
Commonwealth of Kentucky
Department of Revenue
501 High Street, Frankfort, KY 40601
<https://revenue.ky.gov>

Kentucky Revenue Procedure
KY-RP-19-04

SUBJECT: Duties in Taxing Omitted Real Property

EFFECTIVE DATE: January 1, 2024

PUBLICATION DATE: November 17, 2023

SUPERSEDES: N/A

REFERENCE: [KRS 132.310](#)

SCOPE: The purpose of a Revenue Procedure is to provide procedural guidance to the public and Kentucky Department of Revenue (“KDOR”) personnel. It is guidance issued to assist in the administration of laws and administrative regulations (“regulations”) by providing guidance that may be followed in order to comply with the law. It is effective until withdrawn, superseded, or modified by a change in statute, regulation, case law, or other DOR guidance.

I. BACKGROUND INFORMATION

This Revenue Procedure replaces KY-RP-19-04 dated November 17, 2022, and sets out the responsibilities of each county official in the assessment, preparation of tax bills, and collection of omitted property taxes.

Any real property that has not been listed for taxation, for any year in which it is taxable, by the time the Board of Assessment Appeals completes its work for that year is deemed omitted property.

II. RESPONSIBILITIES OF PROPERTY VALUATION ADMINISTRATOR

Real Property:

KRS 132.310 reads in part:

- (1) Any person who has failed to list for taxation any property omitted from assessment, except such as is subject to assessment by the Department of Revenue, may at any

time list such property with the property valuation administrator. The property valuation administrator shall proceed to assess any omitted real property and shall within ten (10) days from the date the real property was listed notify the taxpayer of the amount of the assessment. The notice shall be given as provided in KRS 132.450(4). The Department of Revenue shall assess any omitted personal property and provide notice to the taxpayer in the manner provided in KRS 131.110.

- (2) The property valuation administrator may at any time list and assess any real property which may have been omitted from the regular assessment. Immediately upon listing and assessing omitted real property, the property valuation administrator shall notify the taxpayer of the amount of the assessment. The notice shall be given as provided in KRS 132.450(4). If the property valuation administrator fails to assess any omitted real property, the Department of Revenue may initiate assessment and collection procedures under the same provisions it uses for omitted personal property.

Tangible Personal Property:

The property valuation administrator (PVA) is *not* authorized to assess omitted tangible property. The PVA must forward a list of any omitted tangible property discovered or voluntarily listed by a taxpayer to the Office of Property Valuation (OPV). OPV will assess the property and directly bill the taxpayer. The PVA does not certify omitted tangible assessments to the county clerk.

III. RESPONSIBILITIES OF THE COUNTY CLERK

The county clerk is the only county official who can legally prepare a property tax bill and may do so only upon proper certification. Regular tax bills must be prepared only after certification by OPV or as directed by Revenue Form 62A366 "Order Correcting Erroneous Assessment" signed by the PVA. Omitted real property tax bills may be prepared only on receipt of Revenue Form 62A379 "Listing of Omitted Real Property" from the PVA. Tax bills generated after litigation must be prepared in compliance with orders from the Kentucky Board of Tax Appeals or court orders from the circuit court or the Court of Appeals.

Additional property tax bills or supplemental bills directed to be prepared in compliance with orders from the Kentucky Board of Tax Appeals or court orders from the circuit court or the Court of Appeals must be listed on the reverse side of Revenue Form 62A367 "Authorization for Preparing Additional/ Supplemental Property Tax Bills." The clerk must complete the face of this receipt for the total of taxes due each taxing district and give the bills to the sheriff for collection after the sheriff signs the three copies of the receipt.

Revenue Form 62A379 listing omitted property provides a check box for indicating whether the property is voluntarily or involuntarily listed. The clerk must add a 10 percent penalty if voluntarily listed or a 20 percent penalty for omission if the property has been involuntarily listed by the PVA. In addition to the penalty, the clerk must add interest accruing from the date the tax would have become delinquent (if the property had been listed as required by law) to the date the tax bill is collected. Interest rates are set for each year beginning January 1 and are based on the prime interest rate for the preceding September. If the prime interest rate varies by at least one percentage point from the existing tax interest rate, then the tax interest rate is adjusted accordingly.

The interest rate that applies to omitted real property tax bills is two percentage points higher than the statutory tax interest rate.

The tax interest rate for 2020 (for assessments of property owned on January 1, 2019) is 5 percent. This means the interest rate that will be applied to omitted assessments during 2020 will be 7 percent (the tax interest rate plus 2 percent). The interest is figured as follows:

$$7\% \div 366 \text{ days} = .01912568\% \text{ per day for 2020}$$

The tax interest rate for 2021 and 2022 is 3 percent (for assessments of property owned on January 1, 2020 and January 1, 2021). This translates to an interest rate of 5 percent (the tax interest rate plus 2 percent) that will be applied to omitted assessments during 2021 and 2022.

$$5\% \div 365 \text{ days} = .01369863\% \text{ per day for 2021 and 2022}$$

The tax interest rate for 2023 (for assessments of property owned on January 1, 2022) is 6 percent. This means the interest rate that will be applied to omitted assessments during 2023 will be 8 percent. The interest is figured as follows:

$$8\% \div 365 \text{ days} = .02191781\% \text{ per day for 2023}$$

The tax interest rate for 2024 (for assessments of property owned on January 1, 2023) is 9 percent. This means the interest rate that will be applied to omitted assessments during 2024 will be 11 percent. The interest is figured as follows:

$$11\% \div 366 \text{ days} = .03005464\% \text{ per day for 2024}$$

The following example will demonstrate how to calculate the state's portion of an omitted tax bill issued June 1, 2024. The interest will be calculated through June 30, 2024. Assume the assessment was omitted beginning with the 2019 tax year and the assessed value each year is \$10,000.

