

CITY OF BOWLING GREEN, KY
1017 COLLEGE STREET, P O BOX 1410
BOWLING GREEN, KY 42102
PHONE 270-393-3000 FAX 270-393-3636

General Instructions for City of Bowling Green Net Profit Form:

These instructions are provided to aid the licensee in the completion of the net profit form. They are not intended to be all inclusive and therefore should be used as a supplement to Chapter 18 of the Bowling Green City Ordinance as well as the current KRS (67.750 -67.795).

Who Must File:

Corporations, partnerships, sole proprietorships, estates, trusts, and any other entity engaged in an occupation, trade, service, or profession with a business nexus within the corporate city limits of Bowling Green must register and file an Occupational License Fee Return. The return is required for each legal entity or individual that operates a business or provides a service.

A return is still required to be filed if:

- Your business activity resulted in a loss for the year.
- Your business activity ceased prior to the end of your fiscal year. In this case, check the box on page one as a final return giving the date operations ceased and complete the remainder of the net profit return. To ensure account is closed properly, complete a Request to Close Account form available on our website (bgky.org) or contact our offices at 270-393-3000.
- You applied for a business license with the intention of starting a business but never transacted business and do not intend to do so in the future. If this accurately describes your situation, check the box on page one that indicates this is a final return completing the date ceased as the date applied for. To ensure account is closed properly, complete a Request to Close Account form available on our website (bgky.org) or contact our offices at 270-393-3000.

Who Is Not Required To File:

- Individuals whose income is derived from compensation on which the tax has been properly withheld by the employer and reported on a W2 form.
- Business entities that did work of a temporary nature in our City and were required under Chapter 18 of the City Ordinance to file and pay fees as a Transient entity.
- Not-for-profit organizations are required to **register** with the City. They will not be required to file the Net Profit Return as long as the organization has provided proof of recognition from the Internal Revenue Service as having obtained a not-for-profit status. Until that proof is provided, a Net Profit Return will be required to be filed. Exemption is for the Net Profit Return only. Not-for-profit employers are still required to withhold occupational taxes from compensation paid to W2 employees working within the city.

What is Subject to the Fee:

Occupational fees are business license fees, not income taxes. Under the KRS, each entity or individual that conducts business activities are subject to the fee (KRS 67.750). The City of Bowling Green requires this fee to be filed based upon the taxation method of the net profits earned within the City. The net profit amount will be calculated based upon the apportionment method provided under Chapter 18 of the City Ordinance (lines M – T of this return).

When to File:

The net profit return is due to be delivered to the City's Finance Department on or before the 15th day of the 4th month after the end of the fiscal year for that business. If the return is mailed, the postmark must be on or before the required due date. For example, the due date for filers using a calendar year end (12/31) would be April 15.

Extensions: If an extension of time for filing is needed, a separate extension request must be filed before or by the original due date of the return. ***A copy of the Extension Request Form with instructions can be obtained from the city website or by contacting our offices.***

The Extension Request must be submitted with a copy of the Federal Extension request form and accompanied by a payment that is the equivalent of 90% of the amount of license fee estimated to be due or an amount equal to the total liability for the most recent year. The amount paid with the extension can never be less than the \$30.00 minimum fee. ***Please note that even if an extension request is timely filed and approved, the balance amount that is not paid by the original due date will accrue interest at the rate of one percent (1%) per month, or part of a month.***

Penalties for Failure to File and /or Pay:

All license fees remaining unfiled or unpaid after the original due date, or approved extended date, shall be subject to a five percent (5%) penalty per month, or part of a month. The total penalty cannot exceed twenty-five percent (25%) of the total tax due, and cannot be less than twenty-five dollars (\$25). [KRS 67.790]

Interest will also be applied from the original due date to the date of payment, computed at one percent (1%) per month or fraction of a month until paid in full.

Claims for Refunds:

Any tax collected pursuant to the provisions of Chapter 18 of the City Code of Ordinances may be refunded or credited within two (2) years of the date prescribed by law for the filing of a return or the date the money was paid to the tax district, whichever is the later.

For Return to be processed properly and be considered a completed filing, the preparer must:

- Include the occupational account number assigned to the business. If this is the first time filing and an account number has not be assigned, complete a Business Registration Form and submit the registration form with the registration fee, along with the net profit return and payment. See City website for the application to register the business along with detailed instructions on completing the application form.
- Complete the entire form, including calculation for apportionment (if business income is not based on 100%) and the ABC sales deduction worksheet, if a deduction is being taken for the sales of alcoholic beverages.
- Complete the tax year on which the return is being filed as well as the taxpayer's federal identification number or social security number.
- Check appropriate boxes to indicate whether this is an amended return, final return, or if a new address is being given.
- Attach copies of all relevant federal tax forms and related supporting schedules. A return is not considered as filed with our office until the federal tax forms are received.
- Make sure that both the preparer and taxpayer have **signed and dated the return and given contact phone number and email when available.**
- Make sure to claim and apply on the return any credit balances or estimates made previously.
- **Remember even if a loss occurs, the minimum fee of \$30.00 is due with the return.**

Specific Instructions by Line:

Line 1- Enter the gross receipts or sales less returns or allowances (if applicable) per your federal return.

