



DECEMBER 2024

KENTUCKY DEPARTMENT OF REVENUE

Kentucky *Sales Tax Facts*



Gross Receipts Exemption Threshold Increased

Effective January 1, 2025, KRS 139.470(23) and (24) increased the exemption threshold from \$6,000 to \$12,000 in gross receipts for retailers of services listed under KRS 139.200 (2)(g) to (ax) during a calendar year. This threshold increase applies only to filings for tax periods beginning on January 1, 2025, forward. The minimum threshold requiring the filing of sales and use tax returns for tax periods in 2024 and earlier remains at \$6,000.

Retailers only making sales of services listed under KRS 139.200 (2)(g) to (ax) which have never had gross receipts over \$12,000 during a calendar year are not required to maintain an active sales tax permit if retail sales are not expected to exceed the \$12,000 threshold during calendar year 2025. However, for the first calendar year when gross receipts exceed \$12,000, all gross receipts over \$12,000 are taxable in that calendar year. In addition, all gross receipts from sales by the retailer are subject to tax in subsequent calendar years once a seller crosses the threshold in any previous calendar year (no annual reset).

This exemption does not apply to retailers engaged in the business of selling tangible personal property, digital property, or services listed in subsection (2)(a) to (f) of KRS 139.200. The exemption also does not apply to retailers with gross receipts from sales in any combination of taxable services, tangible personal property or digital property.

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Diesel Exhaust Fluid

Sales of diesel exhaust fluid (DEF) are subject to Kentucky sales tax. If the DEF product is sold by the can, bottle, or drum, the sales tax should be added to the sales price. If it is being sold at the retail pump (gas or diesel pump), then the sales tax may be included in the sales price and sold for one price if it is not practicable to separately itemize the sales tax (KRS 139.210). However, a statement must be posted at the pump indicating that the sales tax is included in the selling price. In addition, if DEF product is purchased from an out of state retailer for use within the state of Kentucky, the purchase is subject to the 6% Kentucky use tax.

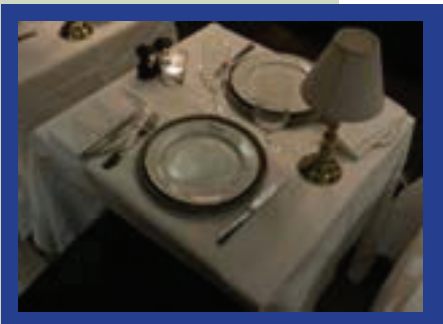
Printing Industries

The sale of printed materials (including direct mail, advertising supplements, brochures, banners, flyers, business cards, catalogs, other promotional products, and tangible personal property created through 3D printing services) is subject to Kentucky sales and use tax. Charges included with the sale of printed materials (including charges for envelopes, postage, addressing, enclosing, sealing, preparing for mailing, or mailing) are also subject to Kentucky sales and use tax. See [KY Regulation 103 KAR 27:130](#).

The Kentucky sales and use tax also applies to charges for services in connection with the sale of printed materials, including die cutting, embossing, folding, and other binding and finishing operations regardless of whether the printed material is furnished by the customer. The sale of printed materials in Kentucky is sourced in accordance with KRS 139.105 and KRS 139.777. Charges for printed materials received within this state or delivered to a Kentucky address are taxable.

Restaurant Fee

The tax imposed by a city on a restaurant pursuant to KRS 91A.400 is classified as a license tax. Based upon the definition of gross receipts in KRS 139.010(17) (a)(2), for sales tax purposes, any local restaurant tax passed on by the seller and collected from customers constitutes gross receipts subject to Kentucky sales tax. There is no payment exclusion from gross receipts subject to sales tax if the local tax is imposed upon the retailer rather than the retail customer. The following is an example of the method ordinarily used by restaurants to correctly compute Kentucky sales tax per transaction:



Restaurant Order Total	\$20.00
Local Restaurant Tax (3%)	\$ 0.60
Order Subtotal	\$20.60
State Sales Tax (6%)	\$ 1.24
Total Due	\$21.84

Transient Room

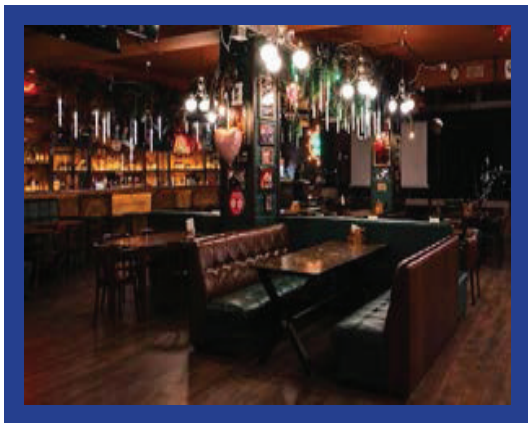
The transient room tax imposed under KRS 91A.390 authorizes local governments to impose a tax up to 3 percent on accommodations providers. If a business (motels, hotels, inns, and similar accommodations providers) chooses to pass the transient room tax on to its customers, then this fee is part of gross receipts subject to sales tax based on KRS 139.010(17)(a)(2). The amount of transient room tax collected from the customer must be included in the line 1 total receipts on the sales and use tax return. The following is an example of the method used to correctly compute the Kentucky sales tax for the sale of accommodations that include transient taxes:

Basic Room Charge	\$ 78.00
Transient Room Tax (78.00 x 3%)	\$ 2.34
Taxation – Sales Tax (80.34 x 6%)	\$ 4.82
Total Charge for Room	\$85.16

Local Alcohol License Fee

Under the provisions of KRS 243.075, just over 120 cities across the commonwealth levy an alcohol regulatory license fee on retailers' gross receipts from the sale of alcoholic beverages. In the past, when retailers have passed these charges on to their customers, these charges have been part of gross receipts subject to sales tax. Effective for periods beginning July 1, 2021, forward, these charges, when separately listed on the receipt given to the customer, are no longer included in gross receipts subject to sales tax based upon the language in KRS 139.010(17)(c)(4).

