

Tax Matters

connecting and informing
employees



OFFICE OF INCOME TAXATION
COMMUNICATIONS & TRAINING BRANCH

Spring 2012

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Tax Amnesty is Coming

House Bill (HB) 499 was signed into law during the 2012 Regular Session of the General Assembly by Governor Beshear. A major portion of this bill deals with creating a tax amnesty program which will be administered department-wide by the Department of Revenue (DOR).

At this time, many of the details of the program are still in the planning stages and a definitive start date has not been set. Some of the requirements that DOR must address include informing taxpayers about amnesty, making the necessary system updates, and creating tax amnesty application forms available on the Internet.

Highlights of the amnesty program as set forth by HB 499 include:

ADMINISTRATION

- ◆ The tax amnesty program must be enacted during the fiscal year ending June 30, 2013.
- ◆ DOR will have 60 – 120 days to administer the tax amnesty program.

APPLICATION

- ◆ The tax amnesty program applies to tax liabilities for taxable periods ending or transactions occurring after Dec. 1, 2001 and prior to Oct. 1, 2011.
- ◆ Available to all taxpayers owing taxes, penalties, fees, or interest subject to the administrative jurisdiction of the department, with the exception of:
 - Ad valorem taxes on real property;
 - Ad valorem taxes on motor vehicles and motor boats collected by county clerks;
 - Ad valorem taxes on personal property per KRS 132 payable to local officials; and
 - Penalties imposed under KRS 131.160 or KRS 138.205.

In the Spring
I have counted
one hundred
and thirty-six
different kinds of
weather inside of
four and twenty
hours.

—Mark Twain

TAXPAYER RESPONSIBILITIES

- ◆ Taxpayers must:
 - File completed tax returns for **all** delinquent periods. All delinquent periods includes eligible periods within the amnesty timeframe **and** all other delinquent taxes ineligible for amnesty;
 - Pay in full within the amnesty period **all** taxes due for delinquent periods, which includes taxes previously assessed; **and**
 - Agree to file and pay all tax returns when due for **three years** following the date amnesty is granted to the taxpayer, otherwise, all penalties, fees, and interest forgiven under amnesty will be reinstated.

PAYMENTS & INTEREST

- ◆ All taxes timely paid under the amnesty program shall bear interest at one-half the tax interest rate established by KRS 131.183(1) or other applicable statutes.
- ◆ Installment payment agreements may be made in cases of severe hardship.
- ◆ All installment payment agreements shall bear interest at the full rate established by KRS 131.183 or other applicable statutes.
- ◆ All required payments under an installment payment plan shall be made on or before May 31, 2013.

AFTER AMNESTY PERIOD EXPIRES

- ◆ After the expiration of the tax amnesty period the following cost-of-collection fees apply:
 - **25%** on all taxes which are or become due and owing to the department for any reporting period, regardless of when due. This fee shall be in addition to any other applicable fee(s);
 - Taxes which are assessed and collected after the amnesty period for taxable periods ending or transactions occurring prior to October 1, 2011 shall be charged a cost-of-collection fee of **25%** at the time of assessment; and
 - For any taxpayer who failed to file a return for any previous tax period for which amnesty is available and fails to file during the amnesty period, the cost-of-collection fee shall be **50%** of any tax deficiency assessed after the amnesty period.
- ◆ After the expiration of the amnesty period, any amnesty-eligible tax liability that remains unpaid and not covered by an installment agreement will be subject to interest accruing at a rate that is **2%** above the interest rate as established per KRS 131.183 or other applicable statutes.

For additional information on the DOR tax amnesty program, please review HB 499 available via the KREW website by clicking on the LRC website link.

Regular DOR collection efforts will still be ongoing. For those employees who may field taxpayer inquiries about the tax amnesty program it is important to remember that amnesty applies only to penalties, fees, and one-half of interest. Therefore, it's in the taxpayer's best interest to pay any tax due as soon as possible to minimize any remaining interest due.

Communications and Training Branch

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Penalty Class Post-Mortem

The Office of Income Taxation (OIT) Communications and Training Branch held 15 sessions of classes on Penalties: Application and Procedures in April and May. More than 550 Department of Revenue employees attended the classes.

We received many worthwhile comments on the evaluation forms, but one suggestion from multiple attendees caught our attention. Many of you suggested that an updated list of CARS penalty codes would be a welcome addition to the material.

In response to that suggestion, the OIT Communications and Training Branch has created an updated CARS penalty code list as of May 23, 2012. Employees may access the list via the KREW website, Training Tab. It is posted under Training Materials.