	Delinquent Date	State Tax Rate	Tax	Penalty	Interest*	Total
2019	2020	12.2	\$ 12.20	\$ 1.22	\$ 3.72	\$ 17.14
2020	2021	12.2	\$ 12.20	\$ 1.22	\$ 2.87	\$ 16.29
2021	2022	11.9	\$ 11.90	\$ 1.19	\$ 2.20	\$ 15.29
2022	2023	11.5	\$ 11.50	\$ 1.15	\$ 1.55	\$ 14.20
2023	2024	11.4	\$ 11.40	\$ 1.14	\$.62	\$ 13.16
	Total Tax Bills		\$ 59.20	\$ 5.92	\$10.96	\$ 76.08

*Interest figured from the time the bill became delinquent as prescribed in KRS 132.290(4) as follows:

Interest starts Jan. 1	Days		Interest Factor	=	Interest Percentage	x	Original Tax Amount	=	Total Interest
<u>2019 Bill</u>									
2020	366	x	0.01912568	=	7%	x	12.2	=	\$ 0.85
2021	365	x	0.01369863	=	5%	x	12.2	=	\$ 0.61
2022	365	x	0.01369863	=	5%	x	12.2	=	\$ 0.61
2023	365	x	0.02191781	=	8%	x	12.2	=	\$ 0.98
2024	182	x	0.03005464	=	5.47%	x	12.2	=	<u>\$ 0.67</u>
									\$ 3.72
<u>2020 Bill</u>									
2021	365	x	0.01369863	=	5%	x	12.2	=	\$ 0.61
2022	365	x	0.01369863	=	5%	x	12.2	=	\$ 0.61
2023	365	x	0.02191781	=	8%	x	12.2	=	\$ 0.98
2024	182	x	0.03005464	=	5.47%	x	12.2	=	<u>\$ 0.67</u>
									\$ 2.87
<u>2021 Bill</u>									
2022	365	x	0.01369863	=	5%	x	11.9	=	\$ 0.60
2023	365	x	0.02191781	=	8%	x	11.9	=	\$ 0.95
2024	182	x	0.03005464	=	5.47%	x	11.9	=	<u>\$ 0.65</u>
									\$ 2.20
<u>2022 Bill</u>									
2023	365	x	0.02191781	=	8%	x	11.5	=	\$ 0.92
2024	182	x	0.03005464	=	5.47%	x	11.5	=	<u>\$ 0.63</u>
									\$ 1.55
<u>2023 Bill</u>									
2024	182	x	0.03005464	=	5.47%	x	11.4	=	<u>\$ 0.62</u>
									\$ 0.62

From the information contained on Revenue Form 62A379 "Listing of Omitted Real Property" the clerk prepares a separate Revenue Form 62A301-S "Omitted Real Estate Property Tax Bill" for each year that the property was omitted. The clerk places the omitted tax bill number, the date issued, and signature in the spaces provided at the bottom of the Listing of Omitted Property. The Sheriff's Official Receipt for Omitted Real Property Tax Bills on the reverse side of the listing form is then prepared. The three copies of the receipt are presented to the sheriff with three copies of each omitted tax bill. The fourth "Clerk's

Copy” of the omitted bill remains in the book as a permanent record. If the sheriff accepts the omitted bills as prepared, he or she must acknowledge acceptance by signing the receipt. The clerk must acknowledge the sheriff’s signature and complete the certification at the bottom of the receipt.

The clerk then returns one copy of the Listing of Omitted Property with the completed receipt on the reverse side to the PVA, retains one copy for the permanent file, and mails one copy to OPV at the end of each month attached to Revenue Form 62A364 “County Clerk’s Monthly Report of Omitted Assessments.”

IV. RESPONSIBILITIES OF THE SHERIFF

Sheriffs must not accept any omitted tax bills that do not include penalty and interest computed according to law. The sheriff will be charged with all penalty and interest on his final settlement whether or not it was collected from the taxpayer, unless a penalty waiver has been granted for reasonable cause.

The taxpayer has 30 days from the date of the bill to pay without additional penalty and interest. Any omitted tax bill not paid within this period is subject to additional interest based upon the tax amount, an additional 10 percent penalty on the tax, penalty and interest and an additional sheriff’s fee of 10 percent based on the tax and 10 percent penalties. A delinquent omitted tax bill must be transferred to the County Clerk’s Office three months and fifteen days after the initial thirty-day payment period.

The sheriff receives three copies of Revenue Form 62A301-S “Omitted Real Estate Tax Bill” from the county clerk. He or she immediately mails the third “Taxpayer’s Notice” copy to the taxpayer. The first “Taxpayer’s Receipt” copy is to be given to the taxpayer at the time the bill is paid. The second “Sheriff’s Copy” is retained as the permanent record of the sheriff. All collections of omitted real estate taxes must be reported monthly in the spaces provided on Revenue Form 62A394 “Sheriff’s Monthly Report of Property Tax Collections.”

V. QUESTIONS

For questions concerning this guidance, contact Policy at DORtaxpolicy@ky.gov.

ISSUED BY: Office of Tax Policy & Regulation, Kentucky Department of Revenue