2008 Substitute Forms Design
Individual & Corporate Forms
July 2008

INTRODUCTION

2008 Kentucky tax forms and schedules, including individual and corporation income returns and all appropriate schedules for these returns, must be submitted in an approved format as prescribed by the Kentucky Department of Revenue. Individual (resident) income tax returns must be designed in 2D-barcode format as prescribed by the Kentucky Department of Revenue even if a vendor does not support the barcode for Kentucky. The approval process ensures that substitute tax forms:

- Are compatible with the Department's automated processing system or 2D barcode system; and
- Present information in a uniform pattern.

Beginning with tax year 2005, the Department of Revenue will develop one (1) version of the Individual Income Tax form. This form was designed to be used by software developers for computer generated returns and will also be included in the official tax booklet. This form is designed for the 2-D barcode format. If the 2-D barcode is not printed on the form, the space allotted for the barcode should be left blank.

Definition of a Substitute Tax Form

It is a form, other than the official form printed by the Department, which is commercially typeset and printed, or computer produced or computer programmed.

APPROVAL OF SUBSTITUTE INCOME TAX FORMS

Any company that designs and /or markets substitute tax forms that are submitted for processing by the Department must get prior approval from the Department. Approval is required each year before releasing or distributing substitute tax forms as paper copy or as part of a software product to its customers or clients.

Prior to or included with the first transmission of forms for approval, each vendor should include a list of all forms they expect to submit for approval. This will help the Department determine when a vendor has submitted all of their forms so we can update our website with approval information. **Please submit the lists broken down by tax type. (If the vendor cannot submit the list of forms that will need approval, the status for that vendor on our website will remain pending until the Department is notified by the vendor that no other forms will be submitted. It will be the vendor's responsibility to notify the Department when all of the forms have been submitted and approved.)**

If a vendor uses another vendor's forms in their software package, they should submit data filled forms for data placement approval. It would be helpful if you could notify the Department of which forms are in this category.

Once a vendor has received approval, their customers or clients do not need to get additional approval to use the approved substitute tax forms. Vendors are encouraged to include approval information in their release.

GUIDELINES FOR PROGRAMMING SUBSTITUTE TAX FORMS

Reproduced tax forms that deviate from the official forms (including those produced by tax software) are considered substitute tax forms and must be approved before use.

Substitute tax forms, including corporation income returns and all appropriate schedules for these returns, must be compatible with the Department's automated processing system and the Department must be able to process the forms in the same manner as the official form. The Department reserves the right to reject any substitute tax form that does not meet the guidelines mentioned in this document or that would cause processing problems.

Margins and Layout

Substitute tax forms must have margins on all sides at least as large as the margins on the official forms. One-sided reproduced tax forms are acceptable even if the official form is two-sided.

Some official forms are designed with dropout ink boxes to guide a taxpayer through manual preparation. For computer generated forms these boxes are not needed or desired. Eliminating these boxes allows the vertical placement on the page to be adjusted to allow for easier programming. See formatting requirements for each form. The formatting will not be exactly the same as the official forms but will be grouped in the same manner.

Text on Substitute Forms and Schedules

The order of a substitute schedule must follow the official schedule, including title, space for taxpayer name and identification number, year, captions, line numbers and line descriptions. To avoid having text in the areas to be read, omit the text that designates placement of name and address and the text at the tops of the columns that say "DOLLARS" and "CENTS". Captions and line descriptions from the official schedules may be shortened to one print line on substitute forms. To do this, it is acceptable to use abbreviations and contractions and omit articles and prepositions. However, key words that make identification of the caption or line description clear must be retained. Instructional text may be omitted.

Substitute tax forms must closely resemble the style and size of type used on the official form.

The Taxpayer/Preparer signature area may not be rearranged, relocated or reworded. The perjury statement and signature line areas must be retained and worded exactly as on the official form. The signature area format on substitute forms must conform to that of the official form.

Printing Amounts in Data Fields

- Characters in data fields must be printed at a minimum of 10 characters per inch. For data entry in areas that have handprint boxes on the official form, data should be printed without lines beneath the data.
- Amounts should be right justified with decimals and cents on the individual income tax forms. Corporate forms do not require the decimal and cents be generated. Spaces should not be placed between characters but commas may be used.
- Amounts must be rounded to whole dollars; cents should be shown with zeros.
- If a monetary amount is negative, place a leading minus sign in the first field to the left of the first number.
- All numeric fields should be left blank if there is no entry.