However, if the retailer does not separately state the alcohol regulatory license fee on the receipt or if the retailer bundles this license fee with other charges such as the local restaurant tax, these bundled charges are still considered part of gross receipts subject to sales tax under the provisions of KRS 139.010(17)(a). Furthermore, other local license taxes imposed upon the retailer such as restaurant or transient room taxes already covered in this publication remain part of taxable gross receipts when the retailer chooses to pass these charges on to the customer as a separate charge.



“If the retailer combined this license fee with other charges such as the local restaurant tax, these combined charges are still considered part of gross receipts subject to sales tax.”

Membership Subscription Fees For Video Streaming Services

Many Kentuckians subscribe to popular video streaming services on the market. Although not subject to the 6% sales and use tax, video streaming services have been subject to telecommunications taxes as a multichannel video programming service defined under KRS 136.602(8) since July 1, 2019. The telecommunications tax imposed upon the retailer for the provision of the video streaming services includes a 3% excise tax and a 2.4% gross receipts tax. In addition, for customers living in school districts that impose the tax, these streaming services are also subject to the utility gross receipts license tax (UGRLT) imposed under KRS Chapter 160 at up to 3%. The provider of the streaming service may elect to pass the cost on to the customer. If the fees are passed on, the total percentage charged is 8.4% as described above. As required under KRS 160.617, any cost for the UGRLT the provider passes on to the customer must be itemized separately from the other rates on the bill.

“any cost for the UGRLT the provider passes on to the customer must be itemized separately on the bill”

Agriculture Exemption License Numbers—Expiration Date

KRS 139.481 requires farmers to apply for and provide an agriculture exemption license number issued by the department to claim the sales and use tax exemptions available to them under the provisions of KRS Chapter 139. Any purchasers claiming an agricultural sales and use tax exemption must provide an agriculture exemption license number to be eligible for the exemption claim.

All agriculture exemption license numbers expire on December 31, 2026.

Your Kentucky agriculture exemption authorization letter received from the Division of Sales and Use Tax may show an earlier expiration date, but all active agriculture exemption license numbers are valid through December 31, 2026. Vendors may accept the current agriculture exemption license numbers through this date. The department will provide information regarding the renewal process at a future date.

Additional Taxable Services Highlighted

Charges for social event planning and coordination services, household moving services, and parking services are a few of the new service categories that became taxable in Kentucky, effective January 1, 2023. If your company is providing these types of services to customers in Kentucky, then you should be collecting sales tax on the charges to your clients. The terms used for these categories are broad, so all items billed under these services are taxable to your clients. For example, all charges billed to clients for planning weddings, birthday parties, retirement parties, anniversaries, etc. are now taxable.



Companies that provide household moving services are now providing retail services subject to sales tax. If a moving company provides its services to customers in Kentucky to move them anywhere in the state or even out of the state, these charges are subject to the 6% sales tax. Any associated charges for storage of household items as part of the moving service are taxable as well. However, if a moving company provides services to move a household from an out of state location to a Kentucky address, the charges are not subject to tax. The transaction is sourced according to KRS 139.105(1) based upon where the customer first receives the service. Therefore, since the customer moving into Kentucky receives the moving service initially at a location outside the state, charges for moving a household into Kentucky are not taxable.

Charges for parking at hotels, restaurants, parking lots, parking garages, street meters, etc. are also now taxable. If the customer receives a receipt for the parking charges whether in paper form or electronically, the receipt must display the 6% sales tax as a separate charge. However, charges for parking at an educational institution are exempt. Parking at school-sponsored events off campus remain taxable.

2025 Sales Tax Seminar Opportunity

The department will again offer a free Sales and Use tax seminar to the public in 2025. The October 2024 seminar was well attended, both in person and via Microsoft Teams. If you are interested in attending a seminar in 2025, please contact the Division of Sales and Use Tax by phone, (502) 564-5170, or email DOR.WebResponseSalesTax@ky.gov

MyTaxes Portal is Coming Soon

Beginning March 14, 2025, business tax filers will use the new MyTaxes portal instead of OneStop to access information and file taxes for Sales & Use, Corporation Income (Corp)/Limited Liability Entity (LLE), Telecom, Withholding, Utilities Gross Receipts License Tax (UGRLT), Non-Resident Withholding (NRWH), Commercial Mobile Radio Service (CMRS), Tire, Transient, and Tobacco and Vapor Products Licensing.

MyTaxes will also replace E-Tax, the UGRLT and Telecom filing system and WRAPS, the Withholding Returns and Payment System.

An email with login credentials and instructions for MyTaxes will be sent to OneStop, E-Tax, and WRAPS users the first week of March 2025.

Starting February 26, there will be a two-week operations pause at Kentucky Department of Revenue to prepare for these transitions. Business tax filers cannot file returns or receive refund payments in the old system, OneStop, or the new system, MyTaxes, from February 26 to March 14.

Please print any historical return data from OneStop that you want to save prior to February 26. Although the Department of Revenue will archive historical return data from OneStop, you will not be able to access these records in OneStop beginning on February 26.



This newsletter is intended to provide practical information to assist persons in fulfilling their sales and use tax obligations to the Commonwealth.

This newsletter is archived on the Department of Revenue website at revenue.ky.gov and future editions may be accessed at the website.

To submit additional questions or suggestions for future topics, please contact us at:

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