



KENTUCKY DEPARTMENT OF
REVENUE

Kentucky Department of Revenue

Withholding/Payroll Service Provider
Letter of Intent

Tax Year 2022

Payroll providers who wish to support the substitute Tax Year 2022 K-5 paper form must complete and submit this agreement to Alex Peyton (Alex.Peyton@ky.gov) and/or Caitlin Branco (Caitlin.Branco@ky.gov) by December 31, 2022.

Document Version 1.0
Release Date 7/31/2022

2022 Tax Software Provider Kentucky Department of Revenue Letter of Intent for Withholding/Payroll

Welcome to the Letter of Intent (LOI) for Withholding/Payroll. If your software company intends to submit withholding/payroll informational returns electronically you will need to complete this form and submit it to Alex Peyton (Alex.Peyton@ky.gov) or Caitlin Branco (Caitlin.Branco@ky.gov).

By submitting this LOI to the Kentucky Department of Revenue (DOR), you agree to meet our standards for software provider registration, tax preparation software, and substitute forms. If you do not meet the standards and requirements explained in this LOI or provide an incomplete form, we may deny your application or revoke your approved software provider status and reject all electronic and/or paper forms submitted using your products.

You must complete a separate LOI form for each unique product your company offers.

Amended Letter of Intent

Check this box if this is an amended Letter of Intent.

Reason for amendment:

Company information

List your company information.

Name of Company	Product Name	State Software ID (if applicable)
DBA Name	NACTP Vendor ID (if applicable)	State Transmitter ID (if applicable)
Address	Company FEIN	
Product Address/URL:		
List your other product names using the same calculation engines here:		

IRS issued electronic identification numbers

List your IRS electronic identification numbers. The transmission header of the FSET package has a required element transmitter with a required choice of EFIN or ETIN.

Please note: The DOR assigns a Transmitter ID at registration which is used as the ETIN in the transmission header.

Test EFIN(s) or Agency Assigned Transmitter ID	Production EFIN(s) or Agency Assigned Transmitter ID
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Contact Information

List the contact information for each area identified.

Regulatory/compliance contact	Phone	Email Address
Primary withholding e-file contact	Phone	Email Address
Secondary withholding e-file contact	Phone	Email Address

Substitute forms registration

Complete this section only if your product will provide substitute forms.

Agency Substitute Forms Software Number		
Primary K-5 (W2/1099) Forms Contact	Phone	Email Address
Secondary K-5 (W2/1099) Forms Contact	Phone	Email Address
Note: If you have additional contacts, please list them by form/tax type on a separate sheet and attach it to this submission.		

Forms and Schedules Supported (check all that apply)

Check all that apply.

Withholding Tax	E-file Mandated	E-File	E-File Amended	Scannable Forms	2D Barcode
Form 42A801 (K-1)	Yes, for TY2022 periods forward.	<input type="checkbox"/>	<input type="checkbox"/>	N/A	N/A
Form 42A801 (K-3)	Yes, for TY2022 periods forward.	<input type="checkbox"/>	<input type="checkbox"/>	N/A	N/A
Form 42A805 (K-5)	Yes, if there are more than 25 withholding statements.	N/A	N/A	<input type="checkbox"/>	<input type="checkbox"/>

Filing Methods

This section identifies the two ways that the K-1/K-3 returns can be electronically bulk filed with DOR. Please select the method(s) your company will support.

Filing Form Type	Check filing methods your company supports	For more information
K-1 / K-3 (Original and Amended)	Web service API File upload process	https://revenue.ky.gov/Software-Developer/Pages/Modernized-Electronic-Filing.aspx

E-file Mandates or Requirements

K-1/K-3 Requirements

Kentucky 103 KAR 18:150 Section 2.6 requires all filing frequencies to file and pay electronically by assigned frequency for periods beginning on or after 1/1/2022.

This regulation revision makes the returns K-1E and K-3E obsolete for tax year reporting periods in 2022 forward. Software vendors will not be granted approval to produce withholding paper returns K-1/K-3 or KE/K-3E as of 1/1/2022. Customers without the ability to file online withholding tax returns or have their returns bulk filed by their payroll provider must request an e-file waiver in writing to: Kentucky Department of Revenue, Station 57, 501 High St, Frankfort, KY 40601. 103 KAR 18:150 Section 2.6 may be viewed at <https://apps.legislature.ky.gov/law/kar/103/018/150.pdf>.

