Commonwealth of Kentucky
Kentucky Department of Revenue

**Kentucky Tax Software Provider Registration Form
for Substitute Forms Design and/or
Tax Preparation Software**

Letter of Intent

Tax Year 2020

This form must be completed and submitted to:
Individual/Fiduciary Income Tax: Sikitia.Snow@ky.gov & Jeremy.Sapp@ky.gov
Corporate Income Tax: Christopher.Rains@ky.gov & Sara.Satterwhite@ky.gov
Withholding Tax (K5): Caitlin.Branco@ky.gov & Angela.Wyatt@ky.gov
E-Commerce Branch Manager: AudreyJ.Terry@ky.gov

Due: December 31, 2020

2020 Tax Software Provider Kentucky Department of Revenue Letter of Intent

By submitting this Letter of Intent (LOI) to the Kentucky Department of Revenue, you are agreeing to meet our standards for software provider registration, all tax preparation software, and substitute forms.

Failure to meet the standards or requirements set forth in this LOI may result in the denial of your application or the removal of your organization as an approved software provider, and the rejection of all electronic or paper returns submitted using your products.

You must complete a separate LOI form for each unique product your company offers. If you submit an incomplete form, your request to participate in electronic or paper submissions may be denied.

This form must be completed and submitted to the appropriate contact listed on the first page of this document no later than December 31, 2020.

The Attachment A referenced in this document is posted with the LOI on SES in the KYST.TY20.LOI folder.

Contact Information – Provide this information on Attachment A – Company Information Tab

The list you provide should include the following information:
- Company name
- DBA name
- Address
- Phone
- Email address
- FEIN
- NACTP Member Number
- Kentucky Software ID
- Product name
- EFIN and ETINS for Test and Production
- Primary and Secondary contacts
  - Regulatory/Compliance
  - Substitute Forms Design
  - 2D Barcode
  - MeF – IND, CORP, PART, ESTRST
  - Leads

Authorized access to the State Exchange System – Provide this information on Attachment A – SES Access Authorization Tab

Please provide a list of employees within your organization that you are authorizing to have access to the State Exchange System. The list you provide should include the following information:
- Company name, if different than company name at top of LOI
- First and last name of authorized individual(s)
- Email address
- Phone number
- Tax types they are authorized to access (indicate all or individual, corporate, estate/trust, payroll etc.)

NOTE: If the individuals are the same as what you've listed on the Contact Information page, please include them in this section as well.

Type of Software Product - Provide this information on Attachment A – Company Information Tab

The list will include:
- DIY/Consumer or Professional/Paid Preparer

- Web-based or Desktop

Tax Types Supported - Provide this information on Attachment A – Company Information Tab

The tax types available for the Kentucky LOI are

- Individual Income Tax
- Estate/Trust/Fiduciary Income Tax
- Corporate Income Tax
- Partnership Income Tax
- Withholding Tax (Form K-5 only)

Rebranded Software Products - Provide this information on Attachment A – Rebranded Software Products Tab

In order for the software to be considered rebranded, changes cannot be made to the software requirements and output(s). As the Software company selling and/or licenses your product to a third-party, it is your responsibility to make sure the rebranded product reflects the current software requirements and output(s). Enter the appropriate class code for the rebranded product in class code box below.

- **Class Code 1:** Software products sold/licensed to a third-party user and the third-party user has the ability to add their own logos and/or splash screens. They cannot modify calculations in the program.
- **Class Code 2:** Software products sold/licensed to a third-party user and the third-party has the ability to alter/change calculations in the program.

For Rebranded Products, the Kentucky Department of Revenue has the following requirements for paper forms and/or e-file ATS approval

- Rebranded Products with **Class Code 2** where substantially different changes such as calculations or transmissions from a separate code base from the Software publisher's product would require ATS testing with the Kentucky Department of Revenue. A unique software Id must be used in this situation and ATS testing is required.
- Rebranded Products with **Class Code 1** and a substantial difference does not exist, ATS testing is not required for the Rebranded Product. If a different software id is used in this situation, we request that you notify us and complete an abbreviated ATS testing to validate the software id.

