

The Louisville Municipal Code (LMC) imposes a sales tax on 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 LMC provides that purchases by government, religious and charitable organizations in the conduct of their regular charitable functions and activities, when such sales are billed to and paid for by the charitable organization, are exempt from City sales tax.

Many different types of entities enter into contractual agreements to provide food services or food and management services for their staff and/or patients. Several types of agreements are discussed below.

For-Profit Entity (Free Meals)

Any sales of food or food and management services to a for-profit entity in the City are subject to City of Louisville sales tax. If a management company is hired to prepare food for employees or patients (in the case of a hospital or similar) free of charge, then sales tax should be charged by the food contractor to the for-profit entity on the full purchase price, including any related management fees, charged in providing the food or meal services. The for-profit entity is the ultimate user and consumer of the meals and all the labor necessary to provide this service. The management company providing the food is permitted to purchase the food tax-exempt for resale.

For-Profit Entity (Charged Meals)

Any sales of food or food and management services to a for-profit entity located in the City are subject to City of Louisville sales tax. If a management company is hired to prepare food for employees, and the employees must pay for the meals, then sales tax should be charged by the management contractor to the employees on the full purchase price of the meal. Any related management fees charged separately to the for-profit entity for providing the food or meal services are non-taxable services. The management company is permitted to purchase the food provided tax-exempt for resale.

Non-Profit

A non-profit, government, religious or charitable entity that provides food or meals in the conduct of their regular charitable functions and activities, when such sales are billed to and paid for by the charitable organization, is exempt from City sales tax.

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.