



**TAXATION IN KENTUCKY**

# Corporation Income Tax and LLET Return (1/2)

C corporations doing business in Kentucky are subject to state corporate income tax. A Kentucky Corporation Income Tax and LLET Return must be filed by every corporation:

- organized under the laws of this state;
- having its commercial domicile in this state;
- owning or leasing property in this state;
- having one or more individuals performing services in this state;
- maintaining an interest in a pass-through entity doing business in this state;
- deriving income from or attributable to sources within the state, including income from a trust or a single-member LLC doing business in the state, where the LLC is disregarded as a separate entity for federal tax purposes;
- directing activities at Kentucky customers for the purposes of selling them goods or services.

The corporate income tax rate in Kentucky is at 5% flat rate.



**LLET** - The tax imposed by the Kentucky department of revenue on those entities with limited liability and not an income tax. Therefore, the Limited Liability Entity Tax (LLET) paid is deductible for Kentucky and federal tax purposes and is not added back to determine Kentucky taxable income.

# Corporation Income Tax and LLET Return (2/2)

01

C corporations doing business or deriving income from Kentucky sources must file Form 720 Kentucky Corporation Income Tax and LLET Return.

02

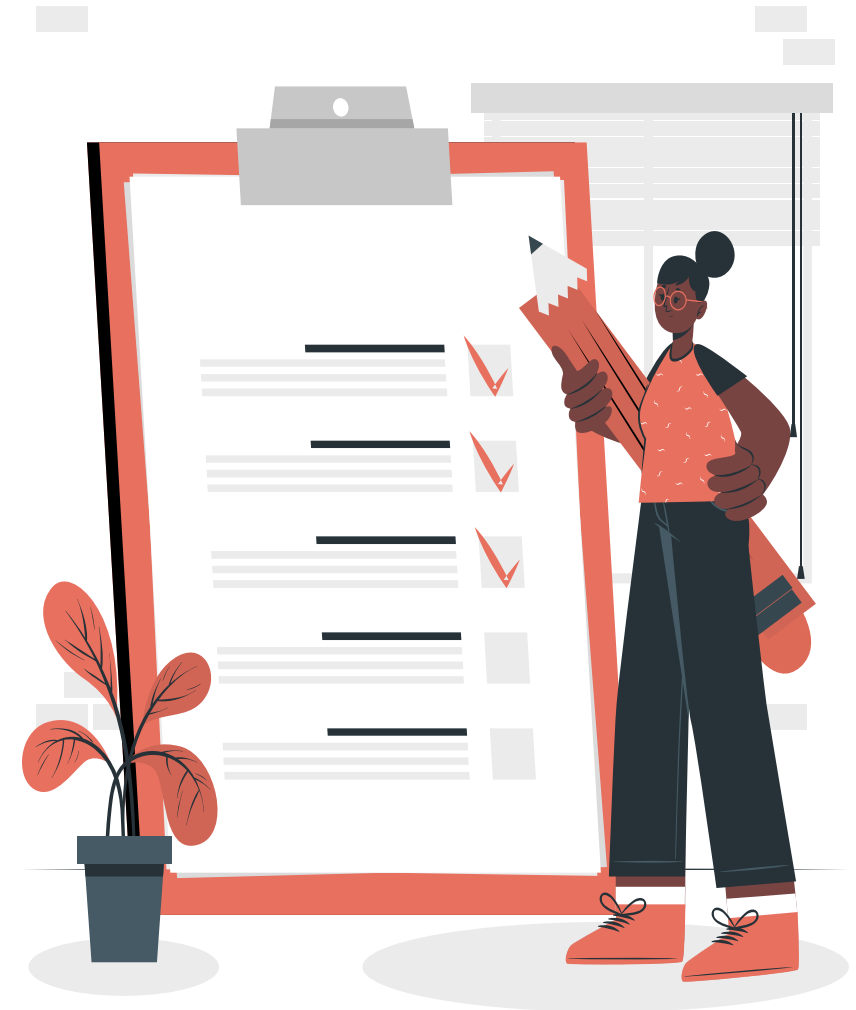
The due date for filing Kentucky corporation income tax and LLET returns is typically on or before the 15th day of the fourth month following the close of the taxable year.

