

STATUTORY AUTHORITY: KRS 131.130(1), 141.347(9), 141.400(9), 141.401(9), 141.402(8), 141.403(9), 141.407(9), and 141.415(9)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 131.130(1) authorizes the Department of Revenue to promulgate administrative regulations to administer and enforce Kentucky's tax laws. KRS 141.347(9), 141.400(9), 141.401(9), 141.402(8), 141.403(9), 141.407(9), and 141.415(9) authorize the department to promulgate administrative regulations to require the filing of forms necessary to comply with the Kentucky economic development acts contained in KRS 154.22, 154.23, 154.24, 154.25, 154.26, 154.28, and 154.32, and the allowable income tax credit that a company may retain under those statutes. This administrative regulation establishes the filing requirements for the wage assessments authorized by the subchapters of KRS Chapter 154 referenced above.

Section 1. Definitions. (1) "Annual Report" means Form 42A900, Wage Assessment Annual Report for Economic Development Credits, as prescribed by the department at https://revenue.ky.gov.

(2) "Department" means the Kentucky Department of Revenue.

(3) "Gross wages" means any payment an employer gives an employee for services performed before any deductions permitted by federal or Kentucky law to yield "Taxable wages."

(4) "KBI" means the Kentucky Business Investment Program Act, which is codified as KRS 154.32-010 to 154.32-100 and referenced in KRS 141.415.

(5) "KEOZ" means the Kentucky Economic Opportunity Zone Act, which is codified as KRS 154.23-005 to 154.23-080 and referenced in KRS 141.401.

(6) "KIDA" means the Kentucky Industrial Development Act, which is codified as KRS 154.28-010 to 154.28-140 and referenced in KRS 141.400.

(7) "KIRA" means the Kentucky Industrial Revitalization Act, which is codified as KRS 154.26-010 to 154.26-125 and referenced in KRS 141.403.

(8) "KJDA" means the Kentucky Jobs Development Act, which is codified as KRS 154.24-010 to 154.24-160 and referenced in KRS 141.407.

(9) "KJRA" means the Kentucky Jobs Retention Act, which is codified as KRS 154.25-010 to 154.25-050 and referenced in KRS 141.402.

(10) "KREDA" means the Kentucky Rural Economic Development Act, which is codified as KRS 154.22-010 to 154.22-102 and referenced in KRS 141.347.

(11) "Taxable wages" means any payment an employer gives an employee for services performed as reported in box 1 of Internal Revenue Service Form W-2, Wage and Tax Statement.

Section 2. Annual Report for Assessment. (1) An approved company with a Kentucky economic development act project authorized under the statutes listed in Section 1 of this administrative regulation shall file an annual wage assessment report with the department.

(2) The annual report shall be faxed or mailed on or before March 15 of each calendar year to the department, to report wage assessment credits claimed for the preceding calendar year.

(3) Information required on the annual report shall include:

(a) Company name;
(b) Project number assigned by the Cabinet for Economic Development;
(c) Kentucky withholding account number;
(d) Activation date of project;
(e) Total annual gross or taxable wages for all employees as described below:
   1. Gross wages shall be used for the KEOZ, KIDA, KIRA, KJRA and KREDA credits; and
   2. Taxable wages shall be used for the KBI and KJDA credits;
(f) Total annual wage assessment credit claimed;
(g) Total annual local wage assessment credit claimed; and
(h) Total annual Kentucky tax withheld and reported for all employees.
(4) Information required to be submitted as an attachment to the annual report in a spreadsheet format if not included on Form 42A900 shall include:
   (a) Each eligible employee’s name;
   (b) Each eligible employee’s Social Security number or requested part thereof;
   (c) Each eligible employee’s state of residence;
   (d) Each eligible employee’s hire date;
   (e) Annual gross or taxable wages per eligible employee as described below:
      1. Gross wages shall be used for the KEOZ, KIDA, KIRA, KJRA and KREDA credits; and
      2. Taxable wages shall be used for the KBI and KJDA credits;
   (f) Annual Kentucky income tax withheld per eligible employee; and
   (g) Annual Kentucky wage assessment credit claimed per eligible employee. (33 Ky.R. 1201; 1519; eff. 1-5-2007; 45 Ky.R. 738; eff. 12-7-2018.)