START A BUSINESS - KENTUCKY

How to open a car dealership in Kentucky

Kentucky dealers need a Motor Vehicle Commission license with a commercial office, a 2,000 square foot lot, garage liability insurance and licensed salespeople; the Commission may require a bond of up to $100,000.

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1 Is a dealership right for you?

Dealers buy, recondition and sell vehicles and handle titles and paperwork. It suits people with sales skills, capital for inventory and patience for records.

2 Form the business and register for sales tax

1. Choose a structure. LLCs and corporations file with the Kentucky Secretary of State.
2. Register with the Department of Revenue to collect Kentucky's 6% sales tax. Labor charged with taxable parts is taxable.
3. Check your city or county for local licenses and zoning.

3 The dealer license

You need a commercial building (not a residence) with an office of at least 100 square feet, a hard-surface lot of at least 2,000 square feet for display and customer parking, zoning approval and a name with words such as Used Cars or Auto Sales. Garage liability insurance: $250,000 per person, $500,000 per occurrence, $250,000 property damage. Everyone who sells, owners included, needs a salesperson license.

4 Possible bond

The Commission may require a bond or a showing of assets of up to $100,000; it will tell you if this applies.

5 Your first steps

1. Form the business and register for sales tax.
2. Secure a commercial office and lot with zoning approval.
3. Get insurance and salesperson licenses.
4. Apply to the Motor Vehicle Commission.
5. List your business on Nearby Car Care

Requirements at a glance

Kentucky sales and use tax registration (6%)

Required - State - Kentucky Department of Revenue

Register with the Department of Revenue to collect Kentucky's 6% sales tax.

Form your LLC or corporation with the Kentucky Secretary of State first. Check your city and county for occupational and business licenses.

Official application: https://taxanswers.ky.gov/Sales-and-Excise-Taxes/Pages/Labor-Charges-for-Installation-FAQs.aspx

Motor Vehicle Commission dealer license

Required - State - Kentucky Motor Vehicle Commission

You need a commercial building (not a residence) with an office of at least 100 square feet and a hard-surface display lot and customer parking of at least 2,000 square feet, zoning approval and a business name with words such as Used Cars or Auto Sales. Garage liability insurance must be at least $250,000 per person, $500,000 per occurrence and $250,000 property damage. Everyone who sells vehicles, owners included, needs a salesperson license.

Fees: See the current Commission application.

Official application: https://mvc.ky.gov/Pages/Dealer-Requirements.aspx

Bond or financial showing (up to $100,000) if required

Required in some cases - State - Kentucky Motor Vehicle Commission

The Commission may require you to furnish a bond or show assets or other financial arrangements of up to $100,000; it will tell you if this applies.

Amount: Up to $100,000 if required

Official agencies and links

Labor Charges for Installation (TAXANSWERS)

Kentucky Department of Revenue

https://taxanswers.ky.gov/Sales-and-Excise-Taxes/Pages/Labor-Charges-for-Installation-FAQs.aspx

Dealer Requirements

Kentucky Motor Vehicle Commission

https://mvc.ky.gov/Pages/Dealer-Requirements.aspx

Frequently asked questions

Does a Kentucky dealer need a bond?

The Commission may require a bond or financial showing of up to $100,000; it will tell you if it applies.

This guide is general information, not legal advice. Rules change and can depend on your city or county, so confirm with the official agencies linked below before you apply.