We would also like to share a sampling of comments from the evaluations with you:

- ◆ This was a very needed class.
- ◆ Each section should meet to discuss how the material from this class will impact their specific work.
- ◆ Made me realize things that need to be changed or addressed in our section.
- ◆ Excellent class. Great for Collections employees.
- ◆ I feel more confident in knowing why, when, and how to assess/waive penalties now.
- ◆ One of the most beneficial classes I've had in recent times.
- ◆ This should be a class required for all new employees.
- ◆ Would have been helpful to have this class when I first started at DOR nine years ago.
- ◆ Good information. Good to get everyone on the same page.
- ◆ This subject is tough to finalize because one supervisor will waive anything and one supervisor will waive nothing.
- ◆ Thank you for taking the time to try and get Revenue on the same page.
- ◆ Being new to Revenue this was very informative.
- ◆ "Death is but a door, time a window."

We welcome and appreciate comments from employees regarding our classes. It is important to us that our classes be worthwhile and effective. In closing, we would like to share one of our favorite class comments - from an employee attending one of our classes for the first time:

- ◆ THANK YOU. This is the first training class in which a speaker has "spoken" rather than read. The material was organized and presented in a professional way. Knowledgeable, well-spoken teachers. Easy to understand examples. If every course was presented in an effective manner like this one was, I would be a lot better at my job.

Spring is
nature's way
of saying,
"Let's party!"

—Robin Williams

STAYCATION—a vacation spent at home relaxing and taking day trips to nearby area attractions.

Summer is fast approaching and, with finances being tight, many families across the Bluegrass are looking to cut their annual vacation costs. For many, that trip to the beach or an amusement park simply isn't in the budget. With a little research and planning though, these families can take advantage of the hundreds of entertainment, dining, and lodging options throughout Kentucky.

Taking a Staycation

Staycations are far less costly than a vacation involving extensive travel. The American Automobile Association says “the average North American vacation will cost \$244 per day for two people for lodging and meals... Add some kids and airfare, and a 10-day vacation could top \$10,000.” In addition to saving money, staycations do not have the stress associated with travel, such as packing, long drives, or waits at airports.

With that in mind, here are some ideas for taking a staycation in your area:



Historic Glendale

Glendale, Kentucky

<http://005dedb.netsolhost.com/>

Americana at its best, taking a trip to Glendale is like stepping into Mayberry. Located just south of Elizabethtown on I-65, Glendale is host to the annual Glendale Crossing Festival on the third Saturday of October. The festival is well-known for the wide variety of antiques and crafts for sale. The Whistle Stop is the most famous restaurant in Glendale and is situated along the rail road. Glendale has a special zoning regulation that keeps out businesses such as fast food restaurant chains from its core downtown business area, helping it maintain its last-century charm.



Shaker Village

Harrodsburg, Kentucky

<http://www.shakervillageky.org/>

Visiting Shaker Village is like taking a trip back in time. Simple wooden buildings, stone fences and horse-drawn carriages exist as living monuments to what was originally founded as a utopian community 200 years ago. You can tour and even stay overnight in the sparsely decorated, modernly appointed guest rooms.



Bourbon Trail

Throughout Central Kentucky

<http://www.kybourbontrail.com/>

For more than 200 years, Kentucky's distilleries have crafted the unique flavors of a purely Kentucky creation: bourbon. You can explore the rich tradition and proud history of "America's Official Native Spirit" on the Kentucky Bourbon Trail tour, featuring six signature distilleries nestled among the most beautiful scenery the Bluegrass has to offer. Discover the art and science of the Master Distiller, savor the distinct, mellow flavor, and see how Kentucky's perfect natural mix of weather and pure limestone water produces the classic taste and deep amber color.



Stephen Foster Musical

Bardstown, Kentucky

<http://www.stephenfoster.com/>

Breathtaking costumes, lively dance and the timeless music of America's 1st great composer, Stephen Foster. Nestled in My Old Kentucky Home State Park, where music fills the night air, go back in time to the 1850s. Experience the sights and sounds of an era when America's first great composer wrote timeless classics like "Oh! Susanna," "Camptown Races," "Beautiful Dreamer" and "My Old Kentucky Home."



Yew Dell Gardens

Crestwood, Kentucky

<http://www.yewdellgardens.org/>

Yew Dell is a nationally-recognized center of gardening and sustainable horticulture that offers extensive display gardens, a diverse slate of educational programs, family-oriented community events, ongoing research into new and better garden plants, and a wide range of private event facilities. Yew Dell offers something for everyone, from homeowners and beginning gardeners to green industry professionals, school children and families, hikers, academics in plant and environmental fields and more. Yew Dell Botanical Gardens is listed on the National Register of Historic Places and is a Preservation Project of the Garden Conservancy, a national non-profit dedicated to preserving the Nation's most exceptional gardens.



Explorium of Lexington

Lexington, Kentucky

<http://www.explorium.com/>

Here's a museum where you can touch and play with everything! Explorium of Lexington is a fun and dynamic hands-on learning environment that inspires imagination and curiosity for kids of all ages. The Explorium has nine discovery zones filled with interactive exhibits designed to inspire imagination and curiosity. The Explorium is one of the oldest children's museums in the United States. Since 1990, over one million visitors from around Kentucky and across the country have enjoyed this fun, educational experience.



