INHERITANCE TAX TABLE
FOR ESTATES OF DECEDENTS WHO WERE <u>RESIDENTS</u> OF KENTUCKY

(APPLICABLE FOR DATES OF DEATH ON OR AFTER JULY 1, 1998)

CLASS A—The following list of beneficiaries are exempt from paying inheritance tax.

(1) Surviving spouse, parent

(2) Child (adult or infant)
 child by blood, stepchild, child adopted during infancy, or a child adopted during adulthood who was reared by decedent during infancy

(3) Grandchild
 issue of child by blood, stepchild, child adopted during infancy, or of a child adopted during adulthood who was reared by decedent during infancy

(4) Brother, sister (whole or half)

DISTRIBUTIVE SHARE BRACKETS

CLASSIFICATION OF BENEFICIARY	$500 or less	$500-$1,000	$1,000-$10,000	$10,000-$20,000	$20,000-$30,000	$30,000-$45,000	$45,000-$60,000	$60,000-$100,000	$100,000-$200,000	$200,000-and over
CLASS B *Nephew, niece, half-nephew, half-niece, daughter-in-law, son-in-law, aunt, uncle, or great-grandchild who is grandchild of child by blood, stepchild or child adopted during infancy.	0 Exemption $1,000	0	4% of Amt. over $1,000	$360 + 5% of Amt. over $10,000	$860 + 6% of Amt. over $20,000	$1,460 + 8% of Amt. over $30,000	$2,660 + 10% of Amt. over $45,000	$4,160 + 12% of Amt. over $60,000	$8,960 + 14% of Amt. over $100,000	$22,960 + 16% of Amt. over $200,000
CLASS C All persons not included in Classes A or B and educational, religious, or other institutions, societies or associations, or public institutions not exempted by KRS 140.060	0 Exemption $500	6% of Amt. over $500	$30 + 6% of Amt. over $1,000	$570 + 8% of Amt. over $10,000	$1,370 + 10% of Amt. over $20,000	$2,370 + 12% of Amt. over $30,000	$4,170 + 14% of Amt. over $45,000	$6,270 + 16% of Amt. over $60,000	$12,670 + 16% of Amt. over $100,000	$28,670 + 16% of Amt. over $200,000

* Nephews and nieces by marriage and great nephews and nieces are Class C beneficiaries.

INSTRUCTIONS FOR USING INHERITANCE TAX TABLE ABOVE

A. Compute each beneficiary's tax separately.

B. **Do not deduct the beneficiary's exemption from the distributive share. The tax shown in the table for each distributive share bracket automatically applies the allowable exemption.**

C. Determine the proper classification of the beneficiary at the left of the table.

D. Follow the tax table across to distributive share bracket at the top of the table that includes the distributive share of that beneficiary.

E. The tax applicable to that beneficiary's distributive share is the amount shown ***plus*** the designated percentage of the amount by which the distributive share exceeds the base of the distributive share bracket.

INHERITANCE TAX TABLE
FOR ESTATES OF DECEDENTS WHO WERE NONRESIDENTS OF KENTUCKY

(APPLICABLE FOR DATES OF DEATH ON OR AFTER JULY 1, 1998)

CLASS A—The following list of beneficiaries are exempt from paying inheritance tax.

(1) Surviving spouse, parent

(2) Child (adult or infant)
child by blood, stepchild, child adopted during infancy, or a child adopted during adulthood who was reared by decedent during infancy

(3) Grandchild
issue of child by blood, stepchild, child adopted during infancy, or of a child adopted during adulthood who was reared by decedent during infancy

(4) Brother, sister (whole or half)

Classification of Beneficiary	Exemption (To Be Prorated)*	Beneficiary's Taxable Share	Graduated Tax Rate	Tax Due
CLASS B	$1,000	*$10,000 less prorated exemption	4%	as computed
**Nephew, niece, half-nephew, half-niece, daughter-in-law, son-in-law, aunt, uncle, or great-grandchild who is grandchild of child by blood, stepchild or child adopted during infancy.		next $ 10,000	5%	$ 500
		next $ 10,000	6%	$ 600
		next $ 15,000	8%	$ 1,200
		next $ 15,000	10%	$ 1,500
		next $ 40,000	12%	$ 4,800
		next $100,000	14%	$14,000
		next $300,000	16%	$48,000
		Balance	16%	as computed
CLASS C	$ 500	*$10,000 less prorated exemption	6%	as computed
All persons not included in Classes A or B and educational, religious or other institutions, societies or associations, or public institutions not exempted by KRS 140.060.		next $ 10,000	8%	$ 800
		next $ 10,000	10%	$ 1,000
		next $ 15,000	12%	$ 1,800
		next $ 15,000	14%	$ 2,100
		next $ 40,000	16%	$ 6,400
		Balance	16%	as computed

*The prorated exemption is applied at the lowest tax rates. See general information, page 5.

