legal Services for the Department of Revenue and maintain two primary functional areas—Audit Review and Protest Resolution. The current staff of 23 employees in the Protest Resolution Branch review over 1,500 field audits and process over 500 protests each year.

Audit Reviews

Under the current structure, every audit conducted by a field auditor is sent to the Frankfort Central Field Office and eventually to the audit review section. Once received, review officers check the audits for the following: theory, completeness, math errors, grammar and appearance. In essence, the review officer is a “third set of eyes” in addition to the auditor and supervisor, to view the audit and ensure a professional product before it is completed and sent to the taxpayer.

Protest Resolution

Generally, when a taxpayer disagrees with a tax assessment or if their refund has been reduced or denied, they have the right to protest that adjustment by



submitting a written protest within 45 days of receiving a notice of adjustment from the Department of Revenue. Once a notice has been protested, all information regarding that case—including any correspondence sent from the taxpayer, all supporting documentation and a copy of the tax return—is then sent to Protest Resolution and the case is assigned to a protest officer.

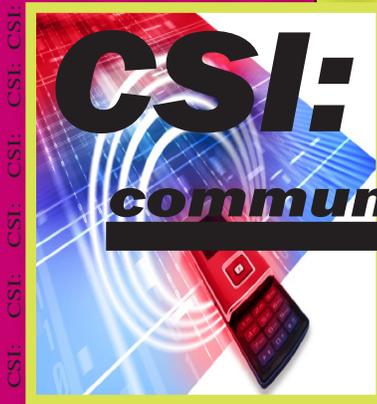
The protest officer will review the information submitted by the taxpayer in support of their protest, complete any additional research that may be necessary, consult with legal services on all matters related to the issue and then respond in writing to the taxpayer. If the notice is upheld, the taxpayer has an opportunity to request a conference with the protest officer to discuss the issue further or make a settlement offer. Finally, if a settlement cannot be reached, Protest Resolution issues a Final Ruling. When a taxpayer continues to disagree with Protest Resolution’s final ruling or a protest cannot be fully resolved, they may then file a written appeal to the Kentucky Board of Tax Appeals (KBTA).

Benefit to DOR

Protest Resolution is an important part of the overall mission of DOR to administer and collect taxes in a fair and consistent way. During the 2011 Fiscal Year, they were responsible for the collection of over \$90 million.

Protest Resolution Branch		
Mail Station #7		
Phone: 564-6734 Fax: 564-3788		
Brent Gregory	Director	42549
<u>Income Tax Section</u>		
Jon Goben	Supervisor	49410
Thomas Lancaster		49408
Michelle Pan.....		49436
<u>Property Tax Section</u>		
Cynthia Brown	Supervisor	49385
Katy Finn.....		49369
Jimmie Greenwell		49503
Kim Hensley.....		49404
Joel Martin		49370
Joseph Mohr.....		49407
Dana Reynolds		49382
Charles Stamper		40926
Montoiya Wheat Silverburg		49391
<u>Sales & Miscellaneous Tax Section</u>		
Ray Franklin.....	Supervisor	49362
John Brock		49414
Jodie Bryant		49440
Betty Detwiler		49435
Laura Horn		49417
Lacresha Peyton		49432
Darryl Smith.....		49415
Kimberly Wakeland.....		49416
<u>Administrative Staff</u>		
Regina Shields.....		49439
Dana Thompson		49437

CSI: CSI: CSI: CSI: CSI:



communicating significant information

COMING SOON!!! New and Improved Electronic Filing

Due to changes in the way the IRS creates and transmits electronically filed (ELF) individual income tax returns, the Department of Revenue (DOR) has been working to develop a new modernized electronic filing system (MeF) that will eventually replace our existing electronic filing system (ELF). For the 2012 processing season, electronic returns can come in using either the ELF system or the new MeF system.

This new system will have many enhanced features that will benefit DOR.

- Instead of page views, any multiple page form will be displayed as one page.
- There will be no limitations to the number of dependents that display on a return. If a taxpayer has 6 dependents, all 6 will display. Only 4 will print, but you will see all 6, as entered by the taxpayer.
- Page 1 of Form 1040 will be available as a viewable screen to assist in your review of the return.
- Changes will now be made to the electronic record before it is sent to the mainframe to correct any errors. If a return is altered, you can click a link to see a copy of the original return as it was filed.
- Taxpayers who claim withholding on a form not supported in efile will now be able to attach a PDF document supporting the additional withholding.
- PDF attachments are not confined to just withholding documents, but any document the taxpayer thinks they need to attach to the return to support a credit they have claimed.
- Additional information regarding taxpayers includes: date of birth, date of death, the IP address from where the return was filed, etc. All of this information will now be included on a summary page that is the first page you will see when opening a return in the new system.
- New forms may now be added to the system. The next form to be developed in 2012 will be the 740-NP, Kentucky Individual Nonresident or Part -Year Resident Return.