Beech Bend Amusement Park

Bowling Green, Kentucky

<http://www.beechbend.com/>

Beech Bend has been providing family entertainment since 1898. The park is located on 379 acres of beautiful rolling hills covered with beech trees and are bounded by the Barren River, thus the name "Beech Bend." As a one of a kind facility, Beech Bend has a lot to offer and will continue to evolve with new rides, facilities, races and special events.

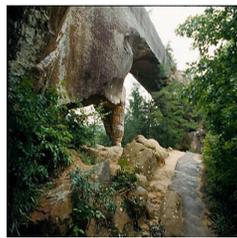


The National Quilt Museum

Paducah, Kentucky

<http://www.quiltmuseum.org/>

The National Quilt Museum is a nationally recognized art museum that exhibits the finest quilting and fiber art in the world. In an average year, quilters and art lovers from all 50 states and over 40 countries worldwide visit the facility. The museum is one of the most popular tourist attractions in Kentucky. Our exhibits and programs have been recognized in dozens of national publications including Forbes, The Wall Street Journal, Southern Living, and many more. The St. Louis Post Dispatch said the following about our museum, “It’s not that different than going to the art museum in Chicago. It’s all so unexpected”.



Red River Gorge/Natural Bridge

Slade, Kentucky

<http://www.redrivergorge.com/>

A canyon system on the Red River in east-central Kentucky, the Red River Gorge is located inside the Daniel Boone National Forest and has been subsequently reserved as the Red River Gorge Geological Area, an area of around 44 square miles. It has been designated a National Natural Landmark. This intricate canyon system features an abundance of high sandstone cliffs, rock shelters, waterfalls, and natural bridges. The multitude of sandstone and cliff-lines have helped this area become one of the world’s top rock climbing destinations and is home to the Red River Gorge Climbers’ Coalition.

Kentucky’s Natural Bridge State Park is immediately adjacent to this area, featuring one of the largest natural bridges in the Red River Gorge.

For more information on exploring your old Kentucky home, visit the Kentucky Department of Travel’s website at <http://www.kentuckytourism.com/> .

Protect Yourself and Your Pets from Ticks

A lighter winter means trouble when it comes to tackling ticks this spring. Since there wasn't a substantial freeze during winter, experts predict Lyme disease and other tick-borne illnesses could pop up sooner and more often in pets and humans this year.

Ticks are known disease-carriers, and tick bites have been known to cause Babesiosis, Ehrlichiosis, Lyme disease, Q fever, Colorado tick fever, Rocky Mountain spotted fever, and Tularemia.

The following suggestions will help protect yourself and your pets from ticks:

Avoid common tick habitats. Ticks thrive in warm, moist environments, and are frequently found in woods, grasses, leaf litter, and shrubs. If you're engaging in an outdoor activity such as hiking that takes you into a wooded area, avoid contact with tree branches and other shrubbery that may contain ticks.

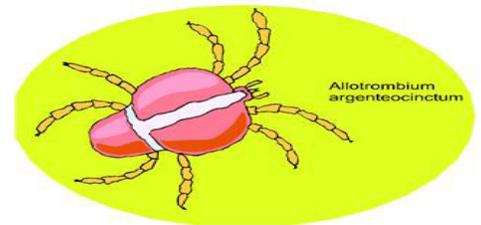
Wear protective clothing. Flip-flops, tank tops, and shorts may be comfortable in warm weather, but they may not be practical if you're in a tick-infested area. If you're entering a region that is likely to contain ticks, consider wearing long-sleeved shirts, full-length pants, and socks in order to prevent them from coming into contact with your skin.

Use an appropriate repellent. Repellents that contain permethrin and DEET can be effective in preventing tick bites. Be sure to treat not only your skin, but also your clothing and any camping gear. As always, carefully follow manufacturer instructions when using repellent.

Conduct regular tick searches. Ticks love to nestle under arms, behind knees, inside belly buttons, around ears, and in hair, so be sure to check these spots regularly on both yourself and your children. Be alert to the presence of ticks on your pets as well.

Discourage ticks from establishing themselves in your yard. Regularly clear away leaf-litter and brush from your yard, and place wood-chip barriers between woods and lawns.

Call in the experts. If the tick problem in your area is severe, you may consider calling in a licensed pest control company to apply a chemical control agent to lower the tick population on your property.



How to Handle a Tick Bite

If, despite your best efforts, you find a tick attached to yourself or one of your pets, use tweezers to remove the tick as soon as possible. Pull the tick out using steady, firm pressure, and remember that sudden or jerking movements may cause part of the tick's head to separate from its body, and that the mouth part of the head may then remain in the skin. Use the tweezers to remove any remaining part of the tick if possible. Remember to thoroughly cleanse the area afterwards.

Not all tick bites result in tick-borne illnesses, but if you experience rash, fever, or other discomfort following a tick bite, be sure to consult your physician.

Don't let ticks ruin your spring! Enjoy the outdoors while taking appropriate precautions against ticks.



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YOUR INPUT IS REQUESTED:

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