

**OCCUPATIONAL LICENSE FEE/TAX
IMPOSED IN
LOUISVILLE METRO, KENTUCKY**



**LOUISVILLE METRO REVENUE COMMISSION
617 WEST JEFFERSON STREET
LOUISVILLE, KY 40202
(502) 574-4860**

WHAT IS THE LOUISVILLE METRO REVENUE COMMISSION?

The Louisville Metro Revenue Commission (hereinafter referred to as the “**Revenue Commission**”) was formerly known as the Commissioners of the Sinking Fund and was created in 1851 as a municipal corporation by act of the Kentucky General Assembly. It served as the bond-servicing agent for the City of Louisville's general obligation debt. It has been in continuous service since that time. The term "**SINKING FUND**" is an accounting term used to describe an account in which money is accumulated in order to pay off the debt on general obligation bonds when the bonds mature. As the account grows in value, the amount of bonded indebtedness "sinks".

The Revenue Commission still services the City's bonded indebtedness, but the most important function of the Revenue Commission is the collection of occupational license fees/taxes on behalf of the Louisville Metro Government, the Jefferson County Board of Education, the Anchorage Board of Education, and the Transit Authority of River City (TARC).

The Revenue Commission also collects the transient room tax, the insurance premiums tax, and the truck license tax on behalf of Louisville Metro, Kentucky.

WHAT ARE OCCUPATIONAL LICENSE FEES/TAXES?

Occupational license taxes are license fees imposed upon the "privilege" of conducting a business, profession, trade, or occupation within Louisville Metro, Kentucky. Louisville Metro includes the area within the boundaries of Jefferson County, Kentucky.

Kentucky has traditionally considered an occupational license fee to be imposed as a means of taxation. Therefore, there is no significant distinction between an occupational license fee and an occupational license tax.

WHO MUST REGISTER WITH THE REVENUE COMMISSION?

Every self-employed individual, corporation, partnership, limited liability company, association, joint stock company, receivership, trust, professional service organization, or other entity engaged in any business, profession, trade, occupation, or business activity for profit within Louisville Metro, Kentucky, must register with the Revenue Commission.

Every employer (whether for profit or not for profit) who pays wages, salaries, commissions, tips, or any other taxable compensation to an employee for work performed within Metro Louisville must register with the Revenue Commission.

Individuals whose only earned income is derived from employers who withhold the employee license fees/taxes from wages and pay these license fees/taxes to the Revenue Commission are not required to register with the Revenue Commission.

Employees, such as waiters and others who receive tip income, some federal employees, some salespersons, and others from whom the employer has failed, in whole or in part, to withhold license fees/taxes on all wages, salaries, commissions, and other compensation earned in this taxing jurisdiction are required to register with the Revenue Commission.

EXAMPLES OF ACTIVITIES REQUIRING REGISTRATION

Rental of property – All partnerships and corporations that receive rental income and all individuals who receive:

- (1) Gross receipts from rental income in excess of \$50,000.00 annually, or
- (2) Gross receipts from rental of hotels, warehouses, office buildings, or similar structures.

Self-employed real estate agents, lawyers, doctors, auto mechanics, private duty nurses, therapists, contractors, and **all other** self-employed persons doing any kind of work or rendering personal services within Louisville Metro, Kentucky. This includes temporary, provisional, casual or part-time work or services. Registration is required regardless if a profit is actually earned or no occupational license tax is due for the tax year.

Duly ordained ministers and domestic servants are exempted from the occupational license taxes imposed by Louisville Metro, Kentucky, and TARC, but are required to pay the occupational license tax of **0.75% (.0075)** imposed on behalf of the Jefferson County and Anchorage School Boards.

HOW AND WHEN TO REGISTER

The Revenue Commission registration process consists of completing a Registration Application for a Tax Account Number which can be done online through our website, www.metrorevenue.org. The registration application can also be mailed to you upon request, (phone 502-574-4860), or is available at our office located at 617 West Jefferson Street, Louisville, Kentucky 40202.

