

Major Business Taxes

Simpson County, KY

February 2026

Corporation Income Tax

State

Every non-exempt corporation doing business in Kentucky shall pay corporate income tax on taxable net income. The rate is a flat 5%. Multistate corporations apportion their income to Kentucky via a single factor formula based on sales.

A Limited Liability Entity Tax (LLET) applies to both C corporations and Limited Liability Pass-Through Entities (LLPTEs) and is not an alternative to another tax. The LLET may be calculated using the lesser of \$0.095 per \$100 of Kentucky gross receipts or \$0.75 per \$100 of Kentucky gross profits.

The LLET contains relief for certain small businesses:

- Taxable entities with gross receipts or gross profits equal to or less than \$3 million are subject only to a \$175 minimum tax due.
- Taxable entities with gross receipts or gross profits between \$3 million and \$6 million are subject to a reduction to the LLET. A \$175 minimum tax due applies.
- No relief exists for entities with gross receipts or gross profits equal to or greater than \$6 million.

There is a credit against the income tax due for the amount of the LLET paid, less the \$175 minimum.

There is an inventory tax credit available. This is a non-refundable and non-transferable income tax credit allowed for state property tax paid on inventory. For 2021 and forward, the credit is 100% of the tax paid.

There is a recycling income tax credit available for up to 75% of the installed costs of recycling equipment (annual recovery limitations apply).

Franchise Tax

None

Kentucky does not levy a franchise tax.

Individual Income Tax

State

Kentucky has a flat income tax rate of 3.5% on all taxable income.

Occupational License Tax

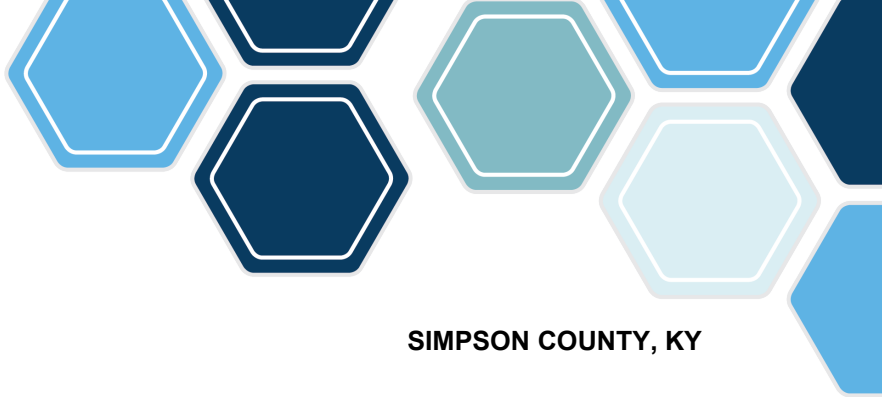
Local

Simpson County levies a local occupational license tax at the rate of 1.25% on salaries/wages of employees. The City of Franklin levies a local occupational license tax at the rate of 1.0% on salaries/wages on employees working within city limits. There is also a [sliding scale](#) for taxes on annual business gross receipts with a minimum of \$100.

Property Taxes

State and Local

Assessments are made at 100% of fair cash value. If a facility locates to Simpson County, it would be subject to the state, county, and school district taxes. If the facility is located within the city limits of Franklin, the company would have to pay those taxes as well. Special district rates are not included in this table.

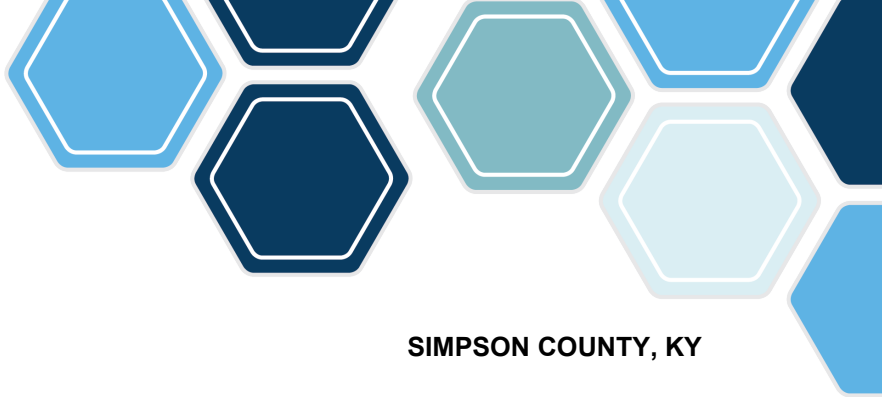


SIMPSON COUNTY, KY

Property Tax Rates per \$100 of assessed valuation, 2025

Selected Classes of Property	State	Simpson County	City of Franklin	School District
Real Estate	\$0.106	\$0.2035	\$0.108	\$0.568
Manufacturing Machinery	\$0.15	None	None	None
Pollution Control Equipment	\$0.15	None	None	None
Inventories (a)				
Raw Materials/GIP	\$0.05	None	None	None
Inventory	\$0.05	\$0.2412	\$0.108	\$0.59
Inventory in Transit (b)	None	\$0.1437	None	None
Motor Vehicles	\$0.45	\$0.259	\$0.197	\$0.546
Other Tangible Personal Property	\$0.45	\$0.2412	\$0.108	\$0.59
Private Leaseholds in Industrial Revenue Bond Financed Facilities (c)	\$0.015		See Note	

- (a) 2017 State tax changes include phasing out the inventory tax by using a non-refundable tax credit of 25% for taxes paid in 2018 and increasing the credit by 25% each year until there is a 100% credit for taxes paid on business inventory for years beginning on or after January 1, 2021.
- (b) Property Tax – Goods-In-Transit: Personal property placed in a warehouse or distribution center to be permanently shipped out of state within six months is considered goods in transit and is exempt from state, city, county, and school district personal property taxes. However, fire and other special districts may have the option to tax such property at the local level.
- (c) A Payment-In-Lieu-Of-Taxes (PILOT) is normally imposed for school districts when Industrial Revenue Bond (IRB) financing is used. Counties and cities may also require some reimbursement of property taxes in the form of a PILOT. The state normally participates in abatement of the state’s property tax in the same proportion as local government abatement, excepting school districts which are normally held harmless by the IRB.



SIMPSON COUNTY, KY

Sales and Use Tax **State**

A state sales and use tax is levied at the rate of 6% on the purchase or lease price of taxable goods and on utilities services. Local sales taxes are not levied in Kentucky.

Major exemptions to manufacturers include items purchased for resale, raw materials and industrial supplies, machinery for new and expanded manufacturing, containers and packaging materials used in manufacturing, and energy and fuels that exceed 3% of the cost of production in manufacturing.

Unemployment Insurance Tax **State**

During 2026, Kentucky employers pay unemployment insurance contributions on the first \$12,000 of each employee's wages, including officers of the corporation. The taxable wage base has increased by \$300 each year but is subject to change. A new employer pays contributions at the rate of at least 2.7% of covered wages during the first three years of operation. Thereafter, the employer's contribution rate is determined by its experience rating.

Utility Gross Receipts License Tax **Local**

Simpson County Schools impose a Utility Gross Receipts License Tax of three (3) percent of the gross receipts derived from the furnishing utility services. This includes communications services, electric power, water and natural, artificial and mixed gas.