

103 KAR 1:150. Electronic data match and levy procedures.

RELATES TO: KRS 131.670, 131.672, 131.674, 131.676, 205.772, 205.774

STATUTORY AUTHORITY: KRS 131.672(7)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 131.672(7) requires the Department of Revenue to promulgate an administrative regulation to establish the procedures to be followed by the Department of Revenue and Kentucky financial institutions in implementing and operating a data match and levy system to assist the Department of Revenue in collecting delinquent taxes and debts owed to the Commonwealth. This administrative regulation establishes the electronic data match and levy procedures.

Section 1. Definitions. (1) "Debt" is defined by KRS 131.670(1).

(2) "Debtor" is defined by KRS 131.670(2).

(3) "Delinquent taxpayer" is defined by KRS 131.670(4).

(4) "Department" is defined by KRS 131.670(3).

(5) "Financial Institution" is defined by KRS 131.670(5).

(6) "Levy" is defined in KRS 131.500(10).

Section 2. Electronic Data Match and Levy Program Implementation. The department shall have access to identifying information for a delinquent taxpayer or debtor who the department has identified to a financial institution through a data match for the purpose of levying the account of the delinquent taxpayer or debtor to pay the delinquent tax or debt.

Section 3. Electronic Data Match Reporting. (1) A financial institution shall:

(a) Select a preferred matching method in the Data Matching Memorandum of Agreement;

(b) Exchange information with the department by way of an automated data exchange system. If the financial institution demonstrates to the department that it does not have the necessary computer capabilities to exchange information by way of an automated data exchange system, the department may issue a waiver to allow the financial institution to exchange information by paper;

(c) Submit information to the department on a quarterly basis in the format prescribed by the Financial Data Match Specifications Handbook, using either the all accounts method or matched accounts method.

1. If a financial institution agrees to provide the information according to the all accounts method, the financial institution shall:

a. Submit to the department, or the department's authorized agent, within fifteen (15) days after requested by the department, data files of open accounts for the data match; and

b. Report the name, record address, Social Security number, Federal Employer Identification number, and account status on any account maintained by the financial institution;

2. If a financial institution agrees to provide the information according to the matched accounts method, the financial institution shall, within fifteen (15) days after submission to the financial institution by the department of an inquiry, file:

a. Match the inquiry file of delinquent taxpayers and debtors identified and provided by the department, or by the department's authorized agent, against open accounts maintained by the financial institution; and

b. Submit a report of matched accounts to the department or its authorized agent containing the name, record address, Social Security number, Federal Employer Identification number, and account status on any account maintained by the financial institution;

(d) Maintain a security process to assure that information received from the department or

its authorized agent concerning a delinquent taxpayer or debtor shall:

1. Be maintained and safeguarded as confidential; and
 2. Not be copied or given to any other entity without the written permission of the department, or the delinquent taxpayer or debtor; and
- (e) Incur no liability for providing a file to the department in accordance with an approved format as described by the Financial Data Match Specifications Handbook.

Section 4. Levy. (1) If a financial data match occurs, a financial institution shall:

- (a) Hold, encumber or surrender an account to the department upon receipt of a Notice of Levy, Revenue Form 12B020, which is incorporated by reference in 103 KAR 3:010, Section 2(1)(rr);
 - (b) Address and send to the department notices, paperwork, tapes or other electronic communication resulting from a financial institution data match program; and
 - (c) Submit the data files required by Section 3 of this administrative regulation to the department.
- (2) The match of an account holder to a delinquent taxpayer or debtor record provided by the department shall not constitute a levy. An account shall not be held, encumbered, or surrendered to the department without a financial institution having received a notice of levy from the department.

Section 5. Incorporation by Reference. (1) The following material is incorporated by reference:

- (a) "Data Matching Memorandum of Agreement", July 2008; and
 - (b) "Financial Data Match Specifications Handbook", edition 11/07.
- (2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Department of Revenue, Division of Collections, 501 High Street, 8th Floor, Frankfort, Kentucky 40620, Monday through Friday, 8 a.m. to 5 p.m. (35 Ky.R. 675; 1435; eff. 1-5-2009; Crt eff. 6-7-2019.)