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LORI HUDSON FLANERY
Secretary

THOMAS B. MILLER
Commissioner

In the matter of:

[REDACTED], INC.

Contact: Attn: [REDACTED]

FINAL RULING NO. 2013-50
September 25, 2013

Tangible Personal Property Ad Valorem Tax Assessments
Tax Years 2007 through 2010

FINAL RULING

The Kentucky Department of Revenue currently has outstanding tangible personal property ad valorem tax assessments against [REDACTED] Inc. ("Taxpayer") in the amount of \$[REDACTED] plus applicable interest, fees, and penalties. A breakdown of the assessments is shown in the chart below:

Tax Year	Notice #	Tax Sep. 25, 2013	Interest Sep. 25, 2013	Penalties Sep. 25, 2013	Fees Sep. 25, 2013	Total Sep. 25, 2013
2007	[REDACTED]	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]
2008	[REDACTED]	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]
2009	[REDACTED]	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]
2010	[REDACTED]	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]
	Totals	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]

At issue is the inventory value determined under audit and whether such value is represented fairly on the books and records of taxpayer.

The Taxpayer stated in a letter dated ██████████, 2012, with regard to the inventory valuation, that much of the inventory in question was financed under a floor plan financing arrangement and thus not actually owned. The Taxpayer further stated that its bank required it show the value of the inventory on its financial statements in order to “keep credit up” and that a different method of accounting would reflect different values, i.e. “only what was actually paid for.”

The Department takes exception to the Taxpayer’s position that such inventory, i.e. inventory financed under a floor plan arrangement, is not taxable. To the contrary, a floor plan loan is entered into for the purpose of financing inventory purchases and such inventory represents collateral for the loan. In the absence of evidence to the contrary, the Taxpayer is assumed to have ownership and possess legal title of the inventory in order to enter into loan agreements to finance such. In the alternative, in a situation where the financing entity holds legal title to such inventory rather than the taxpayer, the taxpayer is still liable for the property tax and is assessed as “bailee in possession.” The Office of the Attorney General has issued an opinion (OAG 62-589) which recognizes that a dealer who holds inventory under a floor plan financing arrangement is, if not the legal owner, a bailee in possession on the assessment date within the meaning of the statute and is liable for the taxes thereon.

The Taxpayer has provided no information to support its claim that it is not liable for the personal property tax on the inventory in dispute despite being given ample opportunity to do so. It is the Department’s assertion, in the absence of evidence to the contrary, that the Taxpayer either holds legal title to the inventory in question or is a bailee in possession and is therefore subject to tangible personal property ad valorem taxes.

This letter is the final ruling of the Kentucky 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.

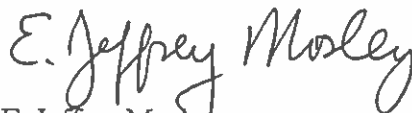
The petition of appeal must be in writing and signed by the petitioner or appellant. Filings by facsimile or other electronic means shall not be accepted.

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 methodology section describes the research design and the data collection process. The results section presents the findings of the study, and the conclusion section summarizes the main findings and provides recommendations for future research.

The study was conducted in a laboratory setting. The participants were recruited from a local university and were assigned to two groups: the experimental group and the control group. The experimental group received the intervention, while the control group did not. The data was collected over a period of six weeks.

The results of the study show that the intervention had a significant positive effect on the outcome variable. The experimental group showed a significant improvement in the outcome variable compared to the control group. The findings suggest that the intervention is effective in improving the outcome variable.

The conclusion of the study is that the intervention is effective in improving the outcome variable. The findings suggest that the intervention is a promising approach for improving the outcome variable. Further research is needed to confirm the findings and to explore the long-term effects of the intervention.