** Nephews and nieces by marriage and great nephews and nieces are Class C beneficiaries.

92F001
(3-12)

FINANCE AND ADMINISTRATION CABINET
DEPARTMENT OF REVENUE
501 High Street
FRANKFORT, KENTUCKY 40601-2103
Phone (502) 564-4810
Fax (502) 564-2695
www.revenue.ky.gov

TO: Personal Representatives, Financial Institutions, Broker-Dealers, and Other Interested Persons

FROM: Jim Orr, Supervisor
Financial Tax Section

Jim Orr

DATE: March 2012

SUBJECT: Inheritance Tax Lien Releases and Inventory of Safe Deposit Boxes

Effective July 1, 1998, the Kentucky Department of Revenue (DOR) no longer requires that a person obtain prior written consent (lien release) from the DOR for the transfer for specific property owned by a resident or nonresident decedent at death, nor will a representative of DOR be present at the opening of a safe deposit box for the purpose of inventorying the contents at any time after the death of a person who had access to the box.

Pursuant to the authority granted to DOR in Chapter 140 of the Kentucky Revised Statutes, this notice grants a blanket lien release (consent) on all property owned by any decedent as a result of his or her death or any interest therein including, but not limited to, real estate, stocks, bonds, cash accounts, trust funds, life insurance, employee retirement accounts and trusts of all types, safe deposit box contents, etc.

Also, financial or other institutions or persons renting safe deposit boxes or similar receptacles may permit access to any and all boxes without requiring a specifically written consent or the presence of DOR or the local PVA prior to entering the box after the death of a person who had access to the box.

The above actions were taken as a result of the phase-out of the inheritance tax on Class A beneficiaries and for the purpose of easing the administration of estates for personal representatives, beneficiaries and other affected parties. More efficient services to the taxpayers of the Commonwealth will result from these actions.

This document may be duplicated and used as verification that the inheritance tax lien no longer exists on a decedent's property regardless of the date of death. However, it does not mean that the personal representatives or beneficiaries are relieved of any inheritance tax liability that they may owe in their individual capacity.

Questions regarding this notice may be directed to (502) 564-4810.

GENERAL INFORMATION

SUPPLEMENTAL DOCUMENTS

If applicable, please submit the following with the return:

Will
Disclaimer
Renunciation
Trust Agreement
Pre-Marital Agreement
Adoption Papers
Election to Qualify Terminable Interest Property
Election to Defer Payment of Tax
Legal Description of Each Piece of Real Estate Reported at Agricultural or Horticultural Value
Federal Estate Tax Return
Federal Estate Audit Report or Closing Letter
Court Order Setting Aside Personal Property Under KRS 391.030(1)(c)

PAYMENT OF TAX

Discount

Any inheritance tax payment made within nine months of death is allowed a 5 percent discount.

Avoid Interest and Penalty: If tax is due, any payment made after 18 months of death is subject to interest and penalties.

Deferred Installment Payments

If a beneficiary's tax liability exceeds $5,000, the beneficiary may elect to pay the tax in 10 equal annual installments. The first installment is due at the time the tax return is filed. The tax deferred is charged with interest at the rate established under KRS 131.010(6) beginning 18 months after the date of death. This election must be made on Form 92A928 when the return is filed and the return must be filed timely.

Interest

If inheritance tax is not paid within 18 months following the decedent's death, interest is computed from the end of the 18 months until the tax is paid. ***There are no provisions in the inheritance tax law to waive interest.*** The interest rates are:

2012	6 percent	2014	6 percent	2016	6 percent
2013	6 percent	2015	6 percent	2017	5 percent

Penalties

Late filing and late payment penalties may apply if tax is due and the return is not filed and the tax due paid within 18 months from the date of death.

Late Filing Penalty is 2 percent of the total tax due for each 30 days or fraction thereof that the payment is late. The maximum is 20 percent of the total tax due. The minimum is $10.

Late Payment Penalty is 2 percent of the total tax due for each 30 days or fraction thereof that the payment is late. This penalty is not applicable if at least 75 percent of the tax liability has been timely paid. The maximum is 20 percent of the total tax due. The minimum is $10.

The penalties accrue from 18 months from the date of death until the tax is paid.

These penalties may be waived if the return was not filed or the tax paid timely due to a "reasonable cause" as defined under KRS 131.010. There are additional penalties under KRS 131.180.

Interest and penalty payments should be made at the time the tax return is filed. If you need assistance in computing interest or penalty, contact the Financial Tax Section, (502) 564-4810.

PROPERTY TO BE INCLUDED ON THE RETURN

For a Kentucky resident, all real property located in Kentucky, all tangible personal property except tangible personal property that has acquired a situs for purposes of taxation outside Kentucky, and all intangible personal property except partnership property located in another state that is subject to an inheritance or estate tax in that state is subject to tax.