Amended K-1/K-3 returns should be filed using the same filing method as the original returns. If an original return was filed using paper, the amended return will also need to be filed on paper. If an original return was e-filed, the amended return will also need to be e-filed.

K-5 Requirements

The Form K-5 is used to report withholding statement information from Forms W-2, W-2G, and 1099. The K-5 form should be used to only report Kentucky W-2's, W-2G's, and 1099's. Please only report 1099's that have Kentucky tax withheld. A separate K-5 must be filed for each type of Form W-2, W-2G, or 1099. W-2C's cannot be reported on Form K-5. Paper K-5 forms may not include more than 25 withholding statements.

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 DOR issue notification and issue resolution standards.

You must notify and coordinate with DOR contact(s) to resolve any issues such as but not limited to incorrect and/or missing calculations, electronic file format, or written instructions. The affected product(s) should not be made available to customers until the source of the issue has been located and resolved. The updated software will need to be tested for approval before being made available to end users. Software providers acknowledge and understand that DOR does not provide technical support to customers using a third-party software.

Data Breach Reporting

All registrants executing this agreement are subject to the following data breach security laws and/or regulations of DOR:

[KRS 365.732](#): Notification to affected persons of computer security breach involving their unencrypted personally identifiable information.

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 or file format requirements

Your software must adhere to agency schema requirements. Agency schema information and requirements can be found in the Withholding E-File folder located on the State Exchange System.

Testing and submission requirements

All tests submitted during the approval process must be created in, and originate from, the actual software. Any changes made to the software must be resubmitted to DOR for testing and approval. Once approval has been granted, any and all changes made to the K-1/K-3 bulk filing schema by DOR will require software vendors to resubmit test files for approval. However, annual testing is not required if no software or schema changes have occurred. K-5 substitute forms and 2D barcodes must be tested annually for approval.

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. DOR 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

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:

- Business Name
- FEIN
- Kentucky Withholding Account Number

Customer Communications

This section identifies information DOR requires software providers must communicate to 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 create my tax return(s) and to the electronic transmission of my tax return(s) to the Kentucky Department of Revenue, as applicable by law.

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.

Agency Questions for Withholding K-1 / K-3 Bulk Filing Registrants:

1. Approximately how many clients will your agency file on behalf of for each filing frequency?
2. Approximately how many clients will participate in the initial XML submission?
3. Does your agency intend to submit XML return data on behalf of all clients, or only a specific subset? Can you qualify the applicable subset for each tax type?
4. If your agency plans to transmit return data through a web service client, please indicate whether a JAVA client or a .NET client will be used.

Acknowledgments and Signature

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
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Authorized Access to the State Exchange System

Access to the State Exchange System should be limited to those with a business need. You are allowed up to 5 users.

Provide information for each employee you are authorizing for access to the State Exchange System. The tax type box should include all the tax types individuals are authorized to access. Agencies can add a radio button of tax types to the tax type column.

NOTE: Include all authorized individuals, even if listed previously on this form.

First and Last Name	Phone Number	Email Address
	Authorized Access <input type="checkbox"/> Substitute Forms <input type="checkbox"/> E-file	
First and Last Name	Phone Number	Email Address
	Authorized Access <input type="checkbox"/> Substitute Forms <input type="checkbox"/> E-file	
First and Last Name	Phone Number	Email Address
	Authorized Access <input type="checkbox"/> Substitute Forms <input type="checkbox"/> E-file	
First and Last Name	Phone Number	Email Address
	Authorized Access <input type="checkbox"/> Substitute Forms <input type="checkbox"/> E-file	
First and Last Name	Phone Number	Email Address
	Authorized Access <input type="checkbox"/> Substitute Forms <input type="checkbox"/> E-file	
First and Last Name	Phone Number	Email Address
	Authorized Access <input type="checkbox"/> Substitute Forms <input type="checkbox"/> E-file	
First and Last Name	Phone Number	Email Address
	Authorized Access <input type="checkbox"/> Substitute Forms <input type="checkbox"/> E-file	
First and Last Name	Phone Number	Email Address
	Authorized Access <input type="checkbox"/> Substitute Forms <input type="checkbox"/> E-file	

Please attach additional sheet with authorized users if necessary. The list you provide must include the information requested in the table above.