Registration should take place **BEFORE** business activity begins. If income is received that has not been reported, registration should occur **AT ONCE**.

There is no fee for registering, but there is a criminal penalty for failing to register.

Any change in registration information should promptly be reported in writing to the Revenue Commission. Changes in the legal name of the business, the form of the business (corporate, partnership, or sole proprietorship), address, phone number, type of business, or change in the identity of corporate officers, partners, members, or managers should also be reported.

HOW MUCH IS THE OCCUPATIONAL LICENSE TAX?

There are actually three (3) different occupational license fees/taxes collected by the Revenue Commission:

- (1) Louisville Metro, Kentucky, imposes a license tax of 1.25% (.0125)
- (2) Jefferson County or Anchorage School Boards impose a license tax of 0.75% (.0075) **Exception:** *Non-resident employees and non-resident, self-employed individuals are not required to pay the School Board license tax.*
- (3) Transit Authority of River City (TARC) imposes a license tax of 0.2% (.0020)

LICENSE FEE/TAX ON EMPLOYEE COMPENSATION

An occupational license fee/tax shall be imposed on all compensation paid to an employee for work done or services performed or rendered in Metro Louisville. The license fee/tax rate for employees who are residents of Metro Louisville is **2.2% (.0220)**. Non-resident employees' license fee/ tax rate is **1.45% (.0145)**.

The employee license fee/tax on compensation must be withheld by the employer and reported and paid to the Revenue Commission on all the following:

- wages
- salaries
- commissions
- bonuses
- incentive payments
- vacation pay
- sick pay
- separation or severance pay

- non-cash fringe benefits
- expense accounts to the extent not utilized for business purposes
- deferred compensation, including employee contributions to qualified pension plans pursuant to Sections 401(k), 403(b), or 457 of the Internal Revenue Code and any amount designated by a unit of government as an employee contribution to an employee's trust described in Section 401(a) of the Internal Revenue Code; or a plan described in Section 401(a) of the Internal Revenue Code where the employing unit has "picked up" the employee's contribution pursuant to Section 414(h) of the Internal Revenue Code.

Payments **not** subject to the employee license fee/tax are the following:

- disability insurance payments made by insurance companies whose premiums were paid by the employee
- unemployment compensation payments
- death benefits
- worker's compensation payments
- sums allowed and paid by employers to employees for expenses necessarily and actually incurred by the employee in the direct performance of his services
- strike pay benefits
- compensation paid to members of the Kentucky National Guard for active duty training, unit training assemblies, and annual field training
- payments by employers which are excluded for federal income tax purposes pursuant to Section 125 of the Internal Revenue Code (cafeteria plans)
- stipends
- honorariums
- grants and other payments made to students to the extent that such payments are conditioned only upon the recipient's pursuit of studies and/or participation in athletic or other intercollegiate competition; scholarships and other non-cash fringe benefits received by duly registered students from the school, college, or university in which they are enrolled.

**WHEN EMPLOYEE WITHHOLDING LICENSE FEES/TAXES
ARE TO BE FILED AND PAID**

ALL employers are required to file employee withholding tax return (Form W-1) reporting the license fees/taxes withheld on a quarterly basis, as follows:

LICENSE FEE RETURN FOR	FILED BY (Postmarked or Hand-Delivered)
1ST QUARTER	APRIL 30 th
2ND QUARTER	JULY 31 st
3RD QUARTER	OCTOBER 31 st
4TH QUARTER	JANUARY 31 st

If occupational license fees/taxes withheld from employee wages **exceed \$3,000** during any one (1) of the four (4) preceding quarters, employers must submit **monthly deposits** of the occupational license fees/taxes withheld to the Revenue Commission. All monthly withholding tax deposits are due 15 days after the month end. A Tax Calendar listing the due date for each monthly deposit and its accompanying Monthly Withholding Deposit Form (Form W-1 D) is below:

Month That Wages Were Withheld	Monthly Deposit Due Date
January	February 15
February	March 15
March	April 15
April	May 15
May	June 15
June	July 15
July	August 15
August	September 15
September	October 15
October	November 15
November	December 15
December	January 15

DUTIES OF EMPLOYERS

Employers are required to:

- (a) Withhold occupational license fees/taxes of **2.2% (.0220) from resident employee's** wages, salaries, commission, or any other form of remuneration paid or payable by the employer for work done or services performed in Metro Louisville.
- (b) Withhold occupational license fees/taxes of **1.45% (.0145) from non-resident employee's** wages, salaries, commission, or any other form of remuneration paid or payable by the employer for work done or services performed in Metro Louisville.
- (c) File employee withholding tax forms (Form W-1) reporting the license fees/taxes withheld on a quarterly basis.
- (d) Remit either quarterly or monthly (*see special requirements for monthly depositors*) to the Revenue Commission the occupational license fee/taxes withheld from employees

- (e) File an annual reconciliation (Form W-3), on or before January 31st of each year, with the Revenue Commission that reconciles the sum total of compensation paid and occupational license taxes withheld with the collective amounts previously reported on Form W-1; and a schedule setting forth the name, address, and social security number of each employee, the amount of wages earned during such year by each such employee, and the amount of occupational license tax withheld
- (f) Furnish each employee on or before January 31st of each year with a statement (Form W-2) showing the amount of compensation earned and the occupational license fee withheld for the year
- (g) In the event of discovery or notification of an underpayment by the Revenue Commission, correct the previously submitted return that showed the shortage, and remit payment of the employee license fee not previously paid, together with any applicable penalty and interest

LICENSE FEE/TAX ON NET PROFITS

An occupational license fee/tax shall be imposed on the net profits of every self-employed individual or entity engaged in any business, profession, trade, occupational, or business activity for profit within Louisville Metro, Kentucky. The occupational license fee/tax rate for businesses and self-employed individuals is **2.2% (.0220)** of the net profits from activities conducted in Metro Louisville. The occupational license fee/tax rate for self-employed individuals who are non-residents of Metro Louisville is **1.45% (.0145)** of the net profits from activities conducted in Metro Louisville.

For those businesses or self-employed individuals who are engaged in business activities both within and outside Louisville Metro, Kentucky, the portion of the net profit from activities conducted within Louisville Metro, Kentucky, is determined through an apportionment formula. The Louisville Metro Code of Ordinance, Section 110 and the Revenue Commission's Regulations should be consulted to determine the apportionment of net profits.

FILING REQUIREMENTS FOR OCCUPATIONAL LICENSE TAX ON NET PROFITS

Every business, including corporations, partnerships, and self-employed individuals engaged in any activity for profit (*regardless of whether or not net profit is earned from said activity*), and every employee (*whose income, in part or all, of which no license fee was withheld by the employer*) is required to file an occupational net profit license tax return (Form OL-3) with the Revenue Commission each year. Form OL-3 should be filed by the 15th day of the fourth month following the close of the taxpayer's fiscal year as shown on the Schedule below.

**SCHEDULE FOR FILING OCCUPATIONAL LICENSE TAX RETURNS
ON BUSINESS NET PROFITS**

FOR FISCAL YEARS ENDING	DUE DATE (Postmarked or Hand-Delivered)
DECEMBER 31	APRIL 15
JANUARY 31	MAY 15
FEBRUARY 28	JUNE 15
MARCH 31	JULY 15
APRIL 30	AUGUST 15
MAY 31	SEPTEMBER 15
JUNE 30	OCTOBER 15
JULY 31	NOVEMBER 15
AUGUST 31	DECEMBER 15
SEPTEMBER 30	JANUARY 15
OCTOBER 31	FEBRUARY 15
NOVEMBER 30	MARCH 15

