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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:

██████████, INC.

Contact:

██████████, Inc.
██████████

FINAL RULING NO. 2013-25
May 2, 2013

Tangible Property Tax Assessment
January 1, 2010

FINAL RULING

The Kentucky Department of Revenue currently has pending outstanding tangible personal property tax assessments against ██████████, Inc. ("██████████"), for the January 1, 2010 tax year totaling \$██████████ (plus applicable interest and penalties). A breakdown of the assessments is shown in the chart below:

Tax Year	Tax Due	Interest As of 05/02/2013	Penalty 05/02/2013	Total Due As of 05/02/2013
January 1, 2010	\$██████████	\$██████████	\$██████████	\$██████████
TOTALS	\$██████████	\$██████████	\$██████████	\$██████████

██████████, Inc. is a holding company for ██████████. ██████████ owns all of the capital assets of ██████████. ██████████ transports business assets from one location to another for other businesses.

██████████ protested the tangible personal property tax field audit examination for the January 1, 2007 through January 1, 2010 assessment periods. Subsequently, ██████████ was informed that the protest for the January 1, 2010 period was timely received, but the protest for the January 1, 2007 through January 1, 2009 assessment periods were not timely. KRS 131.110 states in part, "The Department of Revenue shall mail to the taxpayer a notice of any tax assessed by it. The assessment shall be due and payable if not protested in writing to the department within forty-five (45) days from the date of notice." The formal protest for the January 1, 2007 through January 1, 2009 assessment periods was received forty-eight (48) days from the formal notices of tax due.

Although ██████████ has been notified that the protest for the January 1, 2010 period was timely received, it has not responded to the Department's request to delineate the protest issues and to provide supporting documentation as required by KRS 131.110(1). The Department sent correspondences dated ██████████, 2013 and ██████████. To date, the Department has not received a response from ██████████.

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, Ky. App., 698 S.W.2d 528, 530 (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 held that this statutory provision (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, Ky. App., 779 S.W.2d 234 (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. The same is true in this matter.

Therefore, the outstanding tangible personal property tax assessment totaling \$██████████ (plus applicable interest and penalties) is a legitimate liability of ██████████ owed to the Commonwealth of Kentucky.

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.

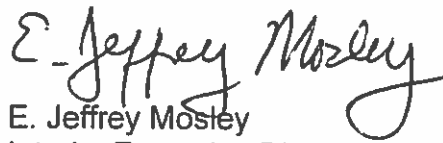
Proceedings before the Kentucky Board of Tax Appeals are conducted in accordance with 103 KAR 1:010, 802 KAR 1:010 and KRS 131.340-131.365 and KRS Chapter 13B. Formal hearings are held by the Board concerning the tax appeals before it, with all testimony and proceedings officially reported. Legal representation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

A handwritten signature in black ink, reading "E. Jeffrey Mosley". The signature is fluid and cursive, with the first name "E." and last name "Mosley" clearly legible.

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

[REDACTED]

[REDACTED]