

**136.550 Examination and audit of tax returns -- Assessment of excess.**

- (1) As soon as practicable after each return is received, the department shall examine and audit it. If the amount of tax computed by the department is greater than the amount returned by the financial institution, the excess shall be assessed by the department within four (4) years from the date prescribed by law for the filing of a return including an extension of time for filing, except as provided in this subsection. A notice of the assessment shall be mailed to the financial institution.
  - (a) In the case of a failure to file a return or of a fraudulent return, the excess may be assessed at any time.
  - (b) In the case of a return wherein a financial institution understates its net capital or omits from net capital an amount properly includible therein or both, which understatement or omission or both is in excess of twenty-five percent (25%) of the amount of net capital stated in the return, the excess may be assessed at any time within six (6) years after the return was filed.
- (2) For the purpose of subsection (1) of this section, a return filed before the last day prescribed by law for the filing shall be considered as filed on the last day. The times provided for in subsection (1) of this section may be extended by agreement between the financial institution and the department.

**Effective:** June 20, 2005

**History:** Amended 2005 Ky. Acts ch. 85, sec. 335, effective June 20, 2005. -- Created 1996 Ky. Acts ch. 254, sec. 12, effective July 15, 1996.