



KENTUCKY DEPARTMENT OF  
**REVENUE**

# Kentucky Department of Revenue

Withholding/Payroll Service Provider  
Letter of Intent

Tax Year 2021

Payroll providers who wish to support the substitute Tax Year 2021 K-5 paper form must complete and submit this agreement to Alex Peyton ([Alex.Peyton@ky.gov](mailto:Alex.Peyton@ky.gov)) and/or Caitlin Branco ([Caitlin.Branco@ky.gov](mailto:Caitlin.Branco@ky.gov)) by December 31, 2021.

Document Version 1.2 and Release Date 8/16/2021

# 2021 Tax Software Provider Kentucky Department of Revenue Letter of Intent for Withholding/Payroll

This Letter of Intent (LOI) is intended for companies who develop withholding/payroll software for electronic filing. By submitting this LOI to the Kentucky Department of Revenue, you agree to meet our standards for software provider registration, tax preparation software, and substitute forms.

Failure to meet the standards or requirements set forth in this LOI may result in the denial of your application or the removal of your organization as an approved software provider, and the rejection of all electronic or paper returns submitted using your products.

You must complete a separate LOI form for each unique product your company offers. If you submit an incomplete form, your request to participate in electronic or paper submissions may be denied, or you may be requested to resubmit your application.

Name of Company	Product Name	State Software ID (if applicable)
DBA Name	NACTP Vendor ID (if applicable)	State Transmitter ID (if applicable)
Address		Company FEIN
Product Address/URL:		
If you have more than one product name, list your other product names here:		

## IRS issued electronic identification numbers

Test EFIN(s) or Agency Assigned Transmitter ID	Production EFIN(s) or Agency Assigned Transmitter ID
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## Authorized Access to the State Exchange System

Please provide information for the employees you are authorizing to access the State Exchange System.

Company Name	Phone Number	Email Address
First and Last Name	Authorized Access <input type="checkbox"/> Forms <input type="checkbox"/> E-File	
Company Name	Phone Number	Email Address
First and Last Name	Authorized Access <input type="checkbox"/> Forms <input type="checkbox"/> E-File	
Company Name	Phone Number	Email Address
First and Last Name	Authorized Access <input type="checkbox"/> Forms <input type="checkbox"/> E-File	
Company Name	Phone Number	Email Address
First and Last Name	Authorized Access <input type="checkbox"/> Forms <input type="checkbox"/> E-File	

Please attach additional sheet with authorized users if necessary. The list you provide must include the information requested in the table above.

## Forms and Schedules Supported (check all that apply)

Kentucky 103 KAR 18:150 Section 2.6 requires all filing frequencies to file and pay electronically by assigned frequency for periods beginning on or after 1/1/2022.

This regulation revision makes the returns K-1E and K-3E obsolete for tax year reporting periods in 2022 forward. Software vendors will not be granted approval to produce withholding paper returns K-1/K-3 or KE/K-3E as of 1/1/2022. Customers without the ability to file online withholding tax returns or have their returns bulk filed by their payroll provider must request an e-file waiver in writing to: KY Department of Revenue, Station 57, 501 High St, Frankfort, KY 40601. 103 KAR 18:150 Section 2.6 may be viewed at <https://apps.legislature.ky.gov/law/kar/103/018/150.pdf>.

Withholding Tax	E-file Mandated	E-File	E-File Amended	Scannable Forms	2D Barcode
Form 42A801 (K-1)	Yes, for TY2022 periods forward.	<input type="checkbox"/>	<input type="checkbox"/>	N/A	N/A
Form 42A801 (K-3)	Yes, for TY2022 periods forward.	<input type="checkbox"/>	<input type="checkbox"/>	N/A	N/A
Form 42A805 (K-5)	Yes, if there are more than 25 withholding statements.	N/A	N/A	<input type="checkbox"/>	<input type="checkbox"/>

## Substitute Forms Registration

Complete this section only if your product will provide substitute forms.

Agency Substitute Form Vendor Number		
Primary K-5 (W2/1099) Forms Contact	Phone	Email Address
Secondary K-5 (W2/1099) Forms Contact	Phone	Email Address
<b>Note:</b> If you have additional contacts please list them by form/tax type on a separate sheet and attach it to this submission.		