Boxes Designating an Option

- On the official form there are boxes to be checked. These all may be marked with an "X" without the box but in the area designated on the layout for that form. Although the boxes may be (and some should be) omitted, the text for the boxes must be printed.
- On the 740 form there is a selection of a packet or a label to use on a substitute form next filing season. The Department prefers this be programmed so that the default is not to receive a packet with an override for selection of a packet.

Company Identification Code

Substitute tax forms must include a company identification code. The company identification code is a four character numeric code assigned by the NACTP.

In some cases, the design of the form, and the design of the software to perform the tax calculations are created by two separate organizations. The four digit company identification code refers to the developer who creates the form design only, and not to the developer who designs the software to perform the tax calculations.

The company identification code must be printed on each substitute tax form where specified in the specifications for that form. Substitute forms that do not have this will not be approved.

Vendors that produce a 2D barcode but do not produce their own forms should place their company identification code in the lower right hand corner of the return. The lower left-hand corner of the return is reserved for the form developer.

Internal Control Numbers

Internal control numbers and symbols used by computerized processors to identify the taxpayer and tax practitioner may be shown on substitute forms. If these numbers or symbols are used, print them in the upper right margin of the substitute tax form.

GUIDELINES FOR CUSTOMER USE

Vendors are requested to inform their customers and clients of paper and printing requirements for substitute forms.

Paper Requirements

Use white paper of equal or better quality than the 20-lb. paper used for the official form. Use the same size paper as the official form.

Printing Requirements

All forms must have a high standard of legibility for printing and for data entry. The Department reserves the right to reject forms with poor legibility. The ink and printing method used must ensure that no part of a form (including text, graphics and data entries) develops smears or other quality deterioration during preparation or processing. Black ink must be used.

SUBSTITUTE TAX FORM APPROVAL PROCESS

What the Company Must Do

- Submit your substitute tax forms to the Department for review before distribution or release to customers or clients. The Department requires a minimum of 2 samples for testing purposes. Samples must be produced in accordance with the specifications outlined in this procedure. One sample should be blank and the other should be data filled. The data filled return can consist of X's and 9's.
- Make corrections and revisions to substitute tax forms upon notification by the Department and resubmit for approval. Revisions may be submitted via fax or by sending a pdf of the form to the contact person for that particular tax type.
- Provide customers or clients with the instructions for correctly producing approved substitute tax forms. These instructions must include information on the printer fonts required to produce approved substitute tax forms.
- Upon request, provide customers or clients with copies of a substitute tax form approval letter.

What the Department Will Do

- Disseminate information regarding substitute tax forms design and development;
- Review substitute tax forms;
- Send a list via email indicating which forms are approved and which forms are not approved. If forms are not approved, substitute tax forms with errors noted will be returned with a request for the forms to be corrected and resubmitted. If the vendor requires a letter of approval be mailed, they should contact the person approving the forms and one will be sent. Otherwise, this will be done via email for efficiency in the approval process.

Note: The Department does not review or approve the logic of specific software programs or confirm the calculations entered on substitute tax forms output from software programs. The Department will not be responsible for proofreading the forms for spelling and grammatical errors. The accuracy of software programs is the responsibility of the software developer, distributor or user.

If you experience any problems with approvals of any type of form, please contact Marcus Deaton II at the address or phone number listed below for assistance.

Mailing addresses and phone numbers. A complete listing is included at http://revenue.ky.gov

Please be sure to send your forms to the appropriate person for approval. Forms sent to the incorrect contact will delay approval of the form as they must be routed to appropriate personnel. This list has been expanded to include Sales, Withholding, Bank Franchise and Miscellaneous Tax Forms contact information.

Individual Income Tax – Partnership - Fiduciary
Marcus Deaton II
Kentucky Department of Revenue
501 High Street - Mail Station 22
Frankfort, KY 40601
(502) 564-7964
Fax: (502) 564-0230
Email: **Marcus.Deaton@ky.gov**

Corporation Tax
Mary Jo Brown
Kentucky Department of Revenue
501 High Street - Mail Station 52
Frankfort, KY 40620
(502) 564-7317
Fax: (502) 564-0058
Email: **MaryJo.Brown@ky.gov**

Property Tax
Albert Becker
Kentucky Department of Revenue
501 High Street – Mail Station 32
Frankfort, KY 40601
(502) 564-7096
Fax: (502) 564-8192
Email: **Albert.Becker@ky.gov**

