

The Louisville Municipal Code (LMC) imposes a use tax on the purchase price paid for tangible personal property, except for inventory held for resale, rent or lease, when acquiring or establishing a business inside the City of Louisville.

Purchase of an Existing Business

Use tax is due on the tangible personal property purchased or acquired with the purchase of any business in the City, whether involving a retail establishment or any other type of business enterprise. The tax is based on the price recorded in the bill of sale or agreement, provided the valuation for the tangible personal property is as great, or greater, than the fair market value of the property. If the transfer of ownership is a lump sum transaction, the use tax is based on the fair market value of the property or on the book value established by the purchaser for income tax depreciation purposes. When a business is taken over in return for the assumption of outstanding indebtedness owed by the former owners, use tax is to be paid on the fair market value of all taxable tangible personal property.

The use tax is due within (30) days of the execution of the bill of sale or agreement.

In determining the fair market value, the City may use the best information available including personal property tax declarations filed with the County Assessor, like-item pricing, or other information from independent sources.

New Business

City use tax is due on the purchase price paid for all tangible personal property purchased for use inside the City, except inventory held for resale, rent or lease. If you are moving a business or assets into the City of Louisville, please see the "Prior Use/Pre-Owned Property/Initial Use" publication in this Tax Guide.

The use tax is due within (30) days of the date of establishment of the business.

Sale or Cessation of a Business

A final Louisville Sales/Use Tax return is required to be filed by the 20th of the month following the sale or closure of a business by the seller of any business within the City.

Caution to Buyers

Purchasers are encouraged to make sure that any tax liens that may have attached to the personal property of the former business have been satisfied. Any outstanding taxes resulting from the previous owner will become the debt of the purchaser and liens will remain attached to the tangible personal property included in any sale.

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.