



**Louisville/Jefferson County Metro Revenue Commission**  
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**Monday - Friday**  
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Dear Employer/Tax Preparer/Payroll Provider:

The 2003 Kentucky General Assembly mandated that any jurisdiction assessing an Occupational License Fee adopt legislation standardizing the administration of the license fee statewide. Louisville/Jefferson County Metro Government voted to implement the provisions of the legislation effective July 1, 2008. The amended legislation changes the manner in which the license fee is assessed on compensation earned by employees working in the Metro Louisville.

There are two categories of changes in the assessment of the occupational license fee: employee compensation and administrative. Please be advised that any employee compensation or administrative item not addressed below will be handled in the manner defined by ordinance or regulation as adopted by Metro Government.

### **Employee Compensation**

Please note all legislative provisions are effective for those tax periods beginning on or after July 1, 2008. This means that an employer is required to withhold the occupational license fee on all affected items of employee compensation paid beginning on or after July 1, 2008.

Section 125 “Cafeteria Plan” – An employer must withhold the occupational license fee on amounts contributed by an employee to any welfare benefit, fringe benefit, or other benefit plan made by salary reduction or other payment method which permits employees to elect to reduce federal taxable compensation under the Internal Revenue Code, including but not limited to Sections 125 and 132 of the Internal Revenue Code.

Disability, Sickness, & Accident Benefits – An employer must withhold the occupational license fee on payments made by the employer to the employee under a disability, sickness, and accident plan.

Domestic Servants – Domestic servants will be subject to the occupational license fee with no exemptions.

## **Administrative**

Please note that all legislative provisions are effective July 1, 2008. This means that administrative changes will be effective for those tax periods beginning on or after July 1, 2008.

Penalty – A penalty will be assessed for the late filing and/or late payment of any return or occupational license fee due. The penalty will be five (5) percent per calendar month or fraction thereof, not to exceed twenty-five (25) percent with a minimum penalty of \$25.

Refunds – Overpayments of the occupational license fee will be refunded when the request for refund is made within two (2) years from the date an overpayment is made or the due date of the return whichever last occurs.

Reconciliation – The due date for the annual payroll reconciliations will be February 28<sup>th</sup> of each year instead of January 31<sup>st</sup> of each year.

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