For a nonresident of Kentucky, all intangible personal property belonging to nonresidents that has acquired a business situs in Kentucky, all real property located in Kentucky in which the decedent owned or had an interest and all tangible personal property that has a situs in Kentucky and is not taxable elsewhere is subject to Kentucky inheritance and estate tax. Intangible personal property subject to tax in Kentucky may include, for example, a partnership interest or a bank account used in conjunction with taxable real or personal property. Tangible personal property with a situs in Kentucky may include items such as automobiles, farm machinery, livestock, equipment, boats, household items, etc.

VALUATION OF PROPERTY—FAIR CASH AND AGRICULTURAL

All real and personal property is to be reported at the Fair Cash Value on decedent's date of death except where qualified real estate is being reported at its agricultural or horticultural value. (Refer to KRS 140.300 for conditions of the qualification.) Also, qualified real estate that is part of the assets of a partnership may be reported at its agricultural or horticultural value when valuing the partnership and any qualified real estate comprising a portion of assets of a corporation may be reported at its agricultural or horticultural value when valuing the corporate stock. (Refer to KRS 140.310 for conditions of the qualification.)

NOTE: Reporting real estate at its agricultural or horticultural value for dates of death on or after July 1, 1998, benefits only daughter(s)-in-law and son(s)-in-law.

A completed Real Estate Valuation Information Form, 92A204, must be filed for each tract of real estate. If corporate stock or a partnership interest is reported at its agricultural or horticultural value, a completed Real Estate Valuation Information Form and a list of all personal property must be submitted with an explanation of the valuation of the stock and a balance sheet for the partnership.

Any sale or transfer of the qualified real estate to someone other than another qualified person who is a joint owner will cause the tax to be due and payable on the fair cash value rather than the agricultural or horticultural value plus interest as defined in KRS 131.010(6) on the unpaid tax. A lien will be filed on each parcel of qualified real estate to secure any additional tax that may become due.

DEDUCTIONS

For a Kentucky resident decedent, all debts due and payable as of decedent's date of death as well as funeral expenses (not to exceed $5,000) and administrative expenses including attorneys' fees and commissions of executors and administrators actually allowed and paid can be claimed.

For a nonresident decedent, administrative costs associated with the administration of the Kentucky taxable assets, mortgages or liens on the property subject to tax in Kentucky, and federal estate tax in the proportion that the net estate taxable in Kentucky bears to the total net estate subject to federal estate taxes are allowable deductions.

FEDERAL ESTATE TAX

The federal estate tax is deductible in the proportion which the *net estate in Kentucky subject to the federal estate taxes bears to the total net estate everywhere subject to the federal estate taxes.* This is calculated by dividing the net estate over which Kentucky has jurisdiction, before the federal estate tax deduction, *by the federal taxable estate including federal taxable gifts.*

QUALIFIED TERMINABLE INTEREST PROPERTY (QTIP) AND/OR POWERS OF APPOINTMENT (POA)

The Inheritance Tax Law requires that the value of a surviving spouse's interest in a POA trust or in a QTIP, which was exempt as a part of the surviving spouse's inheritable interest in the first spouse's estate according to the election made in the first spouse's estate, is includable in the surviving spouse's estate. The property is includable at its value on the surviving spouse's date of death. All property passing under a POA created by will, deed, trust agreement, contract, insurance policy, or other instrument must be reported whether or not the power is exercised.

PROPERTY PREVIOUSLY TAXED

Prior Decedent to Immediate Decedent Within Five Years—Even though the property is taxable in the immediate decedent's estate, a tax credit is available to the beneficiaries of the present estate. The property will need to be identified on the Kentucky inheritance tax return as being taxed in the prior estate or property that was exchanged for property that was taxed before. The property must be reported at the date of death value of the immediate decedent. If the estate prefers, the credit can be computed by the Financial Tax Section for the estate.

Example of Credit for Previously Taxed Property

The immediate decedent, who died in September 2010, received from the prior decedent, his aunt who died in 2008, property valued at the death of the immediate decedent at $55,076.92. The inheritance tax, before discount, paid by the immediate decedent at the death of the prior decedent was $3,014.00. At the death of the immediate decedent the total gross estate was valued at $74,100.00 less total deductions of $9,100.00 leaving a total present net estate of $65,000.00.

To compute the tax credit for previously taxed property: (1) divide the immediate decedent's gross estate into two parts: the property previously taxed, $55,076.92, and the property not previously taxed, $19,023.08; (2) prorate the immediate decedent's debts (funeral expenses, costs of administration, other debts and federal estate taxes paid if any), $9,100.00, to the property previously taxed and the property not previously taxed; (3) arrive at the net estate previously taxed, $48,312.89, and the net estate not previously taxed, $16,687.11; and (4) arrive at the total present net estate, $65,000.00. Note—Mortgages and liens, if any, must be deducted from the value of the property to which they are attached prior to prorating the debts.