Collections Forms
Shellee Hein
Kentucky Department of Revenue
501 High Street – Mail Station 41
Frankfort, KY 40620
(502) 564-4921 Ext. 4453
Fax: (502) 564-9200
Email: **Shellee.Hein@ky.gov**

Estimated Vouchers – Individual
Sales Tax & Withholding Tax Scan able Forms
Nick Harren
Kentucky Department of Revenue
501 High Street – Mail Station 22
Frankfort, KY 40601
(502) 564-7887
Fax: (502) 564-0230
Email: **Nick.Harren@ky.gov**

Taxpayer Registration Forms
Janine Shackelford
Kentucky Department of Revenue
501 High Street
PO Box 1074, Station 65
Frankfort, KY 40602-1074
(502) 564-7395
Fax: (502) 564-0995
Email: **Janine.Shackelford@ky.gov**

Sales Tax (Non Scan able)
Kevin West
Kentucky Department of Revenue
501 High Street, Station 67
Frankfort, KY 40601
(502) 564-8920
Fax: (502) 564-2041
Email: **Kevin.West@ky.gov**

Withholding Tax (Non Scan able)
Melissa D. Perry
Kentucky Department of Revenue
501 High Street, Station 57
Frankfort, KY 40601
(502) 564-7617
Fax: (502) 564-3685
Email: **MelissaD.Perry@ky.gov**

Bank Franchise Tax
Judy Stephenson
Kentucky Department of Revenue
501 High Street, Station 62
Frankfort, KY 40601
(502) 564-9280
Fax: (502) 564-3393
Email: **Judy.Stephenson@ky.gov**

Miscellaneous Tax Forms
Judy Stephenson
Kentucky Department of Revenue
501 High Street, Station 62
Frankfort, KY 40601
(502) 564-9280
Fax: (502) 564-3393
Email: **Judy.Stephenson@ky.gov**

The following are the secondary contacts for form approvals. They should only be contacted in case of an emergency.

Individual Income Tax – Partnership – Fiduciary Forms
Nathan Polly – 502-564-7534   **Nathan.Polly@ky.gov**
Corporation Tax Forms
Jason Crothers – 502-564-7324   **Jason.Crothers@ky.gov**
Property Tax Forms
William Lawson – 502-564-7125   **William.Lawson@ky.gov**
Collections Forms
Allison Crume – 502-564-4921 Ext. 4449   **Allison.Crume@ky.gov**
Taxpayer Registration Forms
Celeste Popplewell – 502-564-7435   **Celeste.Popplewell@ky.gov**
Withholding Tax Forms (Non Scan able)
Debbie Travis – 502-564-7598   **Deborah.Travis@ky.gov**
Sales Tax Forms (Non Scan able)
Ricky Haven – 502-564-6828   **Ricky.Haven@ky.gov**
Bank Franchise
Judy Stephenson – 502-564-6823   **Judy.Stephenson@ky.gov**
Miscellaneous Tax Forms
Matt Warfield - (502) 564-9300   **Matt.Warfield@ky.gov**

GENERAL INFORMATION ON RECORD LAYOUT

Vertical and horizontal starting positions are the top and left edges of the paper. Vertical print spacing is 6 lines per inch and horizontal measurement is 12 characters per inch. The positions shown in the tables are the range of positions that can be used.

Reference Mark on 740-ES

The reference mark is the first item scanned; all other data is measured in relationship to the reference mark. It must be identical in size, thickness and position as the official form produced by the Department. The reference mark (line is 2 point) is printed on lines in positions unless otherwise noted. There should be at least three-sixteenth inch white space around the reference mark.

Form ID Numbers on 740-ES

Failure to read the document ID number will cause the entire document to be rejected. **This number must be printed with an OCR-A font.** Space around the form ID should be at least three-sixteenth inch. The form ID is printed on line 15 starting in position 69 unless otherwise noted.

Company ID Code

This number can be printed with a courier font. Space around the form ID should be at least three-sixteenth inch. The Company ID is printed on lines 62 starting in position 8 unless otherwise noted.
 The Company code on Form 720-ES is on line 21.

Barcode Placement

The horizontal placement of the barcode on the 740 and 740-EZ is position 47 through 77. The vertical placement of the barcode varies on each form. The 740 (lines 7 through 17) and the 740-EZ (lines 7 through 17). **Any vendor that supports the 2D barcode for KY should have the default set to ON for the barcode.**

SCANNABLE INCOME TAX FORMS AND SCHEDULES

42A740ES - 740-ES INDIVIDUAL ESTIMATED TAX VOUCHER

(SCANNABLE FORM)
Form ID 42A740ES0002

Please review the layouts for the 740-ES at the end of this document.

