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FINANCE AND ADMINISTRATION CABINET
DEPARTMENT OF REVENUE
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LORI HUDSON FLANERY
Secretary

THOMAS B. MILLER
Commissioner

In the matter of:

[REDACTED] INC.

Contact: [REDACTED]

FINAL RULING NO. 2013-46
July 30, 2013

Tangible Personal Property Ad Valorem Tax Assessment
January 1, 2008 through January 1, 2011

FINAL RULING

The Kentucky Department of Revenue currently has outstanding tangible personal property ad valorem tax assessments against [REDACTED] Inc. ("[REDACTED]") totaling \$[REDACTED] (plus applicable interest and penalties) for the assessment dates of January 1, 2008 through January 1, 2011. A breakdown of the assessments is shown in the chart below:

| Tax Year | Tax Due | Interest As of 07/30/13 | Penalty As of 07/30/13 | Total Due As of 07/30/13 |
|-----------------|--------------|----------------------------|---------------------------|-----------------------------|
| January 1, 2008 | \$[REDACTED] | \$[REDACTED] | \$[REDACTED] | \$[REDACTED] |
| January 1, 2009 | \$[REDACTED] | \$[REDACTED] | \$[REDACTED] | \$[REDACTED] |
| January 1, 2010 | \$[REDACTED] | \$[REDACTED] | \$[REDACTED] | \$[REDACTED] |
| January 1, 2011 | \$[REDACTED] | \$[REDACTED] | \$[REDACTED] | \$[REDACTED] |
| Totals | \$[REDACTED] | \$[REDACTED] | \$[REDACTED] | \$[REDACTED] |

[REDACTED] asserts that it is a telecommunications company that produces specialized promotional messages and programs and digital recordings distributed to its clients based on the information submitted by those clients. [REDACTED] contends that this process is manufacturing.

A letter dated ██████████, 2012 was sent by the Department requesting supporting documentation for ██████████ claims that the various items of property that are the subject of the assessments in question are “machinery actually engaged in manufacturing.” KRS 132.020(1)(i); 132.200(4). Incomplete documentation was received on ██████████, 2013 via email; therefore, a second request dated ██████████, 2013 was sent to ██████████ providing an additional thirty days to furnish the information necessary to provide the Department with some basis for reconsideration. To date, no additional documentation has been received.

At issue is whether ██████████ has complied with the requirements of KRS 131.110(1), which states in pertinent part:

The protest shall be accompanied by a supporting statement setting forth the grounds upon which the protest is made. Upon written request, the department may extend the time for filing the supporting statement if it appears the delay is necessary and unavoidable.

The Kentucky courts have held that this statutory provision imposes upon a taxpayer protesting an assessment or a refund denial a legal duty to provide the Department with “something more substantial than mere denials of tax liability.” Eagle Machine Co., Inc. v. Commonwealth ex rel. Gillis, 698 S.W.2d 528, 530 (Ky.App. 1985). In order to make a valid protest, a taxpayer must “provide financial statements, records or some other documentation that would allow the Revenue Department some basis for reconsideration.” Id. at 529.

The courts have further held that KRS 131.110(1) is “mandatory in nature” and that failure to submit documentation as it requires will result in the taxpayer’s loss of the right to further review of the assessment or refund denial in question. Scotty’s Construction Co. v. Revenue Cabinet, 779 S.W.2d 234 (Ky.App. 1989). In both Scotty’s Construction and Eagle Machine, the taxpayers failed to provide any substantial information in support of their denials of tax liability, despite being given ample opportunity to do so. The same is true in this matter.

Therefore, the outstanding tangible personal property ad valorem tax assessments totaling \$██████████ (plus applicable interest and penalties) are deemed legitimate liabilities of ██████████, Inc. due to the Commonwealth of Kentucky.

This letter is the final ruling of the Department of Revenue.

APPEAL

You may appeal this final ruling to the Kentucky Board of Tax Appeals pursuant to the provisions of KRS 131.110, KRS 131.340-131.365, 103 KAR 1:010 and 802 KAR 1:010. If you decide to appeal this final ruling, your petition of appeal must be filed at the principal office of the Kentucky Board of Tax Appeals, 128 Brighton Park Boulevard, Frankfort, Kentucky 40601-3714,

within thirty (30) days from the date of this final ruling. The rules of the Kentucky Board of Tax Appeals, which are set forth in 802 KAR 1:010, require that the petition of appeal must:

1. Be filed in quintuplicate;
2. Contain a brief statement of the law and facts in issue;
3. Contain the petitioner's or appellant's position as to the law and facts; and
4. Include a copy of this final ruling with each copy of the petition of appeal.


The petition of appeal must be in writing and signed by the petitioner or appellant. Filings by facsimile or other electronic means shall not be accepted.

Proceedings before the Kentucky Board of Tax Appeals are conducted in accordance with 103 KAR 1:010, 802 KAR 1:010 and KRS 131.340-131.365 and KRS Chapter 13B. Formal hearings are held by the Board concerning the tax appeals before it, with all testimony and proceedings officially reported. Legal representation of parties to appeals before the Board is governed by the following rules set forth in Section 3 of 802 KAR 1:010:

1. An individual may represent himself in any proceedings before the Board where his individual tax liability is at issue or he may obtain an attorney to represent him in those proceedings;
2. An individual who is not an attorney may not represent any other individual or legal entity in any proceedings before the Board;
3. Any party appealing a final ruling to the Board other than an individual, such as a corporation, limited liability company, partnership, joint venture, estate or other legal entity, shall be represented by an attorney in all proceedings before the Board, including the filing of the petition of appeal; and
4. An attorney who is not licensed to practice in Kentucky may practice before the Board only if he complies with Rule 3.030(2) of the Rules of the Kentucky Supreme Court.

You will be notified by the Clerk of the Board of the date and time set for any hearing.

Sincerely,
FINANCE AND ADMINISTRATION CABINET


E. Jeffrey Mosley
Interim Executive Director
Office of Legal Services for Revenue

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The first part of the paper discusses the importance of the research and the objectives of the study. It then presents a literature review of the existing research on the topic. The next section describes the methodology used in the study, including the data collection and analysis techniques. The results of the study are then presented, followed by a discussion of the findings and their implications. The paper concludes with a summary of the main points and a list of references.

The research was conducted in a systematic and rigorous manner, following the principles of good research practice. The data was collected from a representative sample of the population, and the analysis was carried out using appropriate statistical methods. The results of the study are presented in a clear and concise manner, and the implications of the findings are discussed in detail.

The findings of the study have important implications for the field of research. They provide valuable insights into the nature of the phenomenon being studied, and they suggest areas for further research. The results also have practical implications for the development of policies and programs aimed at addressing the issue.

In conclusion, the study has made a significant contribution to the understanding of the topic. The findings are robust and reliable, and they provide a solid basis for further research and action. The paper is well-written and easy to read, and it is a valuable resource for anyone interested in the field.

