

The Louisville Municipal Code (LMC) imposes a sales tax upon the purchase price paid for tangible personal property and certain taxable services sold at retail including the purchase of food and beverages.

Voluntary tips or gratuities paid by patrons are not subject to City sales tax. However, if a retailer established a mandatory gratuity or service fee, in some cases for a certain group size or “table top”, and the full price of the meals plus the mandatory gratuity are included on the bill and not optional to the patron, the full amount is subject to Louisville sales tax.

Mandatory catering fees or fees charged by restaurants, hotels, banquet halls or similar facilities that are combined with the providing of, and charges for food, are subject to Louisville sales tax.

Any tips or gratuities that are collected by the employer of the service providers, and either distributed as wages, retained by the business, or are used to compensate other persons that are not the service providers, are subject to Louisville sales tax.

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The information contained in the Tax Guide publications is intended to offer general guidance in layman’s terms, for this topic, industry or business segment, and is not intended for legal purposes to be substituted for the full text of the Louisville Municipal Code rules and regulations. This guide does not constitute a city tax policy.