

1 AN ACT relating to inheritance and estate tax.

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

3 ➔Section 1. KRS 140.160 is amended to read as follows:

- 4 (1) The Department of Revenue shall have full supervision of the collection of all taxes
5 due under the provisions of this chapter, including the power to institute suit in this
6 and other states. It may employ attorneys and other persons necessary to carry out
7 the full intent and purpose of this chapter. The department shall furnish, upon
8 application, blank forms covering information as may be necessary to determine the
9 amount of tax due the state on the transfer of all property subject to tax.
- 10 (2) The department may cause personal representatives or beneficiaries to file all
11 statements required by this chapter with the clerks of the proper courts and with the
12 department, and may require them to furnish any additional information deemed
13 necessary to support the computation of the amount of tax that should be paid by
14 the estate. The personal representative, or the beneficiaries in the absence of a
15 personal representative, shall compute the taxes imposed by this chapter on the tax
16 return provided by the department when:
- 17 (a) 1. A United States estate tax return is required to be filed under federal law
18 and applicable regulations; and
- 19 2. The estate includes property over which Kentucky has jurisdiction for
20 purposes of the taxes imposed by this chapter; or
- 21 (b) Any assets from the estate subject to the taxes imposed by this chapter pass to
22 a beneficiary taxable under KRS 140.070.
- 23 **(3) (a) For deaths prior to August 1, 2026,** the tax return, when required, shall be
24 filed with the department within eighteen (18) months after the death of the
25 decedent or at the time payment of the tax is made pursuant to KRS 140.210.
- 26 **(b) For deaths on or after August 1, 2026, the tax return, when required, shall**
27 **be filed with the department within thirty-six (36) months after the death of**

1 *the decedent or at the time payment of the tax is made pursuant to Section 2*
2 *of this Act.*

3 ~~(4)~~~~(3)~~ Except as herein provided, no action to enforce the collection of the tax
4 imposed by this chapter shall be commenced more than ten (10) years after the
5 cause of action first accrued. In case the settlement of an estate is delayed because
6 of litigation or other unavoidable cause, the delay shall suspend the limitation,
7 prescribed by this subsection, until the cause of delay is removed. In the case of a
8 fraudulent return or any other fraudulent representation affecting the amount of or
9 the liability for the tax imposed by this chapter notwithstanding any provision of
10 limitation provided elsewhere, the tax due by reason thereof may at any time be
11 assessed and collected by the methods set out in this chapter, including action in a
12 court of competent jurisdiction.

13 ➔Section 2. KRS 140.210 is amended to read as follows:

14 (1) *(a) For deaths prior to August 1, 2026,* all taxes imposed by this chapter, unless
15 otherwise provided in this chapter, shall be due at the death of the decedent
16 and shall be payable to the Department of Revenue within eighteen (18)
17 months thereafter. If they are paid within nine (9) months, a discount of five
18 percent (5%) shall be allowed, and if they are paid within eighteen (18)
19 months, no interest shall be charged and collected thereon. If the taxes due are
20 not paid within eighteen (18) months, interest at the tax interest rate as defined
21 in KRS 131.010(6) shall be paid from the expiration of the eighteen (18)
22 months until payment is actually made to the department.

23 *(b) For deaths on or after August 1, 2026, all taxes imposed by this chapter,*
24 *unless otherwise provided in this chapter, shall be due at the death of the*
25 *decedent and shall be payable to the Department of Revenue within thirty-*
26 *six (36) months thereafter. If they are paid within eighteen (18) months, a*
27 *discount of five percent (5%) shall be allowed, and if they are paid within*

thirty-six (36) months, no interest shall be charged and collected thereon. If the taxes due are not paid within thirty-six (36) months, interest at the tax interest rate as defined in KRS 131.010(6) shall be paid from the expiration of the thirty-six (36) months until payment is actually made to the department.

- (2) In all cases where the personal representatives or trustees do not pay the taxes by the applicable eighteen (18) month or thirty-six (36) month deadline established in subsection (1) of this section ~~[within eighteen (18) months from the death of the decedent]~~, they shall be required to give bond, in the form and to the effect prescribed by the department, for the payment of the taxes and interest.

➔Section 3. KRS 140.222 is amended to read as follows:

- (1) When the net tax due from a beneficiary's distributive share exceeds five thousand dollars (\$5,000), the beneficiary may elect to pay the inheritance tax in ten (10) equal installments. The first installment shall be due at the time the return is filed with succeeding payments due in annual installments beginning one (1) year after the return is filed.
- (2) (a) For deaths prior to August 1, 2026, the portion of the tax deferred under this section shall be charged with interest at the tax interest rate as defined in KRS 131.010(6) commencing eighteen (18) months after the date of death.
- (b) For deaths on or after August 1, 2026, the portion of the tax deferred under this section shall be charged with interest at the tax interest rate as defined in KRS 131.010(6) commencing thirty-six (36) months after the date of death.
- (3) When the beneficiary elects to pay the tax on his or her share as provided in this section, such election must be made in writing and signed by the beneficiary and must be filed with the Department of Revenue at the time of filing the tax return for the decedent's estate under KRS 140.160(3)~~(2)~~. The filing of the election together

1 with payment of the first installment shall relieve the personal representative or
2 trustee of the estate from further liability for the tax payments deferred under this
3 section and the bond requirements of KRS 140.210, subject to the final approval by
4 the Department of Revenue of all other taxes due under this chapter.

5 (4) A beneficiary electing to defer the payment of taxes under this section shall be
6 personally liable for the amount of deferred taxes until paid.

7 (5) The period of limitations for actions to enforce the collection of taxes imposed by
8 this chapter as provided by KRS 140.160~~(4)(3)~~ shall be suspended for the period
9 of time for deferred payment granted by this section.