Based on the net estate passing to one nephew, the following is a step-by-step example of how to prorate debts and how to compute the tax credit. If more than one beneficiary inherits the previously taxed property, the tax credit must be computed on each beneficiary's share of the estate.

	Gross Estate		Deduct Mortgages and Liens		Gross Estate Less Mortgages and Liens		Deduct Prorated Funeral Expenses, Cost of Administration, Debts and Federal Estate Tax		Net Estate
Previously Taxed Property	$55,076.92	–	$ -0-	=	$55,076.92	–	$6,764.03	=	$48,312.89 (A)
Immediate Decedent's Estate	19,023.08	–	-0-	=	19,023.08	–	2,335.97	=	16,687.11 (B)
Total Gross Estate	$74,100.00	–	-0-	=	$74,100.00	–	$9,100.00	=	$65,000.00 (C)

To arrive at the prorated portion of the debts applicable to the previously taxed property, multiply $9,100.00(debts of the estate) by $55,076.92 (gross previously taxed property) divided by $74,100.00 (gross estate). Note—Mortgages and liens, if any, must be deducted from the value of the property to which they are attached.

A	— Previously taxed property (from Schedule I)	$55,076.92
	Less mortgages, liens and a proportionate part of funeral expenses, costs of administration and debts	$ 6,764.03
		$48,312.89
B	— Immediate decedent's gross estate other than that inherited from the prior decedent	$19,023.08
	Less mortgages, liens and a proportionate part of funeral expenses, costs of administration and debts	$ 2,335.97
		$ 16,687.11
C	— Total present net estate	$65,000.00
D	— Nephew's share of immediate decedent's estate	$ 16,687.11
E	— Nephew's share of previously taxed property	$48,312.89
F	— Nephew's total share of present net estate	$65,000.00
G	— Total tax due on nephew's share	$ 4,760.00
H	— Tax paid by present decedent in prior estate	$ 3,014.00
I	— 3,014 (H) x 48,312.89 (E) / 48,312.89 (A) =	$ 3,014.00
J	—4,760 (G) x 48,312.89 (E) / 65,000.00 (F) =	$ 3,537.99
	Tax due on nephew's share (G)	$ 4,760.00
	Less tax credit (J) (lesser of I and J)	$ 3,014.00
	Net tax due on nephew's share	$ 1,746.00

Attach tax credit computations with return. Credit is shown for each beneficiary on page 4 of return.

The tax credit is the **lesser** of the amounts in the two computations based upon the tax in the prior estate and the tax in the present estate. To arrive at the amount of the allowable tax credit: **First**, take tax paid before discount on decedent's interest in prior estate, $3,014.00 (H), times the share of previously taxed property, $48,312.89 (E), divided by the total previously taxed property, $48,312.89 (A), equals first credit of $3,014.00 (I). **Second**, take total tax due on nephew's share, $4,760.00 (G), times the share of previously taxed property, $48,312.89 (E), divided by the nephew's total share of present estate, $65,000.00 (F), equals second credit of $3,537.99 (J). As the first credit of $3,014.00 (J) is the lesser of the two tax credits, this amount is deducted from the tax on the nephew's share of $4,760 (G) leaving a net tax due of $1,746.00.

DISTRIBUTION

When a person dies, real and personal property may pass by title, under the terms of the will, or by the laws of intestate succession. Survivorship property, gifts, and property payable on death pass to the surviving co-owner or owner shown on the deed or instrument, unless a disclaimer was filed, and not by the terms of the will or by the laws of intestate succession. When a person dies with a will, distribution of the estate is made according to the will, unless the will is renounced by the surviving spouse or a disclaimer is filed. If the will is renounced, the surviving spouse receives one-third of the real property and one-half of the remainder of the personal property. The law provides that when a person dies without a will, one-half of the estate, after funeral expenses, debts, and cost of administration are paid, goes to the surviving spouse and one-half descends as follows (if there is no surviving spouse, the whole estate descends):

1. to the children and their descendants (descendants take the share of their deceased parents); *if there are none*,

2. to the father and mother; if one is deceased, to the survivor; *if there is no father and mother*,

3. to the brothers and sisters and their descendants; (half-sisters and half-brothers and their descendants inherit only one-half as much as those of the whole blood); *if none*,

4. to the husband or wife of the intestate; *if none,*

5. one share shall pass to the paternal and the other to the maternal kindred in the following order:

    (a) the grandfather and grandmother equally, if one is deceased, it shall go to the survivor; *if both are deceased,*
    (b) to the uncles and aunts and their descendants; *if there are none,*
    (c) to the great-grandfathers and great-grandmothers; *if none,*
    (d) to the brothers and sisters of the grandfathers and grandmothers; and

6. if there is no kindred to one of the parents as described in (5), the whole descends to the kindred of the other. If there is neither paternal nor maternal kindred, the whole descends to the kindred of the spouse.

