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REVISED TIMELINE REGARDING IMPLEMENTATION OF LMRC REGULATIONS §1.04, §1.07 JANUARY 23, 2024

UPDATE

The following update to the *Revised Timeline Regarding Implementation of LMRC Regulations §1.04, §1.07* extends the guidance issued in the [bulletin](#) published on April 11, 2023 regarding the FEIN registration requirement for SMLLCs.

PURPOSE

This notice announces that the Occupational License net profit filings for tax year 2023 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 section §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 will 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. The 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 conflicted with LMCO §110.04(A), §110.07 and §110.01, and therefore was clarified in the 2022 regulations.

TRANSITION PERIOD FOR ENFORCEMENT AND ADMINISTRATION OF COMPLIANCE

Tax year 2023 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. Returns for SMLLC's owned by an individual which are due 04/15/2024, (tax year 2023) may be aggregated and submitted under the individual members account as in prior years. The LMRC will not regard tax year 2023 as a transition period with respect to any other requirements under the LMRC regulations effective 01/01/2023.

EFFECTIVE DATE

This notice is effective for Occupational License net profit returns for tax year 2023, beginning prior to January 1, 2024.