



Monday - Friday
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April 7, 2008

OCCUPATIONAL LICENSE TAX BULLETIN

RE: Proposed Revisions to Section 110 of the Louisville/Jefferson County Metro Code of Ordinances (LMCO) Relating to Occupational License Tax.

Revisions to Section 110 of the LMCO are being proposed to be in compliance with KRS 67.750 – 795 as mandated by the Kentucky General Assembly. The significant changes are:

- The time for filing a request for refund has been increased to two years from the date prescribed by law for filing the return.
- The due date for the annual payroll reconciliations will be February 28th of each year instead of January 31st of each year.
- Various definitions of terms are changed.
- Cafeteria 125 & 132 plans will no longer be exempt. Employee withholdings will be assessed on total payroll.
- Individual taxpayers will no longer be required to make quarterly deposits on net profits.
- The maximum penalty for failure to file or pay, assessed at 5% per month, has been reduced to 25%.
- Insurance companies who pay a license tax based on premiums, or domestic life insurance companies who pay a tax based on taxable capital, are no longer required to pay a license tax measured by net profits.
- Domestic servants will be subject to all occupational taxes.

The proposed revisions to Section 110 of LMCO, if adopted, **will be effective for reporting periods beginning on or after July 1, 2008**. This effective date will allow us to be in compliance with KRS 67.750 – 795 which mandates that we adopt the provisions thereof no later than **July 15, 2008**. The Ordinance and Administrative Regulations will be posted on our website upon approval. (Tentatively mid June)