

Sales/Use:

Kentucky DOR Summarizes New Tax Incentives for Commercial Mining of Cryptocurrency

Kentucky Sales Tax Facts, Ky. Dept. of Rev. (6/21). The Kentucky Department of Revenue (Department) summarizes newly enacted legislation [see S.B. 255 (2021) and H.B. 230 (2021), and *State Tax Matters*, Issue 2021-14, for more details on this new law] that permits certain exemptions from Kentucky sales and use and excise taxes involving commercial mining of cryptocurrency. According to the Department, effective July 1, 2021, commercial mining of cryptocurrency through the process of blockchain technology at a colocation facility is eligible for a Kentucky sales tax and utility gross receipts license tax exemption on electricity that is used or consumed in the commercial mining process. To qualify, the facility must consume at least 200,000 kilowatt hours of electricity per month, and the exemption “shall apply to electricity sold or purchased on or after the effective date of application and before July 1, 2030.” Furthermore, the Department explains that, effective July 1, 2021, Kentucky sales and use tax incentives are available for commercial mining facilities of up to 100% of the sales and use tax paid on purchases of tangible personal property to construct, retrofit, or upgrade an eligible project, including certain commercial cryptocurrency mining equipment. Please contact us with any questions.

URL: <https://revenue.ky.gov/News/Publications/Sales%20Tax%20Newsletters/Sales%20Tax%20Facts%202021%20-%20Jun.pdf>

URL: <https://apps.legislature.ky.gov/record/21rs/sb255.html>

URL: <https://apps.legislature.ky.gov/record/21rs/hb230.html>

URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/STM/210409_12.html

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