Another benefit of MeF is that DOR will accept efiled returns until late November or early December because annual updates to the system are easier to implement. Changes related to implementing the new system include separate desktop icons for both ELF and MeF.

The old ELF system will phase out processing electronically filed returns in October 2012 (the current end of the efile year) and MeF will become the only option for electronically filed returns after that point. However, the ELF system will remain available for the processing of current year paper documents keyed by Source Corp.

Employees will learn more about how to use and differentiate between the two systems through future training sessions.



Where you live in the United States can make a big difference in how much you pay in taxes. The following chart provides a brief comparison of the best and worst states for taxes. (Note: Amounts highlighted in red represent the lowest rates in each category; amounts highlighted in green represent the highest rates in each category.)

The Best and Worst States for Taxes						
(As of Jan. 1 st , 2011)	Individual Income *	Corporate Income *	Sales	Gas (per gallon)	Cigarettes (per pack)	Beer/gallon
Alabama	5.00%	6.50%	4.00%	\$0.21	\$0.43	\$1.05
Alaska	none	9.40%	none	\$0.08	\$2.00	\$1.07
Arizona	4.54%	6.97%	6.60%	\$0.19	\$2.00	\$0.16
Arkansas	7.00%	6.50%	6.00%	\$0.22	\$1.15	\$0.24
California	10.55%	8.84%	8.25%	\$0.48	\$0.87	\$0.20
Colorado	4.63%	4.63%	2.90%	\$0.22	\$0.84	\$0.08
Connecticut	6.50%	7.50%	6.00%	\$0.45	\$3.00	\$0.19
Delaware	6.95%	8.70%	none	\$0.23	\$1.60	\$0.16
Florida	none	5.50%	6.00%	\$0.34	\$1.34	\$0.48
Georgia	6.00%	6.00%	4.00%	\$0.21	\$0.37	\$1.01
Hawaii	11.00%	6.40%	4.00%	\$0.46	\$3.00	\$0.93
Idaho	7.80%	7.60%	6.00%	\$0.25	\$0.57	\$0.15
Illinois	3.00%	7.30%	6.25%	\$0.43	\$0.98	\$0.23
Indiana	3.40%	8.50%	7.00%	\$0.37	\$1.00	\$0.12
Iowa	8.98%	12.00%	6.00%	\$0.22	\$1.36	\$0.19
Kansas	6.45%	7.05%	6.30%	\$0.25	\$0.79	\$0.18
Kentucky	6.00%	6.00%	6.00%	\$0.23	\$0.60	\$0.08
Louisiana	6.00%	8.00%	4.00%	\$0.20	\$0.36	\$0.32
Maine	6.85%	8.93%	5.00%	\$0.31	\$2.00	\$0.35
Maryland	6.25%	8.25%	6.00%	\$0.24	\$2.00	\$0.09
Massachusetts	5.30%	8.75%	6.25%	\$0.24	\$2.51	\$0.11
Michigan	4.35%	4.95%	6.00%	\$0.38	\$2.00	\$0.20
Minnesota	7.85%	9.80%	6.88%	\$0.27	\$2.46	\$0.15
Mississippi	5.00%	5.00%	7.00%	\$0.19	\$0.68	\$0.43
Missouri	6.00%	6.25%	4.23%	\$0.17	\$0.17	\$0.06
Montana	6.90%	6.75%	none	\$0.28	\$1.70	\$0.14
Nebraska	6.84%	7.81%	5.50%	\$0.27	\$0.64	\$0.31

The Best and Worst States for Taxes (continued)