Substitute Forms Registration - Provide contact information on Attachment A – Company Information Tab

Forms and Schedules Supported - Provide this information on Attachment A – Substitute Forms List Tab and Efile Support List Tab; List any limitations on Attachment A – Limitations Tab

Use the section to list forms and schedules your company will be supporting. Please note if the form is supported for print and e-file returns or printed returns only.

Agency requirements

This section identifies agency requirements expectations for communicating information to users of the software product.

Issue notification and resolution requirements

This section represents the Kentucky Department of Revenue issue notification and issue resolution standards.

List your requirements and standards for the software provider here.

K5 Substitute Form - Software providers should notify and work with the K-5 Substitute Form contact(s) to resolve any issues. K-5 Substitute Forms should not be made available to users/customers until the source of the issue has been located and resolved. The K-5 Substitute Form will need to be retested for approval.

Production return submission requirements

All returns generated from this software must be electronically filed or printed from the initially approved software or a subsequent product update.

Product update requirements

Users/customers of desktop products who attempt to file 10 or more business days after a production release, must be required to download and apply the product update.

Schema requirements

Your software must adhere to the schema requirements included in the authentication and return header. Agency schema information and requirements can be found on SES.

Testing and submission requirements

All e-file ATS and substitute forms tests submitted during the approval process must be created in, and originate from, the actual software.

System security requirements

You are responsible for implementing appropriate security measures to protect taxpayers and their information in your system. This includes but is not limited to when it is on-line, off-line, at rest, and in transit. The Kentucky Department of Revenue does not prescribe the security requirements for your system. Cyber security resources such as the National Institute of Standards and Technology or the Department of Defense Security Technical Implementation Guide are examples of national resources available to assist you with this process.

Validation of specific data element requirements

This section represents Kentucky Department of Revenue requirements for validation of specific data elements.

Schedule KW-2
The Schedule KW-2 – Kentucky Income Tax Withheld, is used in tax year 2017, 2018, 2019 and 2020 to report the Kentucky income tax withheld for paper-filed returns. The Schedule KW-2 should be completed based on the ~~2019~~ W-2's and 1099's with Kentucky income tax withheld in an amount greater than 0. The Schedule KW-2 should be included with a mailed return instead of the income and withholding tax statements. The taxpayer must keep copies of the Kentucky income and withholding tax statements and provide them to the Kentucky Department of Revenue if requested.

The Schedule KW-2 is not used for electronic filed returns and a schema does not exist for the Schedule KW-2. All Kentucky withholding claimed on the e-filed tax return must be supported by an income and withholding tax statement using the applicable schema as has been required in past years. When a return is printed from the software package, the Schedule KW-2 should be included if there is a possibility that the return will be filed by mail instead of electronically filed.

Standards and Requirements for Confirmation of Specific Data Elements

Transferring data year-over-year that is not initially entered accurately causes issues with processing tax returns. The following items should be **confirmed** when transferred year over year.

- SSNs
- Addresses
- State driver's license and state issued ID numbers
- Employer information
- State withholding account numbers
- FEINs
- Kentucky Corp/LLET Account numbers

Customer Communications

This section identifies information the Kentucky Department of Revenue is requiring the software providers to communicate with customers.

Disclosure and use of information language expectations

The following consent language must be added to electronic filing software to notify the user.

> **For Do-It-Yourself software:**
> *By using a computer system and software to prepare and transmit return(s) electronically, I consent to the disclosure of all information pertaining to my use of the system and software to the Kentucky Department of Revenue, as applicable by law, and to the transmission of my tax return(s).*

> **For Tax Professional software:**
> *By using a computer system and software to prepare and transmit my client's return electronically, I consent to the disclosure of all information pertaining to my use of the system and software to create my client's return and to the electronic transmission of my client's tax return to the Kentucky Department of Revenue, as applicable by law.*

> **For Business software:**
> *By using a computer system and software to prepare and transmit this business return electronically, I consent to the disclosure of all information pertaining to the user of the system and software to create this business return and to the electronic transmission of this business tax return to Kentucky Department of Revenue.*

