

What's New

STANDARD DEDUCTION—For 2022, the standard deduction is \$2,770.

FAMILY SIZE TAX CREDIT—This credit provides benefits to individuals and families at incomes up to 133 percent of the threshold amount based on the federal poverty level. The 2022 threshold amount is \$13,590 for a family size of one, \$18,310 for a family of two, \$23,030 for a family of three, and \$27,750 for a family of four or more.

INTERNAL REVENUE CODE DATE—HB 8 updated KRS 141.010(21) to change the Internal Revenue Code (IRC) reference date from December 31, 2018, to December 31, 2021, for purposes of computing corporation and individual income taxes. However, taxpayers who placed property into service after September 10, 2001, are required to compute Kentucky depreciation under IRC Section 168 according to the provisions in effect on December 31, 2001. Taxpayers who placed property into service after September 10, 2001, but before January 1, 2020, are required to compute the expense deduction under IRC Section 179 according to provisions in effect on December 31, 2001. Taxpayers who placed property into service on or after January 1, 2020, are required to compute the expense deduction under IRC Section 179 according to provisions in effect on December 31, 2003, except that the phase-out provisions of IRC Section 179, limiting the qualifying investment in property, shall not apply.

NEW FORM 2441-K, CHILD AND DEPENDENT CARE CREDIT—This form is no longer in use, please refer to 740 and 740-NP instructions to calculate Kentucky child and dependent care credit.

SCHEDULE KNOL—Based on the new IRC conformity date, there is an updated calculation of the 80% limitation for post-2017 net operating losses which is reflected on the updated Schedule KNOL. The allowed post-2017 net operating loss deduction will be calculated by taking 80% of the taxable income remaining after subtracting the pre-2018 net operating loss deduction.

REFUNDABLE FILM INDUSTRY TAX CREDIT—For taxable years beginning on or after January 1, 2022, or applications approved on or after January 1, 2022, a refundable credit against the taxes imposed by KRS 141.020 or KRS 141.040 and KRS 141.0401 is available for taxpayers who have received notification from the Kentucky Cabinet for Economic Development that the approved company has satisfied all requirements of KRS 154.61-020 and KRS 154.61-030. Attach certification to the return claiming the credit. KRS 141.383.

REFUNDABLE DEVELOPMENT AREA TAX CREDIT—If you owned “residential property” on January 1, 2021, that was located in the West End Development area in Louisville, Kentucky you may be entitled to a refundable development area tax credit. To qualify for the credit, it must be your principal place of residence, located within the West End development area and owned as of January 1, 2021. Your credit will be equal to the amount in which the property tax timely paid on the residential property exceeds the amount of property tax assessed on that residential property on January 1, 2021. KRS 141.398.

REFUNDABLE DECONTAMINATION CREDIT—For taxable years on or after January 1, 2022, but before January 1, 2032, a taxpayer making a qualifying expenditure at a qualifying decontamination property shall be allowed a refundable credit against the taxes imposed by KRS 141.020 or 141.040. The taxpayer must be approved by the Energy and Environment Cabinet per KRS 224.1-420. Maximum tax credit allowed to be claimed per taxable year is 25 percent of the approved credit. For more information regarding credit for decontamination, contact the Energy and Environment Cabinet at 502-564-6716. A copy of the approved application must be attached to the tax return claiming this credit. KRS 141.419.

Reminders

ELECTRONIC PAYMENTS—Actual withdrawal of electronic payments may be later than requested date. Please allow up to two weeks for processing.

NEW WAY TO FILE—Kentucky is now offering a new way of filing your return free of charge. If you would like to fill out your Kentucky forms and schedules electronically, you may use the new KY File website at filetaxes.ky.gov. This website is designed to be the simple electronic equivalent of a paper form. It will provide basic mathematical and error checks but unlike most software it does not ask about or explain tax situations. Your federal forms should be completed before accessing the new KY File website. You will have the option to submit the completed return electronically or print the return and mail it in.