03

Corporations requesting an extension of time to file the Kentucky corporation income tax and LLET return should file the Form 720 EXT. The extension typically provides a time limit of seven months to file. However, it is pertinent to note that an extension is to file the corporate return and not to pay any taxes owed.

04

Corporations in Kentucky may be required to make estimated tax payments, if their expected tax liability exceeds USD 5000, then 25% of the estimated tax payments must be made by the 15th day of the 4th, 6th, 9th and 12th month of the tax year using Form 720ES.





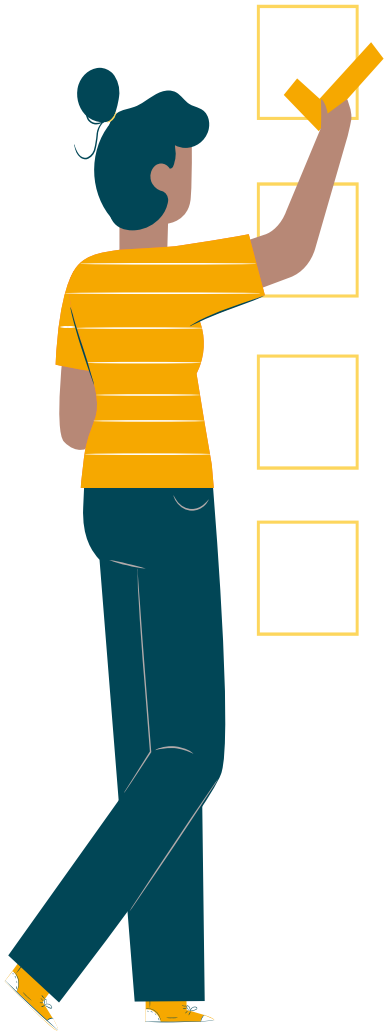
# Pass through Entity Tax (1/2)

S corporations and partnerships doing business in Kentucky are considered pass-through entities (PTEs) for tax purposes. Income is generally passed through to the shareholders or partners, who report it on their individual tax returns.

Kentucky generally conforms to the federal tax treatment for S corporations and partnerships. Income is passed through to shareholders or partners, and there is no state income tax at the entity level. Shareholders or partners report their share of income on their individual income tax returns.

S corporations and partnerships in Kentucky are required to file the Kentucky PTE Income and LLET Return (Form PTE). This form is used to report the income, deductions, and credits of the pass-through entity. Shareholders or partners will also receive a Schedule K-1 (Form PTE) reporting their share of the income to be included in their individual tax returns.

The due date for filing Kentucky PTE tax returns is typically on or before the 15th day of the fourth month following the close of the taxable year.



# Pass through Entity Tax (2/2)

A

## Extension of Time to File

Corporations requesting an extension of time to file the Kentucky PTE Income and LLET return should file Form 720 EXT. The extension typically provides a time limit of six months to file. However, it is pertinent to note that an extension is to file the corporate return and not to pay any taxes owed.

B

## Estimated Tax Payments

Pass through entities in Kentucky may be required to make estimated tax payments, if their expected tax liability exceeds USD 5000, then 25% of the estimated tax payments must be made by the 15<sup>th</sup> day of 4<sup>th</sup>, 6<sup>th</sup>, 9<sup>th</sup> and 12<sup>th</sup> month of the tax year using Form 720ES.



# Penalty and Interest



## Late Filing Penalty

If the Kentucky Corporation Income Tax and LLET Return filed after the designated date, a 2% penalty of the tax due is assessed for each 30 days or fraction thereof of the delayed return, up to a maximum of 20%, and the minimum penalty is \$10 per tax.



## Late Payment penalty

Failure to pay at least 75% of income tax and/or LLET by the due date results in a 2% penalty for each 30 days or fraction thereof of the payment overdue, up to a maximum of 20%, and the minimum penalty is \$10 per tax.



## Interest

In case of late filing and late payment penalties, interest is applied to the unpaid corporation income tax and LLET liabilities at the rate of 11%. The interest is assessed at the rate of 9%.

