



January 2, 2020

Important Notice: Departmental Requests for Additional Information for Requests for Refund Based on Decision in the *Kaestner* Case

On July 2, 2019, the Department of Revenue (“Department”) issued an Important Notice (“Notice”) to announce the United States Supreme Court’s (“Court”) decision in *North Carolina Department of Revenue v. The Kimberley Rice Kaestner 1992 Family Trust* (“*Kaestner*”). The Notice also outlined North Carolina law regarding the statute of limitations for requesting a refund of a claimed overpayment of tax. The Notice further explained that, under the applicable statute of limitations, taxpayers who had previously filed a Notice of Contingent Event with the Department to extend the statute of limitations pending the Court’s decision had until December 21, 2019, to request a refund.

Requests for Additional Information

In order to determine whether taxpayers who submitted a timely refund request are, in fact, entitled to a refund, the Department requires additional information. The additional information is needed because the North Carolina estates and trusts income tax return, Form D-407, does not include information necessary for the Department to determine whether *Kaestner* entitles a particular taxpayer to a refund.

For that reason, the Department will send an informational document request (“IDR”) to each taxpayer that timely filed a request for refund. The IDR asks a series of questions and requires the taxpayer to provide the Department with various documents, including but not limited to:

- A copy of the trust instrument, including any amendments and modifications.
- A copy of federal Form 1041, U.S. Income Tax Return for Estates and Trusts, including any amended returns, for each tax year for which a refund of North Carolina income tax has been requested based on *Kaestner*.

Taxpayers must respond to the IDR within 30 days from the date of the IDR.

Assistance

If you have filed a refund request in response to the Court’s decision in *Kaestner* and you do not receive an IDR as described above by February 3, 2020, please contact Anthony Serricchio, Revenue Tax Auditor, by phone at 919-754-2088 (8:00 am until 5:00 pm EST, Monday through Friday), or by email at Anthony.Serricchio@ncdor.gov.