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Kentucky tax amnesty begins October 1

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In brief

Kentucky announced that it will implement a tax amnesty program from October 1, 2012, to November 30, 2012, covering certain taxes due to Kentucky for tax periods ending after December 1, 2001, and prior to October 1, 2011. [[Kentucky Announces Tax Amnesty Program](#), Kentucky Finance and Administration Cabinet Press Release (9/20/12)]

In detail

On April 11, 2012, Kentucky enacted [H.B. 499](#), which required the implementation of a tax amnesty program for a 60-120 day time period before June 30, 2013. On September 20, 2012, the state announced that the program will take place from October 1, 2012, to November 30, 2012.

Highlights of the program include:

- The state created a website for more information on the amnesty at [www.amnesty.ky.gov](#). For those taxpayers with outstanding state tax liabilities, the website offers a way to search for all persons and businesses on the delinquent tax roll.
- Taxpayers must file and pay in full all amounts due under amnesty. Taxpayers will pay one-half the interest due. Penalties and fees are waived.

- Taxpayers must file all tax returns when due and make all tax payments when due for three years following the date amnesty is granted or face reinstated penalties, fees, and interest.
- The program applies to taxes owed to the Kentucky Department of Revenue for tax periods ending after December 1, 2001, and prior to October 1, 2011.
- Taxpayers eligible for the amnesty include:
 - taxpayers who did not file a required return for amnesty eligible tax periods,
 - taxpayers who are amending tax liability on a previously filed tax return for amnesty eligible tax periods,
 - taxpayers who have an outstanding tax liability for amnesty eligible tax periods, and
 - taxpayers who have omitted personal or public service property for amnesty eligible tax periods.
- Taxpayers may be granted amnesty for pending protests against outstanding assessments by paying the entire tax liability or a portion of the assessment. Any liability remaining after November 30, 2012, will be subject to all revised interest, penalties, or fees after all appeals have been exhausted. The portion paid in connection with the amnesty program is non-refundable.
- A post-amnesty penalty of an additional 2% interest applies to amnesty eligible tax liabilities.
- The following post-amnesty cost-of-collection fees will apply:
 - 25% on all taxes that are or become due and owing to the department for any reporting period, regardless of when due;
 - 25% on taxes assessed and collected after the amnesty period for amnesty eligible periods; and
 - 50% of any tax deficiency assessed on a taxpayer who failed to file a return for an amnesty eligible period during the amnesty period.
- Delinquent taxpayers will soon receive mailed notifications stating the known amount of back taxes owed.

Actions to think about

The program represents an opportunity for certain companies to come forward and eliminate past liabilities without penalty and to save half of the interest imposed on such liabilities. However, if taxpayers fail to take advantage of the program, penalties and interest for nonparticipation have the potential to become severe. Taxpayers should review their potential Kentucky liabilities under the amnesty period to evaluate whether participation in the program would be beneficial.

While the program is available to all taxpayers with eligible tax liabilities, the state appears to have a particular focus on those taxpayers with an identified outstanding tax liability. For example, the state provides that its current database shows nearly 170,000 individuals and businesses qualifying for tax amnesty and the state announced that it will be mailing out notifications to taxpayers stating the amount of back taxes owed. A taxpayer should access the [state's searchable database](#) to confirm whether it is identified as a delinquent taxpayer in order to be prepared to file for amnesty before the November 30 deadline.

Let's talk

If you have any questions about the Kentucky Tax Amnesty Program, please contact one of the following individuals:

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