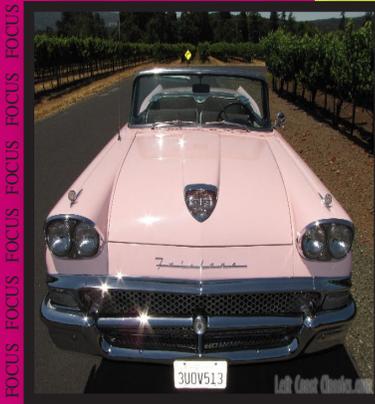
(As of Jan. 1 st , 2011)	Individual Income *	Corporate Income *	Sales	Gas (per gallon)	Cigarettes (per pack)	Beer/gallon
Nevada	none	none	6.85%	\$0.33	\$0.80	\$0.16
New Hampshire	5% **	8.50%	none	\$0.20	\$1.78	\$0.30
New Jersey	8.97%	9.36%	7.00%	\$0.15	\$2.70	\$0.12
New Mexico	4.90%	7.60%	5.13%	\$0.19	\$1.66	\$0.41
New York	8.97%	7.10%	4.00%	\$0.47	\$4.35	\$0.14
North Carolina	7.75%	6.90%	5.75%	\$0.33	\$0.45	\$0.53
North Dakota	4.86%	6.40%	5.00%	\$0.23	\$0.44	\$0.16
Ohio	5.93%	3.40%	5.50%	\$0.28	\$1.25	\$0.18
Oklahoma	5.50%	6.00%	4.50%	\$0.17	\$1.03	\$0.40
Oregon	11.00%	7.90%	none	\$0.31	\$1.18	\$0.08
Pennsylvania	3.07%	9.99%	6.00%	\$0.32	\$1.60	\$0.08
Rhode Island	9.90%	9.00%	7.00%	\$0.33	\$3.46	\$0.11
South Carolina	7.00%	5.00%	6.00%	\$0.17	\$0.57	\$0.77
South Dakota	none	none	4.00%	\$0.24	\$1.53	\$0.27
Tennessee	6% **	6.50%	7.00%	\$0.21	\$0.62	\$0.14
Texas	none	none	6.25%	\$0.20	\$1.41	\$0.20
Utah	5.00%	5.00%	5.95%	\$0.25	\$1.70	\$0.41
Vermont	9.40%	8.50%	6.00%	\$0.25	\$2.24	\$0.27
Virginia	5.75%	6.00%	5.00%	\$0.20	\$0.30	\$0.26
Washington	none	none	6.50%	\$0.38	\$3.03	\$0.76
West Virginia	6.50%	8.70%	6.00%	\$0.32	\$0.55	\$0.18
Wisconsin	7.75%	7.90%	5.00%	\$0.33	\$2.52	\$0.06
Wyoming	none	none	4.00%	\$0.14	\$0.60	\$0.02
Washington, D.C.	8.50%	9.98%	6.00%	\$0.24	\$2.50	\$0.09

* Several states have multiple income tax rates based on different levels of income. This chart indicates the highest tax rate available in each state.

** Applies to interest and dividend income only.

Source: The Tax Foundation

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OUT & ABOUT

FALL - FOLIAGE - FESTIVALS

The long, hot days of summer will soon begin to wane and the changing of the leaves, cool crisp air, and festivals of the fall will soon be upon us. Kentucky hosts hundreds of festivals celebrating local traditions surrounding the fall season. Below is a compilation of some fall festivals held throughout the state of Kentucky in September and October. To obtain a complete listing of all the fall festival events visit the Kentucky tourism Website at www.kentuckytourism.com.

Date	Event	Location	Admission
Sept. 2-5	Breathitt County Honey Festival Crafts, food, contests, live entertainment, parade.	Jackson	FREE
Sept. 2-4	Daniel Boone Pioneer Festival Arts & crafts, music, antiques, contests, 5K run/walk, and fireworks. www.danielboonepioneerfestival.com	Winchester	FREE
Sept. 3-5	Labor Day Weekend Arts & Crafts Fair Handmade jewelry, furniture, pottery, clothing, decorative items.	Grand Rivers	\$1-\$3
Sept. 10-11	Trimble County Apple Festival Folk art, antiques, exhibits, food. http://www.trimblecounty.com/applefest.htm	Bedford	FREE
Sept. 16-18	15th Annual Spoonbread Festival Crafts, car shows, fireworks display, carnival rides, live entertainment.	Berea	FREE
Sept. 17-18	Midway Fall Festival Live entertainment, arts & crafts, food. www.midwayfallfestival.org	Midway	FREE
Sept. 17-18	Simon Kenton Festival Demonstrations of frontier life, antiques, crafts, street vendors. Featuring the Reenactors & Muzzleloaders Rendezvous.	Maysville	FREE
Sept. 17	Autumn Arts & Eats Festival Art & food.	Morehead	FREE
Sept. 19-24	29th Annual Mountain Heritage Festival Arts & crafts demonstrations, live entertainment, carnival rides, food.	Whitesburg	FREE
Oct. 1	30th Annual Metcalfe County Pumpkin Festival Arts & crafts, contests, food, 5K run, games, car & truck show, live entertainment.	Edmonton	FREE

Date	Event	Location	Admission
Oct. 1-2	25th Annual Farm Fest Craft & flea market, kiddie rides, tractor pull, antique cars, trucks, & farm equipment.	Owensboro	\$3
Oct. 2-8	64th Annual Daniel Boone Festival Pioneer village, food, crafts, contests, live entertainment. www.danielboonefestival.com	Barbourville	FREE
Oct. 14-15	Foothills Festival Arts & crafts, flea market, food, carnival rides, contests, live entertainment.	Albany	FREE
Oct. 20	Somerset Community College International Festival Cultural exhibits, bazaar, variety of cultural food.	Somerset	FREE

A perfect summer day is when the sun is shining, the breeze is blowing, the birds are singing, and the lawn mower is broken.