**ACCELERATED PAYMENT OF OCCUPATIONAL LICENSE TAX
ON BUSINESS NET PROFITS**

Businesses or self-employed individuals whose aggregate net profit occupational tax liability **exceeds \$5,000** for any fiscal year will be required to submit advance estimated payments of their occupational tax liability each quarter, along with the Quarterly Net Profit Deposit Form (Form OL-3 D). Since these estimated payments are based on profit projections, the regulations of the Revenue Commission should be consulted to determine whether the taxpayer has met the quarterly estimated payment requirements.

SCHEDULE FOR QUARTERLY NET PROFIT OCCUPATIONAL TAX PAYMENTS

FOR FISCAL YEARS ENDING	1st DEPOSIT DUE	2nd DEPOSIT DUE	3rd DEPOSIT DUE	4th DEPOSIT DUE
DEC 31	APR 15	JUN 15	SEP 15	DEC 15
JAN 31	MAY 15	JUL 15	OCT 15	JAN 15
FEB 28	JUN 15	AUG 15	NOV 15	FEB 15
MAR 31	JUL 15	SEP 15	DEC 15	MAR 15
APR 30	AUG 15	OCT 15	JAN 15	APR 15
MAY 31	SEP 15	NOV 15	FEB 15	MAY 15
JUN 30	OCT 15	DEC 15	MAR 15	JUN 15
JUL 31	NOV 15	JAN 15	APR 15	JUL 15
AUG 31	DEC 15	FEB 15	MAY 15	AUG 15
SEP 30	JAN 15	MAR 15	JUN 15	SEP 15
OCT 31	FEB 15	APR 15	JUL 15	OCT 15
NOV 30	MAR 15	MAY 15	AUG 15	NOV 15

EXTENSION OF TIME FOR FILING AN OCCUPATIONAL LICENSE TAX RETURN ON NET PROFITS

If an extension of time for filing is required, a separate extension request to the Revenue Commission is mandatory in all cases. You must file Form OL-3E or a copy of your federal extension application to request an automatic 6-month extension to file Form OL-3. All extension requests should include your Revenue Commission account number. The extension must be postmarked or hand-delivered to the Revenue Commission on or before the original due date. Any tax due must be paid by the 15th day of the fourth month following the close of the fiscal year end.

WHAT TO DO IF NO LONGER OPERATING WITHIN LOUISVILLE METRO, KENTUCKY

If a business entity or an individual is no longer involved in a business activity or has ceased doing business in Louisville Metro, Kentucky, a written notice signed by the owner, partner, manager, member, or corporate officer stating that business activities have (or will have) ceased and the date of termination must be sent to the Revenue Commission to shut down that taxpayer's Revenue Commission tax account.

If the business changes by merger or by a change in the form of ownership, such as from a sole-proprietor to a partnership or from a partnership to a corporation, written notice of such change is required and the new owner must complete a new Registration Application and obtain a new Revenue Commission Tax Account Number. These transactions cannot be conducted by phone.

TRANSIENT ROOM TAX

The transient room tax is an aggregate tax of seven and one-half percent (**7.5%**) of the rent for every occupancy of a suite, room, or rooms, charged by all persons, companies, corporations, or other like or similar persons, doing business as motor courts, motels, hotels, inns, or like or similar accommodations businesses.

INSURANCE PREMIUM TAX

All insurance companies doing business within Louisville Metro, Kentucky, are required to pay a \$5.00 tax on each \$100.00 of premiums received.

TRUCK LICENSE TAX

The Louisville Metro Government requires trucks and truck tractors and trailers that use Metro Louisville streets to pay a truck license fee. Vehicles weighing 10,000 pounds or less and vehicles weighing over 73,280 pounds are not subject to the truck license provisions. The amounts of the license fee ranges from \$15.00 to \$60.00 according to the weight of the vehicle.

