

141.040 Corporation income tax -- Exemptions -- Rate.

(1) Every corporation doing business in this state, except those corporations listed in paragraphs (a) and (b) of this subsection, shall pay for each taxable year a tax to be computed by the taxpayer on taxable net income at the rates specified in this section:

(a) For taxable years beginning prior to January 1, 2021:

1. Financial institutions, as defined in KRS 136.500, except bankers banks organized under KRS 286.3-135;
2. Savings and loan associations organized under the laws of this state and under the laws of the United States and making loans to members only;
3. Banks for cooperatives;
4. Production credit associations;
5. Insurance companies, including farmers' or other mutual hail, cyclone, windstorm, or fire insurance companies, insurers, and reciprocal underwriters;
6. Corporations or other entities exempt under Section 501 of the Internal Revenue Code;
7. Religious, educational, charitable, or like corporations not organized or conducted for pecuniary profit; and
8. Corporations whose only owned or leased property located in this state is located at the premises of a printer with which it has contracted for printing, provided that:
 - a. The property consists of the final printed product, or copy from which the printed product is produced; and
 - b. The corporation has no individuals receiving compensation in this state as provided in KRS 141.120(8)(b); and

(b) For taxable years beginning on or after January 1, 2021:

1. Insurance companies, including farmers' or other mutual hail, cyclone, windstorm, or fire insurance companies, insurers, and reciprocal underwriters;
2. Corporations or other entities exempt under Section 501 of the Internal Revenue Code;
3. Religious, educational, charitable, or like corporations not organized or conducted for pecuniary profit; and
4. Corporations whose only owned or leased property located in this state is located at the premises of a printer with which it has contracted for printing, provided that:
 - a. The property consists of the final printed product, or copy from which the printed product is produced; and
 - b. The corporation has no individuals receiving compensation in this state as provided in KRS 141.120(8)(b).

- (2) For taxable years beginning on or after January 1, 2018, the rate of five percent (5%) of taxable net income shall apply.
- (3) For taxable years beginning on or after January 1, 2007, and before January 1, 2018, the following rates shall apply:
 - (a) Four percent (4%) of the first fifty thousand dollars (\$50,000) of taxable net income;
 - (b) Five percent (5%) of taxable net income over fifty thousand dollars (\$50,000) up to one hundred thousand dollars (\$100,000); and
 - (c) Six percent (6%) of taxable net income over one hundred thousand dollars (\$100,000).
- (4) (a) An S corporation shall pay income tax on the same items of income and in the same manner as required for federal purposes, except to the extent required by differences between this chapter and the federal income tax law and regulations.
 - (b) 1. If the S corporation is required under Section 1363(d) of the Internal Revenue Code to submit installments of tax on the recapture of LIFO benefits, installments to pay the Kentucky tax due shall be paid on or before the due date of the S corporation's return, as extended, if applicable.
 2. Notwithstanding KRS 141.170(3), no interest shall be assessed on the installment payment for the period of extension.
- (c) If the S corporation is required under Section 1374 or 1375 of the Internal Revenue Code to pay tax on built-in gains or on passive investment income, the amount of tax imposed by this subsection shall be computed by applying the highest rate of tax for the taxable year.

Effective: June 27, 2019

History: Amended 2019 Ky. Acts ch. 196, sec. 12, effective June 27, 2019. -- Amended 2018 Ky. Acts ch. 171, sec. 58, effective April 14, 2018; and ch. 207, sec. 58, effective April 27, 2018. -- Amended 2006 (1st Extra. Sess.) Ky. Acts ch. 2, sec. 3, effective June 28, 2006. -- Amended 2006 Ky. Acts ch. 251, secs. 46 and 47, effective April 25, 2006; and ch. 252, Pt. XIII, sec. 1, effective April 25, 2006. -- Amended 2005 Ky. Acts ch. 168, sec. 7, effective March 18, 2005. -- Amended 1996 Ky. Acts ch. 254, sec. 32, effective July 15, 1996. -- Amended 1990 Ky. Acts ch. 262, sec. 6, effective July 13, 1990; and ch. 476, Pt. VII C, sec. 629, effective April 11, 1990. -- Amended 1988 Ky. Acts ch. 111, sec. 1, effective July 15, 1988; and ch. 332, sec. 1, effective July 15, 1988. -- Amended 1986 Ky. Acts ch. 459, sec. 4, effective July 15, 1986. -- Amended 1985 (1st Extra. Sess.) Ky. Acts ch. 6, Pt. III, sec. 18, effective July 29, 1985. -- Amended 1980 Ky. Acts ch. 176, sec. 3, effective July 15, 1980. -- Amended 1976 Ky. Acts ch. 155, sec. 8. -- Amended 1972 Ky. Acts ch. 62, Part III, sec. 2; and ch. 121, sec. 4. -- Amended 1970 Ky. Acts ch. 14, sec. 5. -- Amended 1966 Ky. Acts ch. 176, Part 1, sec. 4; and ch. 255, sec. 137. -- Amended 1956 (4th Extra. Sess.) Ky. Acts ch. 4, sec. 4. -- Amended 1954 Ky. Acts ch. 79, sec. 5. -- Amended 1952 Ky. Acts ch. 124, sec. 2. -- Amended 1948 Ky. Acts ch. 93, sec. 3. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. secs. 4281b-14, 4281b-14a.

Legislative Research Commission Note (6/27/2019). This statute was amended in 2019

Ky. Acts ch. 151, sec. 40 (HB 354) and ch. 196, sec. 12 (HB 458). Although HB 354 was enacted, 2019 Ky. Acts ch. 196, sec. 16 (HB 458) repealed certain sections of that prior Act, including Section 40, and directed the Reviser of Statutes to not codify them. Therefore, the amendment to this statute in 2019 Ky. Acts ch. 151, sec. 40, was not codified.

Legislative Research Commission Note (4/27/2018). Pursuant to 2018 Ky. Acts ch. 207, sec. 153, the amendments made to this statute in that Act apply to taxable years beginning on or after January 1, 2018.

Legislative Research Commission Note (7/12/2006). 2006 Ky. Acts ch. 247 instructs the Reviser of Statutes to adjust KRS references throughout the statutes to conform with the 2006 renumbering of the Financial Services Code, KRS Chapter 286. Such an adjustment has been made in this statute.

Legislative Research Commission Note (6/28/2006). 2006 (1st Extra Sess.) Ky. Acts ch. 2, sec. 73, provides that "unless a provision of this Act specifically applies to an earlier tax year, the provisions of this Act shall apply to taxable years beginning on or after January 1, 2007."

Legislative Research Commission Note (3/18/2005). 2005 Ky. Acts ch. 168, sec. 165, provides that this section shall apply to tax years beginning on or after January 1, 2005.

Legislative Research Commission Note (3/18/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.