Dear [Client Name],

We are writing to inform you of legislation currently awaiting action by the Governor after being fast tracked through the Kentucky General Assembly that may provide a tax savings opportunity for 2022 taxes, so we want to ensure you are aware of it and know that we are addressing it.

**House Bill 360: State and local tax (SALT) parity relief** is a highly supported and fast-moving issue that aims to allow pass-through entities (PTEs) an election to pay Kentucky income tax at the entity level, based upon an individual owner’s share of income. The election creates a tax credit for the individuals/owners which offsets the individual’s personal income tax liability. The savings opportunity is this can maximize your state tax deduction for Federal purposes and reduce your Federal taxable income.

**What does that mean for you?** The bill, if successful, would become effective immediately upon passage and signature into law. However, the legislature intends for the credit to be retroactively available. For a small group of taxpayers this may affect your 2022 tax return.

We expect this bill to pass into law however, some taxpayers will not benefit on their 2022 tax return but will benefit on 2023 taxes. Because the legislation is pending further action before becoming law, provisions of the proposal may change in the coming weeks as the Kentucky legislature finishes their business on March 30, 2023.

**What are we doing to advise?** We are currently working on personalized recommendations for our clients. We will weigh the advantages and disadvantages associated with making this election and if tax savings are realized on the 2022 tax return and/or the 2023 tax return. Personalized evaluations take into consideration each client’s unique circumstances, and we will discuss the estimated benefit you’d realize by making the election.

If you have any questions or concerns, please do not hesitate to contact me at [phone] or [email].

Sincerely,

[Your Name]