STATUTORY PENALTIES

Louisville Metro Government has established ordinances, both administrative and criminal, that set penalties for a business's failure to register with the Revenue Commission or comply with registration, filing, audit, employer withholding, and other requirements applicable to any business, profession, trade, or occupation within Louisville Metro, Kentucky.

ELECTRONIC SERVICES OFFERED TO TAXPAYERS

The following electronic services are available to our taxpayers through our website, <https://www.metrorevenueservices.org>:

- Register Your Business Online
- Submit Occupational License Fees Withheld Returns (Form W-1)
- Credit Card and Electronic Check Payments
- ACH Credit's Electronic Funds Transfers
- Upload a file of one or more returns for Occupational License Fees Withheld (Form W-1)
- Upload a file of one or more 1099-SF forms for Non-Employee Compensation
- Upload a file of one or more W-2 forms of Annual Wage Information
- View New Accounts

TAXPAYER ASSISTANCE

The Revenue Commission desires to assist taxpayers to understand their duties under the Louisville Metro ordinances and the Revenue Commission's regulations. Assistance is available for registration and/or filing of returns either by phone or by

personal visit. Business hours are from 8:00 AM through 5:00 PM, Monday through Friday. Please call the Revenue Commission (see phone numbers listed below) or visit our office at 617 West Jefferson Street, Louisville, Kentucky 40202.

TAXPAYER SERVICES

574-4860

If you need blank tax forms or other printed materials furnished by the Revenue Commission, or if you have any questions regarding the below tax topics:

- Occupational License Taxes (Form OL-3)
- Employee Withholding Taxes (Form W-1)
- Insurance Premium Taxes (Form LGT-141)
- Transient Room Taxes (Form TR1M)
- Federal Employee Occupational License Taxes (Form I-2)
- Truck Licenses
(Trucks over 10,001 lbs. and under 73,280 lbs.)
- Delinquent Tax Accounts

REGISTRATION DIVISION

574-4860

New Business Registrations
Tax Reporting Numbers
Address Changes
Information Regarding Who Is Subject to Various Taxes

TAXPAYER AUDIT DIVISION

574-4925

Handles all tax matters concerning auditing of taxpayers and their returns

COMPLIANCE DIVISION

574-4839

COLLECTION DIVISION

574-4987

Handles Delinquent Tax Accounts

CIVIL SUIT AND CRIMINAL CASE DIVISION

574-4939

Sets Payment Plans
Initiates and monitors Criminal, Civil, and Bankruptcy Cases

ADMINISTRATION

574-4900

NUMBERS NOT LISTED ABOVE

574-4900

LOCAL TAXES NOT COLLECTED BY THE REVENUE COMMISSION

Several of the cities within Louisville Metro, Kentucky, also impose an occupational tax. Persons doing business within those cities should call that city to determine whether they are responsible for local occupational taxes to that city.

For information concerning current year or delinquent property taxes on real property, tangible personal property, and intangible personal property, please contact the Jefferson County Sheriff's Office at (502) 574-5479 or the Jefferson County Clerk's Office at (502) 574-6016.

You can also contact the Property Valuation Administration concerning real estate assessments and/or business property assessments at (502) 574-6860.

The Jefferson County Clerk's Office is located at 527 W. Jefferson Street, Room 100A, Louisville, Kentucky 40202, and the Jefferson County Sheriff and the Property Valuation Administration is located inside the Fiscal Court Building, 531 Court Place, Louisville, Kentucky 40202.