I. EXEMPTIONS FOR BENEFICIARIES OF A RESIDENT DECEDENT

A. Effective for persons dying on or after July 1, 1998, the following beneficiaries are exempt from paying inheritance tax:

    (1) Surviving spouse, parent
    (2) Child (adult or infant)
        child by blood, stepchild, child adopted during infancy, or a child adopted during adulthood who was reared by decedent during infancy
    (3) Grandchild
        issue of child by blood, stepchild, child adopted during infancy, or of a child adopted during adulthood who was reared by decedent during infancy
    (4) Brother, sister (whole or half)

B. The following may owe inheritance tax if their distributive share exceeds the exemption amount:

    Nieces, nephews, half-nieces, half-nephews, sons- and daughters-in-law, uncles, aunts, great-grandchild who is grandchild of child by blood, stepchild, or child adopted during infancy, have an exemption of $1,000. All other beneficiaries receive a $500 exemption.

C. Exempt organizations pursuant to KRS 140.060 do not owe inheritance tax.
    Exempt organizations include educational, religious or other institutions, societies, or associations, whose sole purpose is to carry on charitable, educational, or religious work. Also, cities, towns or public institutions in this state qualify as exempt organizations provided that any transfer to such an organization is for public purposes.

II. EXEMPTIONS FOR BENEFICIARIES OF A NONRESIDENT DECEDENT

The exemption for a beneficiary of a nonresident decedent's estate is prorated based on the exemption of a resident decedent and is in proportion to the net value of the property subject to tax in Kentucky before federal estate taxes to the total property transferred by the decedent.

Example of Using Tax Table for Nonresident Decedents

An individual died a resident of Florida on July 10, 2010. The net value of the property subject to tax in Kentucky before federal estate taxes is $75,000. The Kentucky net estate is 20 percent of the total net estate in and out of Kentucky. The property subject to tax in Kentucky was devised to the decedent's niece. The niece's exemption subject to proration is limited to $1,000. The prorated exemption for the niece is $200 ($1,000 x 20%). The tax is calculated as follows:

$10,000—$200	=	$9,800	x	4%	=	$ 392
$10,000			x	5%	=	$ 500
$10,000			x	6%	=	$ 600
$15,000			x	8%	=	$1,200
$15,000			x	10%	=	$1,500
$15,000			x	12%	=	$1,800
$75,000					Tax	$5,992

BEQUEST OF TAX

If the will directs that the inheritance tax is to be paid from the residue of the estate, a bequest of the tax is added to and made a part of the distributive share of the beneficiary receiving the specific bequest or devise before residue is distributed. Contact the Financial Tax Section for assistance.

PROPERTY SET ASIDE UNDER KRS 391.030(1)(c)

KRS 391.030(1)(c) provides that when a person dies intestate as to his personal estate, the spouse or, if none, the children may petition the court for up to $15,000 to be set aside from distribution and from inheritance tax. ***A copy of the court order must accompany the tax return***. If Class B and C beneficiaries receive a part of the residue, this exemption could reduce the tax.

ESTATE TAX

Since January 1, 2005, there has been no Kentucky estate tax.

The American Taxpayer Relief Act was signed into law on January 2, 2013 and permanently extends the deduction for state estate taxes on the Federal 706. Before 2005, a credit was allowed against the federal estate tax for state estate, inheritance, legacy, or succession taxes. The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) repealed the state death tax credit for decedents dying after 2004 and replaced the credit with a deduction. Kentucky estate tax is equal to the amount by which the credits for state death taxes allowable under the federal tax law exceeds the inheritance tax, less the discount, if taken by the taxpayer. Since state death taxes are no longer treated as a credit for federal estate taxes, there is no Kentucky estate tax.

VALUE OF A LIFE ESTATE—FOR RETURNS FILED ON OR AFTER 11/1/2013

To find the value of a life estate at a rate of interest of 4 percent, multiply the value of the beneficial interest by 4 percent and this product by the factor in the table below corresponding to the age of the life tenant. The result is the value of the life estate. Subtract the value of the life estate, as determined above, from the beneficial interest. The amount left will be the value of the remainder interest. *If the will, trust, etc. states a different rate of interest or provides for joint or successive life estates, contact the Financial Tax Section for the factors. If the life tenant dies prior to the filing of the return or the tax being fixed and determined, refer to KRS 140.100(3) for valuing the life estate and contact the Financial Tax Section for the factor.*

Example: A, age 40, received $10,000 for life, with remainder over to B. $10,000 multiplied by 4 percent equals $400, which is the annual income or annuity. $400 multiplied by 19.5632, the 4 percent factor for age 40, equals $7,825.28 which is the value of the life estate of A. The remainder interest of B is the difference of the principal sum and the life estate, which in this case is $10,000 less $7,825.28 or $2,174.72.

