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## REVISED TIMELINE REGARDING IMPLEMENTATION OF LMRC REGULATIONS §1.04, §1.07 APRIL 11, 2023

### UPDATE

The following update to the *Revised Timeline Regarding Implementation of LMRC Regulations §1.04, §1.07* **revokes** the original guidance issued in the [bulletins](#) published on January 13 and February 28, 2023 regarding the FEIN registration requirement for Tax Year 2022 for SMLLCs.

### PURPOSE

This notice announces that the Occupational License net profit filings for tax year 2022 will be regarded as a transition period for purposes of the Louisville Metro Revenue Commission's (LMRC) enforcement and administration with respect to the implementation of the amendments made to the LMRC regulations effective 01/01/2022 regarding the registration and filing of net profit returns for single member limited liability companies (SMLLC) where the member is an individual, under sections §1.04 and §1.07 of the LMRC regulations. This notice is intended to provide additional time for all stakeholders to facilitate an orderly transition to the new filing requirements for individual members of multiple SMLLC's which are currently filing a single, combined occupational license net profit return under the social security number and name of the individual member. Filing requirements for SMLLC's where the member is a partnership or corporation remain unchanged.

### BACKGROUND

§1.04 of the LMRC regulations effective 01/01/2022 requires each separate business entity conducting business in Louisville Metro to submit a separate Registration Application form and obtain a separate account number. This updated language in the regulations clarifies the requirements of the Louisville Metro Code of Ordinances (LMCO) §110.04(A), which requires an application for business entities required to file a return under §110.07. A business entity is defined in the LMCO under §110.01 as each separate corporation, limited liability company, business development corporation, partnership, limited partnership, registered limited

liability partnership, sole proprietorship, association, joint stock company, receivership, trust, professional service organization, or other legal entity through which business is conducted. §110.07 of the LMCO requires every business entity subject to the occupational license tax to file a return setting forth the aggregate amount of net profits during the preceding year. In addition, LMRC §1.04(A)(1)(b) allows an unincorporated individual engaged in more than one business activity as a sole proprietor to use the same account number for all business activities in which the individual is engaged.

Under the prior LMRC regulations effective 07/01/2008, the LMRC allowed a member of multiple SMLLC's to file a net profit return under a single account number, and aggregate the net profits and losses of all SMLLC's owned by the member, similar to the filing that would be made at the federal level. Upon review during the amending of the LMRC regulations, it was noted that this practice was in conflict with LMCO §110.04(A), §110.07 and §110.01, and therefore clarified in the updated regulations.

### TRANSITION PERIOD FOR ENFORCEMENT AND ADMINISTRATION OF COMPLIANCE

Tax year 2022 will be regarded as a transition period for purposes of LMRC enforcement and administration of the SMLLC registration and net profit return filing requirements for individuals who are members of multiple SMLLC's. **The requirement to complete a separate account registration and file a separate net profit return for each SMLLC owned by an individual will be postponed until further notice.**

### EFFECTIVE DATE

This notice is effective for Occupational License net profit returns for tax year 2022, beginning prior to January 1, 2023.