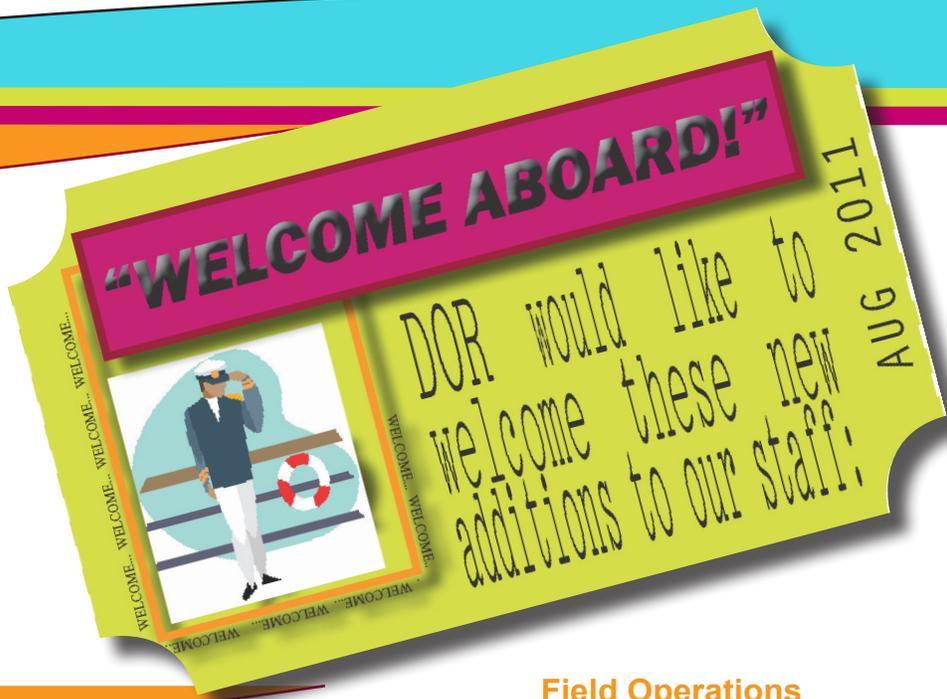
- James Dent

Guess that summertime song

- Summertime, and the livin' is easy
Fish are jumpin' and the cotton is high
Oh! Your Daddy's rich and your Ma is good lookin'
So, hush little baby, don't you cry . . .
- 'Cause it's summer
Summer time is here
Yes it's summer
My time of year
Yes it's summer
My time of year
- I can see clearly now, the rain is gone,
I can see all obstacles in my way
Gone are the dark clouds that had me blind
It's gonna be a bright (bright), bright (bright)
Sun-Shiny day.
- I'm gonna take two weeks, gonna have a fine vacation
I'm gonna take my problem to the United Nations
Well I called my congressman and he said
Quote:
"I'd like to help you son but you're too young to vote"
Sometimes I wonder what I'm a gonna do
But there ain't no cure for the...
- Hot summer streets and the pavements are burning, I sit around
Trying to smile, but the air is so heavy and dry
Strange voices are sayin'
What did they say
Things I can't understand
It's too close for comfort this heat has got right out of hand.
- Sweet days of summer
the jasmine's in bloom
July is dressed up
and playing her tune
- End of the spring,
And here she comes back.
Hi, hi, hi, hi, there.
Well, summer days,
Those summer days.

That's when I had most of my fun back.
Hi, hi, hi, hi, there.
Well, summer days,
Those summer days.

Answers on page 8



Field Operations

Brenda Maloney
Tracey Pegram

Guess that summertime song

ANSWERS:

1. Summertime, Ella Fitzgerald/Janis Joplin
2. Summer, War
3. I Can See Clearly Now, Johnny Nash
4. Summertime Blues, Eddie Cochran
5. Cruel Summer, Bananarama
6. Summer Breeze, Seals & Crofts
7. Hot Fun In The Summertime, Sly and The Family Stone

CONNECTIONS:

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Rebecca Willis, Newsletter Design

INPUT

Marcus Deaton
Brent Gregory
Melissa Russell
OIT Training Branch Staff

YOUR INPUT IS REQUESTED:

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

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