Age	Present Value at 4% of $1 per Year Payable at the End of Each Year for Life	Age	Present Value at 4% of $1 per Year Payable at the End of Each Year for Life	Age	Present Value at 4% of $1 per Year Payable at the End of Each Year for Life	Age	Present Value at 4% of $1 per Year Payable at the End of Each Year for Life	Age	Present Value at 4% of $1 per Year Payable at the End of Each Year for Life
0	23.7732	22	22.2111	44	18.7240	66	12.1908	88	4.5483
1	23.7509	23	22.1052	45	18.4985	67	11.8291	89	4.2900
2	23.7025	24	21.9965	46	18.2649	68	11.4625	90	4.0367
3	23.6522	25	21.8825	47	18.0256	69	11.0911	91	3.7886
4	23.5993	26	21.7641	48	17.7779	70	10.7152	92	3.5627
5	23.5439	27	21.6400	49	17.5243	71	10.3406	93	3.3430
6	23.4868	28	21.5124	50	17.2617	72	9.9621	94	3.1382
7	23.4269	29	21.3786	51	16.9931	73	9.5859	95	2.9401
8	23.3646	30	21.2411	52	16.7185	74	9.2126	96	2.7577
9	23.2999	31	21.0984	53	16.4344	75	8.8367	97	2.5825
10	23.2326	32	20.9503	54	16.1405	76	8.4648	98	2.4237
11	23.1626	33	20.7966	55	15.8438	77	8.0976	99	2.2726
12	23.0899	34	20.6370	56	15.5408	78	7.7358	100	2.1296
13	23.0142	35	20.4731	57	15.2278	79	7.3801	101	1.9946
14	22.9356	36	20.3031	58	14.9124	80	7.0312	102	1.8770
15	22.8547	37	20.1267	59	14.5909	81	6.6897	103	1.7588
16	22.7715	38	19.9457	60	14.2633	82	6.3564	104	1.6492
17	22.6860	39	19.7579	61	13.9297	83	6.0318	105	1.5574
18	22.5972	40	19.5632	62	13.5903	84	5.7168	106	1.4653
19	22.5060	41	19.3634	63	13.2497	85	5.4119	107	1.3821
20	22.4114	42	19.1563	64	12.8989	86	5.1100	108	1.2986
21	22.3131	43	18.9440	65	12.5475	87	4.8271	109	1.2334

AMENDED RETURN

Adjustment(s) to a tax return can be made by letter or Form 92A200 may be used. Any additional tax and interest or applicable penalties should be submitted with the amendment. If a refund is due, please include amended tax computation.

ACCEPTANCE LETTER

The Kentucky Department of Revenue will issue an *ACCEPTANCE LETTER* or *NO TAX DUE LETTER* if the return is accepted as filed. An audit report will be sent if the department makes any adjustments that change the tax due. If an additional amount is due, the audit report will contain information for protest. If an overpayment is made, a refund check will be issued.

PROTEST AND APPEAL

You have the right to protest and appeal a determination of the Kentucky Department of Revenue if you disagree with an assessment of tax or penalty, reduction or a denial of a refund. For protest and appeal procedures, contact the Financial Tax Section at (502) 564-4810.

HELPFUL HINTS

Where to Obtain Assistance

If you have any questions, you may write to the Financial Tax Section, Department of Revenue, Station 61, 501 High Street, Frankfort, Kentucky 40601-2103, or call (502) 564-4810. See general information, page 10 for the location of the Financial Tax Section and the Kentucky Taxpayer Service Centers located throughout the state.

Reporting of Intangible Property Tax

Residents of Kentucky must report their intangible property for taxation. Intangibles consist of any property or investment which represents evidence of value or right to value under law or custom. If the decedent was a resident of Kentucky and owned intangible assets (e.g., bonds, mortgages, notes, trusts, etc.), it is possible that this tax is applicable. If the property has not been reported, the estate may file a listing of omitted property voluntarily or wait for an audit at a later date. For further details, contact the Office of Property Valuation, (502) 564-8071, the property valuation administrator in your county or the Kentucky Taxpayer Service Center nearest you (see list in back of this packet).

Fiduciary Return

The personal representative may be required to file a Kentucky fiduciary income tax return (Form 741) if the estate had gross income for the taxable year of $1,200 or more. If you need further assistance, contact a Kentucky Taxpayer Service Center near you or the Department of Revenue, Frankfort, Kentucky 40620, (502) 564-4580. From a Telecommunication Device for the Deaf (TDD), call (502) 564-3058.

Office of the Taxpayer Ombudsman

The Office of the Taxpayer Ombudsman was established by the 1990 General Assembly to protect the rights of Kentucky taxpayers. The Ombudsman should be contacted after all other means to resolve the problem have been exhausted. If needed, you may write to the Taxpayer Ombudsman, Kentucky Department of Revenue, P. O. Box 930, Frankfort, Kentucky 40602-0930, or call (502) 564-7822. From a Telecommunication Device for the Deaf (TDD), call (502) 564-3058.