OTHER GOVERNMENTAL OFFICES AND CONTACT INFORMATION

Metro Louisville

Department of Inspections, Permits and Licenses

Phone: (502) 574-3321

Website locations: <http://www.louisvilleky.gov/ipl/> and
<http://www.louisvilleky.gov/ipl/LNP/ABC/>

Louisville Fire Department, Fire Prevention Bureau

Phone: (502) 574-3731

Website location: http://www.louisvilleky.gov/LouisvilleFire/Fire_Prevention_Bureau.htm

Louisville Metro Air Pollution Control District

Phone: (502) 574-6000

Website location: <http://www.apcd.org/>

Louisville Metro Public Health & Wellness

Phone: (502) 574-6520

Website location: <http://www.louisvilleky.gov/Health/FoodHygiene.htm#fspr>

Economic Development Department

Phone: (502) 574-4140

Website location: <http://www.louisvilleky.gov/economicdevelopment>

Metropolitan Sewer District
Phone: (502) 587-0603
Website location: <http://www.msdlouky.org/>

Planning and Design Services
Phone: (502) 574-6230
Website location: <http://www.louisvilleky.gov/PlanningDesign/>

Jefferson County

Jefferson County Clerk
Phone: (502) 574-5700
Website location: <http://www.jeffersoncountyclerk.org/>

Jefferson County Fire Services
Phone: (502) 574-5950
Website location: <http://www.jeffcofire.com/>

Jefferson County Property Valuation Administrator
Phone: (502) 574-6860
Website location: http://www.pvalouky.org/en/personal_property.php

State of Kentucky

Department for Environmental Protection
Phone: (502) 564-2150
Website location: <http://www.eppc.ky.gov/>

Department of Housing, Buildings and Construction
Division of Building Code Enforcement
Phone: (502) 573-0365, ext. 125
Website location: <http://www.ohbc.ky.gov>

Department For Natural Resources
Phone: (502) 564-6940
Website location: <http://www.dnr.ky.gov/>

Division of Fire Prevention
Phone: (502) 573-0369
Website location: <http://www.ohbc.ky.gov/fireprevention/>

Kentucky Alcoholic Beverage Control
Phone: (502) 564-4850
Website location: <http://www.abc.ky.gov/licensing/>

Kentucky Cabinet for Economic Development
Phone: (502) 564-2064 or 1-800-626-2250
Website location: <http://www.thinkkentucky.com/kyedc/pdfs/bicguide.pdf>

Kentucky Chamber of Commerce
Phone: (502) 695-4700
Website location: <http://www.kychamber.com/>

Kentucky Department of Revenue
Phone: (502) 564-4581
Website location: <http://www.revenue.ky.gov>

Kentucky Department of Transportation
Phone: (502) 564-4890
Website location: <http://www.kytc.state.ky.us/>

Kentucky Department of Employment Services
Phone: (502) 564-7976
Website location: <http://kentucky.gov/>

Kentucky Revenue Cabinet
Individual Income Tax Division: (502) 564-4581
Corporate Tax Division - (502) 564-8139
Website location: <http://www.revenue.ky.gov/>

Kentucky Secretary of State
Phone: (502) 564-2848 (Corporate Name Availability)
(502) 564-2848 (Corporate Filings)
(502) 564-7330 (Corporate Records)
Website location: <http://sos.ky.gov/>

Office of Workers' Claims
Phone: (502) 564-5550, ext. 4423
Website location: <http://www.labor.ky.gov/workersclaims/>

Office of Employment and Training, Unemployment Insurance Program
Phone: (502) 564-2272
Website location: www.oet.ky.gov

Federal

Food & Drug Administration
Phone: 1-888-463-6332
Website location: <http://www.fda.gov/>

Immigration and Naturalization Service
Email Address: info@usimmigrationsupport.org
Website location: <http://www.immigrationagency.org/>

U. S. Internal Revenue Service

Phone: 1-800-829-3676

For a federal employer identification number,
call 1-(800) 829-4933

Website location: <http://irs.gov/>

Small Business Administration – SCORE

Phone: (502) 582-5976

Website location: <http://www.score-louisville.org/>

If you have any questions regarding the start up of your new business, please feel free to contact the Greater Louisville Small Business Development Center at (502) 625-0123. Their website address is: <http://www.louisvillemallbiz.org>.