

## **103 KAR 18:020. Withholding return adjustment.**

RELATES TO: KRS 141.330, 141.355

STATUTORY AUTHORITY: KRS 131.130(1)

NECESSITY, FUNCTION, AND CONFORMITY: This administrative regulation explains the procedure which the employer is to use in correcting errors in the withholding and payment of Kentucky income tax.

Section 1. General. If more or less than the correct amount of tax is withheld, for any period, or more or less than the correct amount of tax is paid to the department, proper adjustment may be made on the return for a subsequent period of the same calendar year. Every return on which an adjustment for a preceding period is reported must include a statement explaining the adjustment and designating the period in which the error occurred. A claim for refund may be filed for any overpayment.

Section 2. Underwithholding. If less than the correct amount of the tax is deducted from any wage payment, the employer is authorized to deduct the undercollection from the remuneration of the employee under his control. If there is no such remuneration under the control of the employer, the matter is one for settlement between the employer and the employee, but the employer is responsible for the underwithholding.

Section 3. Overwithholding. If more than the correct amount of tax is deducted from any wage payment, the overcollection may be repaid to the employee. The employer shall obtain and keep as part of his records the written receipt of the employee showing the date and amount of the repayment. Any overcollection not repaid and receipted for by the employee must be reported and paid the Department of Revenue for the period in which the overcollection was made.

Section 4. Other Errors. Employers should consult the department for correction of errors in withholding which cannot be adjusted in a return for a subsequent period of the same calendar year. (IW-2; 1 Ky.R. 227; eff. 1-8-1975; TAm eff. 5-16-2017; TAm eff. 7-16-2018.)