Website for Forms

www.revenue.ky.gov

DEFINITIONS

Acceptance Letter—A form letter issued by the Department of Revenue as proof that the Inheritance and EstateTax Return has been filed, the examination has been completed, and that all taxes due have been paid.

Administration—The collection of a decedent's assets, the payment of his/her debts and the distribution of any remaining assets.

Administrator/Administratrix—A person appointed by the court to administer the assets and liabilities of a decedent.

Beneficiary—One who is lawfully entitled to the proceeds or property of an estate.

Bequest—A gift of property by will.

Decedent—A person who has died.

Descendant—A person who is an offspring, however remote, of a certain ancestor.

Distribution—The apportionment and disposition, by authority of a court, of the balance of an estate's personal property after payment of debts and costs.

Dower/Curtesy—The surviving spouse's (husband or wife) interest in the deceased spouse's estate who died without a will.

Estate—The property of a person; often a decedent's property in the process of administration.

Estate Tax (Kentucky)—The amount by which the allowable federal state death tax credit exceeds the Kentucky inheritance tax. As of January 1, 2005, there is no Kentucky EstateTax.

Executor/Executrix—A person named in a will to take charge of the deceased's estate and administer or dispose of it as directed in the will.

Fiduciary—A person or institution who legally manages money or property for another.

Gift—A lifetime transfer of property from one individual to another without full payment.

Gift in Contemplation of Death—A lifetime gift made in expectation of the death.The thought of death prompted the gift. Any gift made within three years of death is considered to have been made in contemplation of death unless proof is furnished to the contrary.

Heir—One who inherits or is entitled, by law or by the terms of a will, to inherit the estate of another.

Inheritance—The property received from a deceased person, by law or by will.

Inheritance Tax—A tax based on the right to receive property from a decedent's estate.The amount of tax is based on the beneficiary's share and relationship to the decedent.

Intestate—A person who is said to die intestate when he dies without making a will, or dies without leaving anything to testify what his wishes were with respect to the disposal of his property after his death.

Joint Tenant With Right of Survivorship—A person(s) becomes entitled to property by reason of having survived another person who had an interest in the property.

Per Capita—If the beneficiaries are to share in a distribution "per capita," then all of the living members of the identified group will receive an equal share. However, if a member of the identified group is deceased, then a share won't be created for the deceased member and all of the shares of the other members will be increased accordingly.

Per Stirpes—If the beneficiaries are to share in a distribution "per Stirpes," then the living member in the class of beneficiaries who is closest in relationship to the person making the distribution will receive an equal share. However, if a member in the class of beneficiaries who is closest in relationship to the person making the distribution is deceased and survived by any descendants, then that deceased beneficiary's descendants will take "by representation" what their deceased parent would have taken.

Personal Representative—A person appointed by district court who succeeds in title to the decedent's probate estate and has the power and duty to settle and distribute the estate as required by law.

Probate—A formal, legal proving of a will and its acceptance by the court having jurisdiction over the administration of estates. This term also includes all matters and proceedings pertaining to administration of estates, including intestate estates, guardianships, etc.

Tenant in Common—A form of ownership whereby each owner holds an undivided interest in the property. When one owner dies, his share of the property is included in his estate rather than becoming the property of the other co-owner.

Testate—Having made a will prior to death.

Trust—A right of property, real or personal, held by one party for the benefit of another. Any arrangement whereby property is transferred with intention that it be administered for another's benefit.

Will—A document prepared by a natural person in contemplation of death and containing instructions for the disposition of his property.

KENTUCKY DEPARTMENT OF REVENUE TAXPAYER SERVICE CENTERS

Ashland, 41101-7695
1539 Greenup Avenue
Telephone: (606) 920-2037
Fax: (606) 920-2039

Bowling Green, 42104-3278
201 West Professional Park Court
Telephone: (270) 746-7470
Fax: (270) 746-7847

Corbin, 40701-6188
15100 North US25E
Suite 2
Telephone: (606) 528-3322
Fax: (606) 523-1972

Frankfort, 40601 (Taxpayer Service Center)
501 High Street
Station 38
Telephone: (502) 564-5930
Fax: (502) 564-8946

Frankfort, 40601 (Financial Tax Section)
501 High Street
Telephone: (502) 564-4810
Fax: (502) 564-2695

Hopkinsville, 42240-7926
181 Hammond Drive
Telephone: (270) 889-6521
Fax: (270) 889-6563

Louisville, 40202-2310
600 West Cedar Street
2nd Floor West
Telephone: (502) 595-4512
Fax: (502) 595-4205

Northern Kentucky
Turfway Ridge Office Park
7310 Turfway Rd., Suite 190
Florence, 41042-4871
Telephone: (859) 371-9049
Fax: (859) 371-9154

Owensboro, 42301-6295
401 Frederica Street
Corporate Center, Suite 201C
Telephone: (270) 687-7301
Fax: (270) 687-7244

Paducah, 42001-4024
2928 Park Avenue
Clark Business Complex, Suite G
Telephone: (270) 575-7148
Fax: (270) 575-7027

Pikeville, 41501-1275
Uniplex Center
126 Trivette Drive, Suite 203
Telephone: (606) 433-7675
Fax: (606) 433-7679

Kentucky
UNBRIDLED SPIRIT™

YOUR RIGHTS AS A KENTUCKY TAXPAYER

As a Kentucky taxpayer, you have the right to expect the DOR to honor its mission and uphold your rights every time you contact or are contacted by the DOR.