NON-SCANNABLE INCOME TAX FORMS AND SCHEDULES WITHOUT A FORM ID

The following forms are non-scan able unless noted. There is no reference mark or Form ID. These forms must have the Company Name or 4 digit ID printed on the form in the lower left hand corner. Only individual and corporate forms are listed here. Please make sure you send the forms to the appropriate contact for approval. Sending forms to the wrong contact will cause a delay in receiving your approval. Thanks.

INDIVIDUAL FORMS (Approval Contact: Marcus Deaton II)

42A740-EZ - FORM 740-EZ
42A740 - FORM 740
42A740-A - SCHEDULE A
42A740-J - SCHEDULE J
42A740-M - SCHEDULE M
42A740-P - SCHEDULE P
42A740-UTC - SCHEDULE UTC
42A740-S1 - 2210-K
42A740-S21 - 4972-K
42A740-S22 - 8453-K
42A740-S18 - 8582-K
42A740-S24 - 8863-K
42A740-NP - FORM 740-NP
42A740-S9-R - FORM 740-NP-R
42A740NPAME - 740-NP, SCHEDULE A/ME
42A740-X - FORM 740-X
42A740-XP - FORM 740-XP
42A740-S23 - FORM 740-V
42A740-KNOL - SCHEDULE KNOL
40A100 - APPLICATION FOR REFUND OF INCOME TAXES
40A102 - EXTENSION
40A727 – FORMS REQUISITION
12A200 INSTALLMENT AGREMENT

FIDUCIARY FORMS (Approval Contact: Marcus Deaton II)

42A741 - FORM 741
42A741-D - FORM 741, SCHEDULE D
42A741(K-1) - FORM 741, SCHEDULE K-1

GENERAL PARTNERSHIP FORMS (765-GP) (Approval Contact: <mark>Marcus Deaton II)</mark>

42A765-GP - FORM 765-GP
42A765-GP(K) – FORM 765-GP, SCHEDULE K
42A765-GP(K-1) - FORM 765-GP, SCHEDULE K-1

PARTNERSHIP FORMS (765) (Approval Contact: <mark>Mary Jo Brown</mark>)

41A765 – FORM 765
41A765(K) – FORM 765, SCHEDULE K
41A765(K-1) – FORM 765, SCHEDULE K-1

CORPORATION FORMS (FORM 720) (Approval Contact: <mark>Mary Jo Brown</mark>)

41A720 - FORM 720
41A720AM – FORM 720-Amended
41A720-Amended (2007) – FORM 720 Amended 2007
41A720CR – SCHEDULE CR
41A720CR-C – SCHEDULE CR-C
41A720KCR – SCHEDULE KCR
41A720KCR-C – SCHEDULE KCR-C
41A720NOL – SCHEDULE NOL
41A720NOL-CF – SCHEDULE NOL CF
41A720X – AMENDED
41A851-K – FORM 851-K

CORPORATION FORMS (FORM 720-S) (Approval Contact: <mark>Mary Jo Brown</mark>)

41A720S - FORM 720-S
41A720S(K) – FORM 720S(K)
41A720S(K-1) – SCHEDULE K-1

CORPORATION FORMS (FORM 725) (Approval Contact: <mark>Mary Jo Brown</mark>)

41A725 – FORM 725
41A725CP – SCHEDULE CP (FORM 725)

Corporate Forms used for multiple corporate returns. Only one approval for these forms is necessary.

40A200 - FORM PTE-WH
40A201 - FORM 740NP-WH
41A720A – SCHEDULE A
41A720A-C – SCHEDULE A-C
41A720BIO – SCHEDULE BIO
41A720CC – SCHEDULE CC
41A720CI – SCHEDULE CI
41A720ES – 720-ES CORPORATE ESTIMATED TAX VOUCHER
41A720EZC – SCHEDULE EZC
41A720HH – SCHEDULE HH
41A720LLET – SCHEDULE LLET
41A720LLET-C – SCHEDULE LLET-C
41A720QR – SCHEDULE QR
41A720RC – SCHEDULE RC
41A720RC(C) – SCHEDULE RC(C) CONTINUATION
41A720RC-R – SCHEDULE RC-R

<mark>Corporate Forms, continued.</mark>

41A720SL – FORM 720-SL
41A720TCS – SCHEDULE TSC
41A720VERB – SCHEDULE VERB
41A720-S1 – SCHEDULE 2220-K
41A720-S5 – SCHEDULE 8903-K

