

The Louisville Municipal Code (LMC) requires all home-based businesses located within the City of Louisville to obtain a City sales/use tax license regardless of whether or not goods or services are sold. Each home-based license application is reviewed by the City Planning and Zoning department to determine if the intended business use within the home is permitted.

The LMC defines “business” as all activities engaged in or caused to be engaged in with the object of gain, benefit, or advantage, direct or indirect.

The LMC defines a “home occupation” as an occupation carried on in the dwelling or accessory building by members of the family occupying the dwelling. No servant, employee, or other person being engaged may work within the residential home.

Additional zoning rules regulate the permitted uses of a home-based business or occupation. Persons must comply with all of the following regulations:

- Home occupations must clearly be secondary to the use of the building and shall not occupy more than 20% of the total floor area of the main building, or if located in an accessory building, shall not occupy more than 5% of the total lot area.
- Home occupations shall be operated entirely from an enclosed structure with no exterior storage of materials or equipment.
- There shall be no visible evidence of the operation and the operation shall not change the residential character of the building.
- The operation of the business shall not generate objectionable traffic in the area, and off-street parking must be provided to accommodate all the needs created by the home occupation.
- The operation shall not be objectionable due to odor, dust, smoke, noise, vibration or other similar causes.
- There may not be any advertising or signage displayed on the premises.
- No home occupation shall cause an increase of any one or more utilities so that the combined total use for the location exceeds the average for residences in the neighborhood.
- The following uses, because of their tendency to go beyond the limits permitted for home occupations and thereby impair the use and value of the residential area, are not permitted as home-base businesses or occupations:
  - auto repair or motorized implement repair

---

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.

- barber and/or beauty shop
- dance, music or other types of instruction in excess of four students being instructed at one time
- dental offices
- medical offices
- massage therapy by a massage therapist
- medical marijuana centers
- medical marijuana-infused products manufacturers
- medical marijuana optional premises cultivation operations
- nursing homes
- painting of vehicles, trailers or boats
- private schools with organized classes
- radio and television repair
- sexually oriented businesses, and irrespective of whether the use may be categorized as a sexually oriented business, and retail or wholesale sales to consumers upon the premises of any types of materials specified in this title which describe or depict specified sexual activities or specified anatomical areas.
- welding shops

Home-based businesses that sell tangible personal property to a consumer within the City of Louisville are required to collect and remit City sales tax. Home-based businesses that provide services only are required to remit City use tax on any items they purchase for use in their business on which City sales tax or another lawfully imposed and equivalent municipal sales tax has not been paid.

#### **Examples**

Resident A operates a home-based business and provides consulting services. No products or goods are sold. The resident needs to obtain a City sales/use tax license and remit any use tax it may owe on the purchase of such things as office supplies, furniture, and computers for which they did not pay City sales tax or another lawfully imposed and equivalent sales tax equal to Louisville's rate at the time of purchase.

Resident B operates a home-based business and repairs musical instruments. The resident needs to obtain a Louisville sales/use tax license. If Resident B charges its customers for time and materials, sales tax must be collected on the purchase price charged to the customer for the materials. If the resident charges its customers a lump sum amount for the repair, the entire amount charged is subject to Louisville sales tax.

Resident C is an artist and operates a small painting studio in their home. The artist generally travels to art shows throughout the state to sell their artwork and occasionally participates at Louisville events. The resident needs to obtain a City sales/use tax license. If the artist sells any of their work within the City of Louisville, they must collect and remit City sales tax. In addition, they must remit any use tax owed on items used or consumed by the business on which City sales tax or another lawfully imposed and equivalent municipal sales tax has not been paid.

---

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.