

103 KAR 2:030. Policies and circulars relating to inheritance tax.

RELATES TO: KRS 131.130(1)

STATUTORY AUTHORITY: KRS 131.130(1)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 131.130(1) authorizes the Department of Revenue to promulgate administrative regulations necessary for the administration and enforcement of all tax laws in Kentucky. The Department of Revenue has many policies and circulars that predate the enactment of KRS Chapter 13A and conflict with, or are redundancies of, current tax laws. This administrative regulation formally rescinds the previously-issued policies and circulars relating to taxes administered by the Department's Office of Sales and Excise Taxes.

Section 1. These policies merely restate or summarize the requirements or provisions of the inheritance and estate tax statutes of KRS Chapter 140 as well as other pertinent parts of KRS Chapters 6, 21, 61, 131, 161, 164, 304, 342, 395, and 411. The following policies are hereby formally rescinded and shall be null, void, and unenforceable:

- (1) Revenue Policy 92P010 (6/1/83), relating to deferred payment of inheritance tax (KRS 131.183 and 140.222);
- (2) Revenue Policy 92P015 (12/1/86), relating to deferred payment of inheritance tax when beneficiary dies (KRS 140.222, 140.224 and 395.195);
- (3) Revenue Policy 92P020 (6/1/83), relating to the statutory limit for collection of inheritance tax (KRS 140.160 and 140.210);
- (4) Revenue Policy 92P025 (9/1/87), relating to filing requirement (KRS 140.160(2), 140.190, 140.210(2), and 140.220);
- (5) Revenue Policy 92P026 (9/1/87), relating to filing requirements (KRS 140.010, 140.190, and 140.210);
- (6) Revenue Policy 92P029 (12/1/92), relating to interest for late payments of inheritance tax (KRS 131.010, 131.175, and 140.210);
- (7) Revenue Policy 92P030 (12/1/92), relating to penalty for undervaluation of assets (KRS 131.010, 131.180, 140.210, and 140.991);
- (8) Revenue Policy 92P031 (12/1/92), relating to penalties for late filing and late payment of inheritance tax (KRS 131.010, 131.180, 140.160, 140.210, and 140.991);
- (9) Revenue Policy 92P035 (8/16/95), relating to valuation of real estate (KRS 131.110 and 140.165);
- (10) Revenue Policy 92P040 (Revised 12/1/86), relating to power of appointment-taxation of remainder interest (KRS 140.040 and 140.110 (1));
- (11) Revenue Policy 92P050 (Revised 7/13/90), relating to power of appointment in donor's and donee's estates (KRS 140.040 and 140.080(1)(a));
- (12) Revenue Policy 92P060 (6/1/83), relating to assessment of real property for inheritance tax purposes (KRS 140.165. and 140.330);
- (13) Revenue Policy 92P080 (Revised 7/10/90), relating to qualified real estate (KRS 140.300(4)(c) and case law);
- (14) Revenue Policy 92P090 (6/1/83), relating to qualified real estate (KRS 140.300(4)(b) and case law);
- (15) Revenue Policy 92P100 (6/1/83), relating to qualified real estate (KRS 140.320);
- (16) Revenue Policy 92P110 (6/1/83), relating to qualified real estate (KRS 140.300 and 140.320);
- (17) Revenue Policy 92P115 (12/1/86), relating to conveyance of "Qualified Real Estate" (KRS 140.300 through 140.360);

