

**136.525 Apportionment of net capital for financial institutions with taxable business activity within and without the Commonwealth.**

- (1) A financial institution whose business activity is taxable both within and without this Commonwealth shall apportion its net capital pursuant to the provisions of this section.
- (2) Net capital shall be apportioned to this Commonwealth by multiplying total net capital by the apportionment percentage. The apportionment percentage is determined by adding together the financial institution's receipts factor as determined under the provisions of KRS 136.530, property factor as determined under the provisions of KRS 136.535, and payroll factor as determined under the provisions of KRS 136.540 and dividing the sum by three (3). If one (1) of the factors is missing, the two (2) remaining factors are added and the sum is divided by two (2). If two (2) of the factors are missing, the remaining factor is the apportionment percentage. A factor is missing if both its numerator and denominator are zero (0), but it is not missing merely because the numerator is zero (0).
- (3) Each factor shall be calculated by the method of accounting used by the financial institution for the taxable year.
- (4) If the apportionment provisions of KRS 136.500 to 136.575 do not fairly represent the extent of the financial institution's business activity in this Commonwealth, the financial institution may petition for or the department may require, in respect to all or any part of the financial institution's business activity, if reasonable:
  - (a) Separate accounting;
  - (b) The exclusion of any one (1) or more of the factors;
  - (c) The inclusion of one (1) or more additional factors which will fairly represent the financial institution's business activity in this Commonwealth; or
  - (d) The employment of any other method to effectuate an equitable apportionment of the financial institution's net capital.

**Effective:** June 20, 2005

**History:** Amended 2005 Ky. Acts ch. 85, sec. 331, effective June 20, 2005. --  
Created 1996 Ky. Acts ch. 254, sec. 7, effective July 15, 1996.