Economic Development Forms and Schedules

41A720-S16 – SCHEDULE KREDA
41A720-S17 – SCHEDULE KREDA-T
41A720-S18 – SCHEDULE KREDA-SP
41A720-S20 – SCHEDULE KIDA
41A720-S21 – SCHEDULE KIDA-T
41A720-S22 – SCHEDULE KIDA-SP
41A720-S24 – SCHEDULE KIRA`
41A720-S25 – SCHEDULE KIRA-T
41A720-S26 – SCHEDULE KIRA-SP
41A720-S27 – SCHEDULE KJDA
41A720-S28 – SCHEDULE KJDA-T
41A720-S29 – SCHEDULE KJDA-SP
41A720-S35 – SCHEDULE KRA
41A720-S37 – SCHEDULE KRA-T
41A720-S40 – SCHEDULE KEOZ
41A720-S41 – SCHEDULE KEOZ-SP
41A720-S42 – SCHEDULE KEOZ-T
41A720-S43 – SCHEDULE KESA
41A720-S44 – SCHEDULE KESA-T
41A720-S45 – SCHEDULE KJRA
41A720-S46 – SCHEDULE KJRA-T
41A720LLET(K) – SCHEDULE LLET(K)
41A720LLET(K)-C – SCHEDULE LLET(K)-C

KENTUCKY INDIVIDUAL INCOME TAX ESTIMATED VOUCHER
42A740-ES
VOUCHER SIZE 8 $^{1}/_{2}$ x 3 $^{1}/_{2}$ inches (21 lines)

Name of Field	Line number from top of voucher	Position
Primary social security number (text is on line 11)	9	9-19
Check digit on primary social security number	9	22
Secondary social security number (text is on line 11)	9	27-37
Check digit on secondary social security number	9	40
Year ending (text is on line 11)	9	47-56
Amount paid (text is on line 8)	11	61-81
Name (Last name, primary first name, middle initial, secondary first name, middle initial)	15	11-35
Street address	16	11-35
City	17	11-27
State	17	29-30
Zip	17	33.42
Form ID (42A740ES0002)	15	70-81
Reference Mark	Top of line 17 to bottom of line 19	73-77
Company Code	18	61-65

Modulus 10 Check Digit Routine

In this example, "C" will hold the place of the check digit to be calculated. The string of characters for which the check digit is to be calculated is weighted from right to left by 2 then 1. Working from right to left, the digit from the string is multiplied by the assigned weight. That figure is then divided by 10 and the whole number equivalent of the integer and modulus results are added together to form a single digit. This single digit value is accumulated for each digit in the string. The total is divided by 10 again. This calculation differs from the calculations of the individual digits as the integer portion of the result is discarded and the whole number representation of the modulus portion is subtracted from 10 resulting in the check digit for the string. If the check digit calculates to be 10, then the check digit will be 0.

			Total=0
Weights:	212121212	2*3=06	
String:	106860723C	06/10=0.6	
		0 + 6 = 6	
			Total = Total + 6 = 6
Weights:	212121212	1*2 = 02	
String:	106860723C	02/10 = 0.2	
		0 + 2 = 2	
			Total = Total + 2 = 8
Weights:	212121212	2* 7 = 14	
String:	106860723C	14/10 = 1.4	
		1 + 4 = 5	
			Total = Total + 5 = 13
Weights:	212121212	1*0 = 00	
String:	106860723C	00/10 = 0.0	
		0 + 0 = 0	
			Total = Total + 0 = 13
Weights:	212121212	2 * 6 = 12	
String:	106860723C	12/10 = 1.2	
		1 + 2 = 3	
			Total = Total + 3 = 16
Weights:	212121212	1*8 = 08	
String:	106860723C	08/10 = 0.8	
		0 + 8 = 8	
			Total = Total + 8 = 24
Weights:	212121212	2 * 6 = 12	
String:	106860723C	12/10 = 1.2	
		1 + 2 = 3	
			Total = Total + 3 = 27
Weights:	212121212	1*0 = 00	
String:	106860723C	00/10 = 0.0	
		0 + 0 = 0	
			Total = Total + 0 = 27
Weights:	212121212	2 * 1 = 02	
String:	106860723C	02/10 = 0.2	
		0 + 2 = 2	
			Total = Total + 2 = 29
			Total/10 = 2.9
			Check digit = 10 - 9 = 1