



**Warren County Schools Occupational Tax Office**

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**Warren County Schools Net Profit Tax – Who is Subject to this Tax?**

**According to Section 3 of the Warren County Schools Occupational Tax Ordinance:**

(1) Except as provided in subsection (2) of this section {reference Ordinance in its entirety to review subsection (2)}, every individual or business entity **residing**<sup>1</sup> in the school district shall be required to file and pay to the school district an occupational license tax for the privilege of engaging in such activities within Warren County, Kentucky pursuant to KRS 160.605. The occupational license tax shall be measured by one-half (1/2) of one percent (1%) of:

- (a) All salaries, commissions, wages and compensation paid or payable for work done or services performed or rendered in Warren County by every school district resident;
- (b) The net profit from business conducted in the school district by a resident business entity;
- (c) Net profits generated by rental units where the taxpayer owns two or more rental units<sup>2</sup>.

**NOTE:** For further information and clarification regarding the Warren County Schools Net Profit Tax – please review the “*Warren County Schools Occupational Tax Ordinance*,” effective as of January 1, 2008, and the corresponding “*Net Profit Instruction Guide*,” located on our website at [www.warren.kyschools.us](http://www.warren.kyschools.us) – “Occupational Tax Office” link.

**<sup>1</sup> Taxation of “Resident” Business Entities of the Warren County School District:**

**According to KRS 160.611** – No Occupational license tax for schools shall be collected from any individual who is not a **resident** of the school district imposing the school tax

A **Resident** is defined as an individual, partnership, association, corporation, limited liability company, sole proprietorship or other entity domiciled (having a location within the school district) or having a **business situs** in the school district of Warren County, Kentucky

**Business Situs** is a term that is not specially defined in the Kentucky Revised Statutes, although it is frequently used. It has been held by the KY courts that a situs is acquired for tax purposes by one who has carried on a business in the school district which is “more or less permanent in nature.” Thus, business which is occasional, temporary, or transient would not have a business situs. Conversely, a business that is not occasional, temporary or transient would have a business situs and would be subject to the Warren County Schools Net Profit tax.

<sup>2</sup> A **Rental or Leasing Unit** is defined as any room or rooms connected together or other structures or portions thereof constituting a separate, independent establishment or premises for rent, lease or sublease to the occupant thereof.