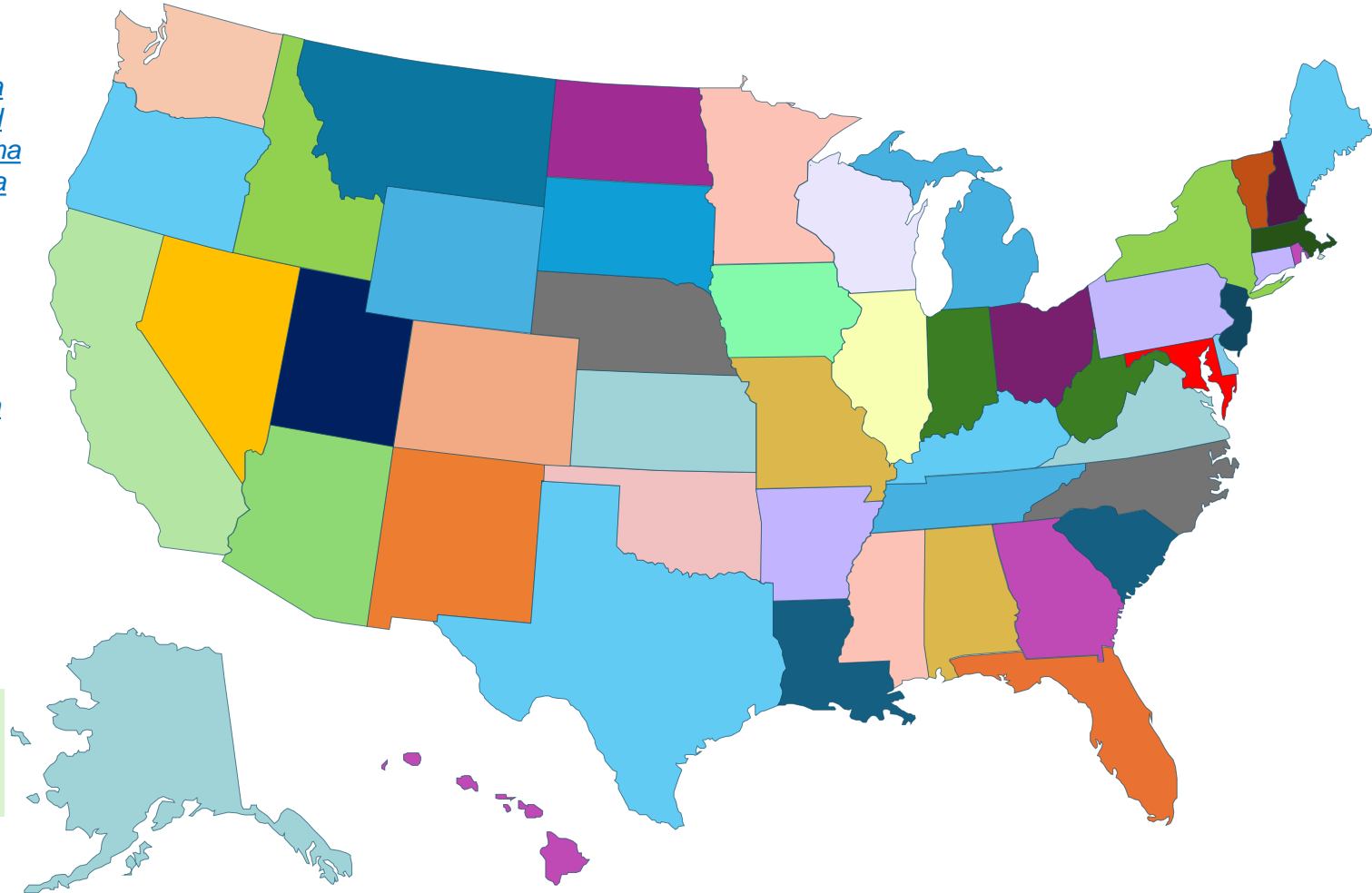


# Upcoming Series

Please find below the list of completed alerts from the series. In case you have missed the previous alerts, click on the hyperlink for the completed alerts to refer the same.

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