

1 AN ACT relating to the confidentiality of tax information.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 67.790 is amended to read as follows:

4 (1) A business entity subject to tax on gross receipts or net profits may be subject to a
5 penalty equal to five percent (5%) of the tax due for each calendar month or
6 fraction thereof if the business entity:

7 (a) Fails to file any return or report on or before the due date prescribed for filing
8 or as extended by the tax district; or

9 (b) Fails to pay the tax computed on the return or report on or before the due date
10 prescribed for payment.

11 The total penalty levied pursuant to this subsection shall not exceed twenty-five
12 percent (25%) of the total tax due; however, the penalty shall not be less than
13 twenty-five dollars (\$25).

14 (2) Every employer who fails to file a return or pay the tax on or before the date
15 prescribed under KRS 67.783 may be subject to a penalty in an amount equal to
16 five percent (5%) of the tax due for each calendar month or fraction thereof. The
17 total penalty levied pursuant to this subsection shall not exceed twenty-five percent
18 (25%) of the total tax due; however, the penalty shall not be less than twenty-five
19 dollars (\$25).

20 (3) In addition to the penalties prescribed in this section, any business entity or
21 employer shall pay, as part of the tax, an amount equal to twelve percent (12%) per
22 annum simple interest on the tax shown due, but not previously paid, from the time
23 the tax was due until the tax is paid to the tax district. A fraction of a month is
24 counted as an entire month.

25 (4) Every tax subject to the provisions of KRS 67.750 to 67.790, and all increases,
26 interest, and penalties thereon, shall become, from the time the tax is due and
27 payable, a personal debt of the taxpayer to the tax district.

- 1 (5) In addition to the penalties prescribed in this section, any business entity or
2 employer who willfully fails to make a return, willfully makes a false return, or
3 willfully fails to pay taxes owing or collected, with the intent to evade payment of
4 the tax or amount collected, or any part thereof, shall be guilty of a Class A
5 misdemeanor.
- 6 (6) Any person who willfully aids or assists in, or procures, counsels, or advises the
7 preparation or presentation under, or in connection with, any matter arising under
8 KRS 67.750 to 67.790 of a return, affidavit, claim, or other document, which is
9 fraudulent or is false as to any material matter, whether or not the falsity or fraud is
10 with the knowledge or consent of the person authorized or required to present the
11 return, affidavit, claim, or document, shall be guilty of a Class A misdemeanor.
- 12 (7) A return for the purpose of this section shall mean and include any return,
13 declaration, or form prescribed by the tax district and required to be filed with the
14 tax district by the provisions of KRS 67.750 to 67.790, or by the rules of the tax
15 district or by written request for information to the business entity by the tax
16 district.
- 17 (8) (a) No present or former employee of any tax district shall intentionally and
18 without authorization inspect or divulge any information acquired by him or
19 her of the affairs of any person, or information regarding the tax schedules,
20 returns, or reports required to be filed with the tax district or other proper
21 officer, or any information produced by a hearing or investigation, insofar as
22 the information may have to do with the affairs of the person's business. This
23 prohibition does not extend to:
- 24 1. Information required in prosecutions for making false reports or returns
25 for taxation~~[,]~~ or any other infraction of the tax laws;
- 26 2. ***Information that is~~[, or]~~ in any way made a matter of public record;***
- 27 3. ***Information requested for audit purposes by a taxing jurisdiction;***

1 4. ~~[, Nor does it preclude]~~Furnishing any taxpayer or the taxpayer's
2 properly authorized agent with information respecting his or her own
3 return; or

4 5. An~~[. Further, this prohibition does not preclude any]~~ employee of the tax
5 district when the employee is~~[from]~~ testifying in any court~~[,]~~ or~~[from]~~
6 introducing as evidence returns or reports filed with the tax district, in
7 an action for violation of a tax district tax laws or in any action
8 challenging a tax district tax laws.

9 (b) Any person who violates the provisions of paragraph (a) of this subsection by
10 intentionally inspecting confidential taxpayer information without
11 authorization shall be fined not more than five hundred dollars (\$500) or
12 imprisoned for not longer than six (6) months, or both.

13 (c) Any person who violates the provisions of paragraph (a) of this subsection by
14 divulging confidential taxpayer information shall be fined not more than one
15 thousand dollars (\$1,000) or imprisoned for not more than one (1) year, or
16 both.

17 (9) If a tax district that imposes a net profits or gross receipts occupational license tax
18 fails to comply with the requirements of KRS 67.766(1) or (2), the Secretary of
19 State shall inform the tax district in writing of its noncompliance. If the tax district
20 is not in compliance within thirty (30) days following the notice from the Secretary,
21 the Secretary shall notify all state agencies which deliver services or payments of
22 money from the Commonwealth to the tax district of the tax district's
23 noncompliance. Those agencies shall suspend delivery of all services or payments
24 to a tax district which fails to comply with the requirements of KRS 67.766(1) or
25 (2). The Secretary of State shall immediately notify those same agencies when the
26 tax district is in compliance with the requirements of KRS 67.766(1) or (2), and
27 those agencies shall reinstate the delivery of services or payments to the tax district.