## Agency Requirements

This section identifies agency requirements expectations for communicating information to users of the software product.

### Issue notification and resolution requirements

You must notify and coordinate with the Kentucky Department of Revenue contact(s) to resolve any issues such as but not limited to incorrect and/or missing calculations, electronic file format, or written instructions. The affected product(s) should not be made available to customers until the source of the issue has been located and resolved. The updated software will need to be tested for approval before being made available to end users. Software providers acknowledge and understand that the DOR does not provide technical support to customers using a third party software.

### Production return submission requirements

All returns generated from this software must be electronically filed or printed from the initially approved software or a subsequent product update.

### Product update requirements

Users/customers of desktop products who attempt to file 10 or more business days after a production release, must be required to download and apply the product update.

### Schema requirements

Your software must adhere to agency schema requirements. Agency schema information and requirements can be found in the Withholding E-File folder located on the State Exchange System.

### Testing and submission requirements

All tests submitted during the approval process must be created in, and originate from, the actual software. Any changes made to the software must be resubmitted to the Kentucky Department of Revenue for testing and approval. Once approval has been granted, any and all changes made to the K-1/K-3 bulk filing schema by the Kentucky Department of Revenue will require software vendors to resubmit test files for approval, however, annual testing is not required if no software or schema changes have occurred. K-5 substitute forms and 2D barcodes must be tested annually for approval.

### System security requirements

You are responsible for implementing appropriate security measures to protect taxpayers and their information in your system. This includes but is not limited to when it is on-line, off-line, at rest, and in transit. The Kentucky Department of Revenue does not prescribe the security requirements for your system. Cyber security resources such as the National Institute of Standards and Technology or the Department of Defense Security Technical Implementation Guide are examples of national resources available to assist you with this process.

## Data Breach Reporting

All registrants executing this agreement are subject to the following data breach security laws and/or regulations of the Kentucky Department of Revenue:

[KRS 365.732](#): Notification to affected persons of computer security breach involving their unencrypted personally identifiable information.

## Validation of specific data element requirements

Transferring data year-over-year that is not initially entered accurately causes issues with processing tax returns. The following items should be **confirmed** when transferred year over year:

- Business Name
- FEIN
- Kentucky Withholding Account Number

## Customer Communications

This section identifies information Kentucky Department of Revenue is requiring the software providers to communicate with customers.

### Disclosure and use of information language expectations

The following consent language must be added to electronic filing software to notify the user.

#### **For Do-It-Yourself software:**

*By using a computer system and software to prepare and transmit return(s) electronically, I consent to the disclosure of all information pertaining to my use of the system and software to the Kentucky Department of Revenue, as applicable by law, and to the transmission of my tax return(s).*

#### **For Tax Professional software:**

*By using a computer system and software to prepare and transmit my client's return electronically, I consent to the disclosure of all information pertaining to my use of the system and software to create my client's return and to the electronic transmission of my client's tax return to the Kentucky Department of Revenue, as applicable by law.*

## Agency Questions for Withholding K-1 / K-3 Bulk Filing Registrants:

1. Approximately how many clients will your agency file on behalf of for each filing frequency?
2. Approximately how many clients will participate in the initial XML submission?
3. Does your agency intend to submit XML return data on behalf of all clients, or only a specific subset? Can you qualify the applicable subset for each tax type?
4. Will your agency be creating a web service client to transmit return data through service calls to DOR or will your agency be uploading an XML file through the DOR's vendor gateway?
5. If your agency plans to transmit return data through a web service client, please indicate whether a JAVA client or a .NET client will be used.

## Acknowledgments and Signature

I agree to provide true, accurate, current, and complete information. By signing this agreement, my company agrees to all of the requirements listed in this document. The Kentucky Department of Revenue reserves the right to deny, suspend or terminate my company's ability to submit returns.

AUTHORIZED REPRESENTATIVE PRINTED NAME	AUTHORIZED REPRESENTATIVE EMAIL ADDRESS	
AUTHORIZED REPRESENTATIVE SIGNATURE	AUTHORIZED REPRESENTATIVE PHONE NUMBER	DATE

### Complete this signature line if this is an amended Letter of Intent

AUTHORIZED REPRESENTATIVE SIGNATURE	AUTHORIZED REPRESENTATIVE PHONE NUMBER	AMENDED DATE
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