

**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 2018

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Jurisdiction Due Date: December 31, 2018

2018 Tax Software Provider Kentucky Department of Revenue Letter of Intent

This Letter of Intent (LOI) sets forth the specific questions, requirements, and standards for tax software providers for the Kentucky Department of Revenue. By submitting this registration form to the department, you are agreeing to meet our standards for software provider registration, tax preparation software (DIY or professional), and substitute forms.

This LOI also incorporates all of the terms, requirements, and standards set forth in the Tax Software Provider National Standards Letter of Intent maintained by the Federation of Tax Administrators. Agreement and adherence to the national standards are required as a prerequisite to approval.

Failure to meet any of the standards or requirements set forth in the national letter of intent or in this specific 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.

Please complete a registration form for each unique product your company offers.

The LOI and Attachment A must be completed and submitted to the contacts listed on the front page of this document no later than December 31, 2018. The LOI Attachment A referenced in this document is posted on SES in the KYST.TY18.LOI folder.

[Contact Information](#) – Provide this information on Attachment A – Company Information Tab

[Type of Software Product](#) - Provide this information on Attachment A – Company Information Tab

[Tax Types Supported](#) - Provide this information on Attachment A – Company Information Tab

[Rebranded Software Products](#) - Provide this information on Attachment A – Rebranded Software Products Tab

Software Companies: Complete Rebranded Software Products tab on Attachment A only if this product is rebranded with the approval of the Software Publisher, who is the original creator of the software and signer of the LOI. It is the position of the STAR Working Group under the auspices of the IRS Security Summit that:

- *Rebranding where the software publisher makes all code changes to generate the rebranded software and ensures that the rebranded software meets the applicable requirements (Trusted Customer, Generation of Authentication Elements, Generation of LEADS reports, STAR Requirements, etc) does not pose any additional risk to the tax ecosystem.*
- *Rebranding where the organization who rebrands the software has the capability to make cosmetic changes including but not limited to color or font but cannot make changes to the applicable requirements (listed above) does not pose additional risk to the ecosystem.*

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

- Rebranded Products 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.
- If a substantial difference does not exist, ATS testing is not required for the Rebranded Product. If a different software id is used in this this situation, we request that you do notify us and complete an abbreviated ATS testing to validate that the software id is accepted.

[Substitute Forms Registration](#) - Provide this 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

Communication and Expectations

Documents and Materials

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

- FTA State Secure Exchange System (SES)

Refund Expectations

To assist Taxpayers and Tax Professionals expecting refunds, the Kentucky Department of Revenue is providing a URL and/or a statement about refund processing. Industry partners should use this statement and/or 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.

Taxpayer's may check their refund status online by using the *Where's My Refund?* application on the Kentucky Department of Revenue website. URL: <https://iitrefundstatus.ky.gov/TRFWeb/index.jsp>

State Driver's License/ID Card Expectations

To help Taxpayers, Tax Professionals, and Industry partners understand the jurisdiction requirements for State Driver's Licenses or ID Cards, the Kentucky Department of Revenue is providing the following expectations.

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 PrimDrvrLcnsOrStatelssdldGrp 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).

To assist Taxpayers and Tax Professionals filing returns, the Kentucky Department of Revenue is providing a statement regarding expectations for the DL/ID Card. Industry partners will use this statement to communicate and help set the appropriate expectations with external stakeholders. Providing this information will:

- Help eliminate phone calls from Taxpayers, Tax Professionals and Industry about DL/ID Card Collection and Reporting
- Ensure that Taxpayers and Tax Professionals receive the appropriate message

Please advise your customers of the following statement from the Kentucky Department of Revenue:
 Kentucky has implemented many internal measures along with collaborating with outside sources to prevent tax fraud and identity theft. Safeguarding tax information is very important to the Kentucky Department of Revenue.

Statement

The Kentucky Department of Revenue had added a field to 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.

Schedule KW-2

The Schedule KW-2 – Kentucky Income Tax Withheld, was created in tax year 2017 to report the Kentucky income tax withheld for paper-filed returns. The Schedule KW-2 will continue to be used in tax year 2018 and should be completed based on the 2018 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.

Questions, Requirements, Standards and Recommendations

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

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

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

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 e-file ATS tests submitted during the approval process are created in and originate from the actual software.
- 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 initially 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 electronically returns submitted to the Kentucky Department of Revenue.
- I acknowledge users/customers of this 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.

As the representative of the below-named organization, I agree, on behalf of the organization, to comply with all requirements listed above. Furthermore, by signing this agreement, my organization is agreeing to all of the requirements listed above. The Kentucky Department of Revenue reserves the right to revoke approval acceptance of any company and thereby refuse to accept any additional returns from such software company that does not adhere to above stated requirements.

As an approved Kentucky Department of Revenue provider, I agree to provide true, accurate, current, and complete information about my company. I understand that if I provide any information that is untrue, inaccurate, obsolete, or incomplete, the Kentucky Department of Revenue has the right to deny, suspend, or terminate my account.

Company Name		DBA Name	
(AUTHORIZED REPRESENTATIVE) PRINTED NAME	TITLE	EMAIL ADDRESS	
(AUTHORIZED REPRESENTATIVE) SIGNATURE	DATE	PHONE NUMBER	