

The major characteristics of business taxes in Kentucky are:

- State government collects a larger share of the total taxes,
- Cities and counties have limited taxing authority, and
- Property taxes are stabilized over time

The Kentucky Revenue Cabinet oversees the administration of taxes in Kentucky. Visit the Cabinet's web site for a list of publications available explaining the Kentucky system of business taxes.

## Property

The basis of assessment for property (real and personal) taxes in Kentucky is 100% of fair cash (market) value as of January 1. The property valuation administrator (PVA), a locally elected state officer, assesses most classes of taxable property for the state, county, city, and other special districts generally once every four years.

- [Boone County PVA](#)
- [Campbell County PVA](#)
- [Kenton County PVA](#)

## Corporate Income

Kentucky and foreign corporations owning or leasing property OR having one or more paid employees in Kentucky pay an income tax on taxable net income. The maximum rate is 7%; the minimum rate is 4%.

Corporations pay Kentucky income tax on that portion of business income earned in Kentucky as determined by the state's apportionment formula — the UDITPA formula with adjustments.

## Sales and Use

A state sales and use tax of 6% is levied on taxable goods and utility services at final sale and on tangible personal property leased/rented in Kentucky.

Major exemptions (industrial machinery; industrial tools, supplies, and raw materials; pollution control equipment; energy exceeding 3% of production costs; etc.) are available to business and industry.

Local sales taxes are not levied in Kentucky.

## Other State Taxes

Other state taxes that are applicable to business include:

- Corporation License (Franchise) Tax
- Motor fuel & highway use taxes
- Unemployment insurance tax (all employers)
- Taxes limited to specific types of businesses

## Local Taxes

## Property

Local taxing jurisdictions in Kentucky include:

- Counties
- Cities
- School districts
- Special taxing districts

These jurisdictions conform to state law on assessments and valuations. Local tax rates are set annually.

## Occupational License

Kentucky statutes allow counties, cities, and school districts to levy occupational license taxes on businesses and self-employed individuals.

## Utility Taxes for Schools

Northern Kentucky school districts levy a utilities tax at a rate not to exceed 3%.

## Other Local Taxes

Cities and counties may assess other taxes and fees for fire protection, waste collection, auto stickers, business licenses and other special purposes.