

Income/Franchise:

Kentucky DOR Adopts Special Industry Apportionment Rules for Financial Institutions

Amended Reg. Section 103 KAR 16:270, Ky. Dept. of Rev. (11/1/21). Under its statutory authority to promulgate regulations for determining alternative allocation and apportionment methods for Kentucky corporate income tax purposes for those taxpayers engaged in special industries, the Kentucky Department of Revenue (Department) adopted after comment an amended rule detailing the sourcing of receipts related to financial institutions. In this respect, the revisions address how multi-state financial institutions subject to Kentucky's corporate income tax must compute their taxable income subject to Kentucky taxation. The revisions explain the sourcing of various types of receipts, including receipts from:

URL: https://apps.legislature.ky.gov/law/kar/register/48Ky_R_2021-22/05_Nov.pdf

1. The leasing of real property and tangible personal property;
2. Fees, interest, and penalties charged to credit card holders;
3. Gains from sales of credit card receivables;
4. Credit card issuer reimbursement fees;
5. Merchant discounts;
6. "ATM" fees;
7. Loan servicing fees; and
8. Investment assets and activity and trading assets and activity.

Please contact us with any questions.

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