Line 2- *Deduct* the cost of goods sold per attached federal return (if applicable).

Line 3 – *Add* any additional income. For example, but not limited to, net gains or loss, capital gain, interest, dividends, gross rents and gross royalties per attached federal return.

Line 4 – Total of the calculation of lines 1-3.

Line 5- Subtract deductions as shown on the federal schedule.

Line 6 – Amount of net profit arrived at after subtracting line 5 from line 4.

*Lines A through E are items that are **Not Deductible** and must be added back under Chapter 18 of the local ordinance. Calculate total of these items and place that total on line F.*

Lines G through K are items that are **Not Subject** under Chapter 18 of the local ordinance and are deductible. Calculate the total of these items and place on Line L. For further details please reference 18-1.03. **Note that section b. item 1 specifically states that the income from the sales of stock, bonds, and other securities or any interest therein by brokers and persons engaged in conducting such business is determined to be defined as wages and compensation and is subject to the occupational license tax imposed and is therefore not an allowable deduction on line G of the Net Profit return.**

Line 7- Total of the items not deductible from Line F

Line 8 - Total of the items not subject from Line L

Line 9 – This is the adjusted net profit. To arrive at this total, add line 7 to the amount on line 6 and then deduct items not subject found on line 8. The remaining balance is the adjusted net profit to be placed on line 9.

Line 10- Enter the apportionment percentage from Line T. If line 10 uses a figure greater than zero, but less than 100%, the section to calculate the apportionment (lines M through T) must be completed for the return to be accepted. Extend calculation to six decimal places.

Line 11- This line represents the percentage of net profit allocated as subject to the city net profit license fee. To arrive at this total, multiply line 9 by line 10.

Line 12- Multiply the net profit subject to license fees on line 11 by the tax rate of 1.85% and enter the result. ***If total calculated fee on line 12 is less than the required minimum fee due, place \$30.00 on line 12 as the amount of license fee due for this return. Note: If paid after the original due or approved extension date, penalty and interest due must be calculated on line 16 and 17.***

Line 13- If a previous credit exists and/or an estimated payment was made with an extension, place that amount on line 13.

Deduct line 13 from line 12 and if this amount is negative reflecting an overpayment, place the amount arrived at on line 14, if this calculation is positive, reflecting an underpayment, place the amount due on line 15.

Line 14- If an overpayment amount exists on this line, please mark the appropriate box indicating preference of a refund to be issued or a credit be applied to this account

Line 15- If an underpayment amount exists on this line showing a balance due, this is the license fee due with this return, if paid on or before the original due date. If paid after that date, calculate interest and/or penalty due on subsequent lines.

Line 16- Interest is assessed at the rate of one (1%) per month or portion thereof. A fraction of month is counted as an entire month. Multiply the license fee balance due on line 15 by the appropriate percentage and place on this line.

Line 17 – A business entity is subject to a penalty equal to five (5%) of the tax due for each calendar month, or fraction thereof, if the business entity: (a) Fails to file any return or report on or before the due date prescribed for filing or by the approved extension date; or (b) Fails to pay the tax computed on the return or report on or before the due date prescribed for payment.

The total penalty levied pursuant to this subsection shall not exceed twenty-five (25%) of the total tax due; however, the penalty shall not be less than twenty-five dollars (\$25). This penalty is to be assessed on the first day after the original due date and on the first day of each succeeding calendar month until the license fee is paid. Multiply the license fee due on line 15 by the appropriate percentage and enter the result on line 17 (result cannot be less than \$25.00).

LINE 18- Amount due is the total of lines 15, 16, and 17.

*****Remember to make sure the tax preparer and the taxpayer sign, date, and give contact information before submitting the return.*****

If you have any questions concerning this return that is not addressed within these instructions, please contact our offices at 270-393-3000.

Checks are made payable to the City of Bowling Green. **Mail the completed returns with payment to the City of Bowling Green, KY, P.O. Box 1410, Bowling Green, KY 42102-1410.** *If you need to overnight your return or deliver in person the location address is 1017 College Street, Bowling Green, KY 42101.*



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