Documents and Materials

The Kentucky Department of Revenue e-file and paper form documentation will be posted/provided at the following location:

- FTA State Secure Exchange System (SES)

Driver's license/ID card expectations

The Kentucky Department of Revenue is providing the following expectations and information:

For e-file returns:

The Kentucky Department of Revenue wants to receive the DL/ID Card Information with the tax return. It is optional for the taxpayer to provide their DL/ID card information, but the Kentucky Department of Revenue will reject e-file returns if the PrimDrvrLcnsOrStateIssdIdGrp in the AuthenticationHeader is not provided.

For printed/paper forms requesting the DL/ID Card Information:

The Kentucky Department of Revenue requests the full DL/ID Card Information on the form(s).

The Kentucky Department of Revenue is providing a URL and/or a statement for the DL/ID Card. All Do It Yourself (DIY) and Tax Professional software packages must include this information in your software. The messages are expected to be shown to end-users within the software in a way to maximize the likelihood the message is read.

Statement

The Kentucky Department of Revenue includes a field on the individual income tax return forms 740, 740-EZ, 740-NP, 740-NP-R that allows taxpayers to provide their driver's license or state issued ID number if they choose. While providing a driver's license or state issued ID number is ***optional***, doing so may expedite return processing. The Kentucky Department of Revenue uses the driver's license or state issued ID number to screen returns for tax fraud and identity theft problems. Returns that do not include a driver's license or state issued ID number will not be scrutinized more than returns that do include a driver's license or state issued ID number.

Refund Expectations

To assist Taxpayers and Tax Professionals expecting refunds, the Kentucky Department of Revenue is providing a URL and a statement about refund processing. Industry partners should use this statement and URL to communicate and help set the appropriate expectations with external stakeholders. Providing this information will ensure everyone is communicating a consistent refund timing message.

Statement/URL

The Kentucky Department of Revenue takes active steps to protect taxpayers, and taxpayer dollars, from fraud and identity theft. This can increase the time it takes to review and process income tax returns and requests for refunds. The department strives to process individual income tax requests efficiently and is committed to processing individual requests for income tax refunds within a timely manner.

Taxpayers may check their refund status online by using the *Where's My Refund?* application on the Kentucky Department of Revenue website.   URL: https://refund.ky.gov/

Questions, Requirements, Standards and Recommendations

This section represents the jurisdiction specific requirements and standards for tax software providers.

Specific Questions - Provide this information on Attachment A – Specific Questions Tab

Acknowledgments and signature

☐ I acknowledged that I have completed Kentucky LOI-Attachment A as part of this agreement and will provide it along with this signed document to the Kentucky Department of Revenue.

☐ I acknowledge all electronic returns received by the Kentucky Department of Revenue generated from this software will be electronically filed from the initially approved product version, or a subsequent product update.

☐ I acknowledge all paper returns received by the Kentucky Department of Revenue generated from this software will be printed from the approved product version, or a subsequent product update.

☐ I acknowledge the Kentucky Department of Revenue will be notified of any incorrect and/or missing calculation or e-file data element for any paper or electronic returns submitted to the Kentucky Department of Revenue.

☐ I acknowledge users/customers of this desktop product who attempt to e-file 10 or more business days after a production release will be required to download and apply the product update.

I agree to provide true, accurate, current, and complete information. By signing this agreement, my company agrees to all of the requirements listed in this document. The Kentucky Department of Revenue reserves the right to deny, suspend or terminate my company's ability to submit returns.

AUTHORIZED REPRESENTATIVE PRINTED NAME	AUTHORIZED REPRESENTATIVE EMAIL ADDRESS	
AUTHORIZED REPRESENTATIVE SIGNATURE	AUTHORIZED REPRESENTATIVE PHONE NUMBER	DATE

Complete this signature line if this is an amended Letter of Intent

AUTHORIZED REPRESENTATIVE SIGNATURE	AUTHORIZED REPRESENTATIVE PHONE NUMBER	AMENDED DATE