RIGHTS OF TAXPAYER

Privacy—You have the right to privacy of information provided to the DOR.

Assistance—You have the right to advice and assistance from the DOR in complying with state tax laws.

Explanation—You have the right to a clear and concise explanation of:

- basis of assessment of additional taxes, interest and penalties, or the denial or reduction of any refund or credit claim;
- procedure for protest and appeal of a determination of the DOR; and
- tax laws and changes in tax laws so that you can comply with the law.

Protest and Appeal—You have the right to protest and appeal a determination of the DOR if you disagree with an assessment of tax or penalty, reduction or a denial of a refund, a revocation of a license or permit, or other determination made by the DOR. If you file a timely protest, you have a right to a conference to discuss the matter.

Representation—You have the right to representation by your authorized agent (attorney, accountant or other person) in any hearing or conference with the DOR. You have the right to be informed of this right prior to the conference or hearing. If you intend for your representative to attend the conference or hearing in your place, you may be required to give your representative a power of attorney before the DOR can discuss tax matters with your authorized agent.

Recordings—You have the right to make an audio recording of any meeting, conference, or hearing with the DOR. The DOR has the right to make an audio recording, if you are notified in writing in advance or if you make a recording. You have the right to receive a copy of the recording.

Consideration—You have the right to consideration of:

- waiver of penalties or collection fees if "reasonable cause" for reduction or waiver is given ("reasonable cause" is defined in KRS 131.010(9) as: "an event, happening, or circumstance entirely beyond the knowledge or control of a taxpayer who has exercised due care and prudence in the filing of a return or report or the payment of monies due the department pursuant to law or administrative regulation");
- installment payments of delinquent taxes, interest and penalties;
- waiver of interest and penalties, but not taxes, resulting from incorrect written advice from the DOR if all facts were given and the law did not change or the courts did not issue a ruling to the contrary;
- extension of time for filing reports or returns; and
- payment of charges incurred resulting from an erroneous filing of a lien or levy by the DOR.

Guarantee—You have the right to a guarantee that DOR employees are not paid, evaluated or promoted based on taxes assessed or collected, or a tax assessment or collection quota or goal imposed or suggested.

Damages—You have the right to file a claim for actual and direct monetary damages with the Kentucky Board of Claims if a DOR employee willfully, recklessly and intentionally disregards your rights as a Kentucky taxpayer.

Interest—You may have the right to receive interest on an overpayment of tax.

DEPARTMENT OF REVENUE RESPONSIBILITIES

The DOR has the responsibility to:

- perform audits, conduct conferences and hearings with you at reasonable times and places;
- authorize, require or conduct an investigation or surveillance of you only if it relates to a tax matter;
- make a written request for payment of delinquent taxes which are due and payable at least 30 days prior to seizure and sale of your assets;
- conduct educational and informational programs to help you understand and comply with the laws;
- publish clear and simple statements to explain tax procedures, remedies, your rights and obligations, and the rights and obligations of the DOR;
- notify you in writing when an erroneous lien or levy is released and, if requested, notify major credit reporting companies in counties where lien was filed;
- advise you of procedures, remedies and your rights and obligations with an original notice of audit or when an original notice of tax due is issued, a refund or credit is denied or reduced, or whenever a license or permit is denied, revoked or canceled;
- notify you in writing prior to termination or modification of a payment agreement;
- furnish copies of the agent's audit workpapers and a written narrative explaining the reason(s) for the assessment;
- resolve tax controversies on a fair and equitable basis at the administrative level whenever possible;
- notify you in writing at your last known address at least 60 days prior to publishing your name on a list of delinquent taxpayers for which a tax or judgment lien has been filed; and
- notify you by certified mail 20 days prior to submitting name to the relevant agency for the revocation or denial of professional license, driver's license or motor vehicle registration.

* * * * * * * * * * * * * * *

This information merely summarizes your rights as a Kentucky taxpayer and the responsibilities of the Department of Revenue. The Kentucky Taxpayers' Bill of Rights may be found in the Kentucky Revised Statutes (KRS) at Chapter 131.041—131.083. Additional rights and responsibilities are provided for in KRS 131.020, 131.110, 131.170, 131.1817, 131.183, 131.190, 131.500, 131.654, 133.120, 133.130, 134.580 and 134.590.

FINANCIAL TAX SECTION
DEPARTMENT OF REVENUE
FRANKFORT, KENTUCKY 40620