- (18) Revenue Policy 92P116 (12/1/86), relating to conveyance of "Qualified Real Estate" (KRS 140.300 through 140.360);
- (19) Revenue Policy 92P120 (Revised 7/10/90), relating to taxability of jointly held property (KRS 140.050 and case law);
- (20) Revenue Policy 92P130 (Revised 11/20/90), relating to taxability of jointly held government bonds (KRS 140.050, and case law);
- (21) Revenue Policy 92P140 (6/1/83), relating to taxability of bequest of inheritance tax (KRS 140.010 and case law);
- (22) Revenue Policy 92P150 (6/1/83), relating to taxability of partnership property located in another state (KRS 140.010 and case law);
- (23) Revenue Policy 92P160 (Revised 6/30/88), relating to partnership property located in Kentucky owned by a nonresident decedent (KRS 140.010 and case law);
- (24) Revenue Policy 92P165 (12/1/86), relating to credit life insurance (KRS 140.030(2), 140.090(1), and case law);
- (25) Revenue Policy 92P166 (9/1/87), relating to assignment of life insurance proceeds (KRS 140.090(1) and case law);
- (26) Revenue Policy 92P167 (9/1/87), relating to paid-up life insurance policies (KRS 140.030(2) and 304.1-030);
- (27) Revenue Policy 92P170 (6/1/83), relating to remainder interests (KRS 140.010);
- (28) Revenue Policy 92P180 (1/29/88), relating to trusts (KRS 140.020 and case law);
- (29) Revenue Policy 92P190 (6/1/83), relating to transfer with retained possession, enjoyment or income therefrom (KRS 140.020);
- (30) Revenue Policy 92P200 (Revised 12/1/86), relating to transfers in contemplation of death (KRS 140.020);
- (31) Revenue Policy 92P210 (Revised 9/1/87), relating to Life estates-wills (KRS 140.100 and case law);
- (32) Revenue Policy 92P220 (12/1/86), relating to wrongful death (KRS 140.010, 140.090(1), KRS 411.130);
- (33) Revenue Policy 92P235 (11/14/88), relating to Kentucky public employee's retirement plans (KRS 6.525, 21.470, 61.690, 140.063(1)(c), 161.700, and 164.2871);
- (34) Revenue Policy 92P245 (9/1/87), relating to deferred compensation (KRS 140.010, 140.020, and case law);
- (35) Revenue Policy 92P250 (6/1/83), relating to federal civil service retirement plan annuities (KRS 140.063);
- (36) Revenue Policy 92P255 (11/1/97), relating to death benefits (KRS 61.705, 140.090(1), 161.655, and 342.720);
- (37) Revenue Policy 92P260 ((12/1/86), relating to deduction of interest on federal estate taxes (KRS 140.090);
- (38) Revenue Policy 92P261 (9/1/87), relating to deductions (KRS 140.010 and 140.090(1));
- (39) Revenue Policy 92P262 (9/1/87), relating to deductions (KRS 140.090(1));
- (40) Revenue Policy 92P263 (9/1/87), relating to deduction of interest on installment obligations (KRS 140.090(1)(h) and 395.195);
- (41) Revenue Policy 92P264 (11/14/88), relating to deduction of selling expenses (KRS 140.090(1)(h) and 395.195);
- (42) Revenue Policy 92P265 (12/1/86), relating to exemption of annuities payable to a beneficiary (KRS 140.063);
- (43) Revenue Policy 92P270 (6/1/83), relating to casualty losses (KRS 140.090);
- (44) Revenue Policy 92P280 (6/1/83), relating to power of appointment-minor beneficiary (KRS 140.040 and 140.080);

(45) Revenue Policy 92P290 (6/1/83), relating to power of appointment in donee's estate (KRS 140.040 and case law);

(46) Revenue Policy 92P300 (6/1/83), relating to power of appointment in donee's estate (KRS 140.040, 140.090, and case law);

(47) Revenue Policy 92P310 (6/1/83), relating to classification of beneficiaries-remarried daughter-in-law (KRS 140.070);

(48) Revenue Policy 92P311 (9/1/87), relating to classification of beneficiaries-spouse of stepchild (KRS 140.070);

(49) Revenue Policy 92P330 (Revised 11/20/90), relating to classification of beneficiaries-great-nieces, great nephews, nieces, and nephews by marriage (KRS 140.070);

(50) Revenue Policy 92P335 (9/1/87), relating to nonresident beneficiaries (KRS 140.010, 140.070, and 140.080);

(51) Revenue Policy 92P336 (Revised 7/13/90), relating to exemption for the mentally disabled (KRS 140.080(1));

(52) Revenue Policy 92P340 (Revised 12/1/86), relating to contested wills (KRS 140.010 and 140.090(1));

(53) Revenue Policy 92P345 (3/1/88), relating to federal income tax refund or liability (KRS 140.010 and 140.090(1));

(54) Revenue Policy 92P350 (Revised 12/1/96), relating to previously-taxed property (KRS 140.095); and

(55) Revenue Policy 92P360 (6/20/89), relating to confidentiality of tax returns (KRS 131.190(1) and 140.160).

Section 2. Revenue Circular 92C200 (revised 7/1/89), Relating to Custody and Control of Securities, Deposits or Other Property by Financial Institutions (KRS 140.250), is no longer valid as KRS 140.250 was repealed in 2000 Ky. Act Ch. 151, sec. 7 effective July 13, 2000. Accordingly, Revenue Circular 92C200 is hereby rescinded and shall be null, void, and unenforceable.

Section 3. Revenue Policy 92P070 (Revised 12/1/86), Relating to Contested Wills, merely restates or summarizes the requirements or provisions of the inheritance and estate tax statutes of KRS Chapter 140, 394, and case law. Accordingly, Revenue Policy 92P070 is hereby rescinded and shall be null, void, and unenforceable. (33 Ky.R. 2802; 3149; eff. 5-4-2007.)