

The Louisville Municipal Code (LMC) imposes a sales tax upon the purchase price paid for tangible personal property and certain taxable services in the City by the ultimate user or consumer. The LMC also imposes a use tax upon using, storing, distributing or otherwise consuming in the City any article of tangible personal property or services purchased, leased or rented from sources outside the City on which a lawfully imposed sales tax has not been paid.

The amount of rent paid for the use of residential or commercial properties is not subject to Louisville sales tax or lodging tax as long as the rental contract is for a period of at least 30 consecutive days or more.

Owners and managers of residential and commercial rental properties (“Companies”) in the City of Louisville are required to have a City sales/use tax license and are responsible to pay sales tax on items purchased, leased or rented for use in their properties. In the event that a lawfully imposed, or lesser municipal tax rate is paid, or no municipal tax is paid, then use tax is due to the City of Louisville.

Some building enhancements or repairs may require a building permit in which case City use tax will be collected on the permit. The building permit will exempt the Companies from paying additional city and county sales taxes to the retailers of the building materials when purchased.

Other non-permitted building materials, repairs or purchases are subject to sales or use tax.

Examples

- A. Apartment Complex A purchases all new commercial washer and dryer units for the laundry facility from online Retailer B for delivery to the Louisville Apartment Complex. They hire a Louisville plumber to remove the old units and install the new units. The Complex is charged \$5,800 for the units plus freight of \$300. The plumber charges \$500 for labor and \$85 plus tax for miscellaneous hoses, clamps and PVC extensions.

Because Retailer B did not charge any sales tax for the new washer and dryer units, use tax is due from the Complex to the City on the \$5,800 purchase price. Louisville does not tax shipping or freight charges when separately stated. No additional tax is due the City for the installation because the plumber separately stated his labor and charged City sales tax on the parts he used.

- B. Property Management Company C owns and leases several commercial office buildings in Louisville. In the lobby of one of their buildings, the Company has placed a soda vending machine and a candy vending machine which they own. Anyone who works in the building or visits the building can purchase the soda or candy. Because Company C owns the vending machines (and collects the money from the machines), the Company is required to pay City sales tax (which is included in the sale price of the soda and candy).
- C. Property Management Company C owns another office building in which there are six fully furnished office suites. The Company bought \$20,000 of furniture for the suites from a Denver vendor and had it delivered to Louisville. The Denver vendor charged \$200 for delivery and collected only State and RTD sales tax on the \$20,000 purchase.

The information contained in the Tax Guide publications is intended to offer general guidance in layman’s terms, for this topic, industry or business segment, and is not intended for legal purposes to be substituted for the full text of the Louisville Municipal Code rules and regulations. This guide does not constitute a city tax policy.

The Company charges the tenants \$4,000 a month for each furnished suite.

The Company owes City use tax on the \$20,000 price of the furniture that was delivered. No City tax is due on the delivery fee because it was separately stated.

Even though part of the monthly lease price of \$4,000 includes the leasing of tangible personal property, the lease amount of \$4,000 is not subject to City sales tax. The Company is not in the business of leasing tangible personal property and therefore may not purchase the furniture without payment of sales tax, nor may they charge sales tax. Since the Company is deemed the consumer of the furniture, and the amount of any rental fee charged to the tenant is an inconsequential part of the lease payment, no City sales tax is due on the lease payment. The Company must carry the furniture on their books and be responsible to pay any personal property taxes.

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