

**OCCUPATIONAL LICENSE TAX
NET PROFIT RETURN**

DUE APRIL 15TH OR THE 15TH DAY
OF THE 4TH MONTH FOLLOWING
THE CLOSE OF THE FEDERAL TAX
YEAR

Name

Address

City, State & Zip

Phone: (270) 831-1290, ext. 229 or (270) 831-1200
www.cityofhendersonky.org

FOR YEAR ENDED

| | | |
|-------|-----|------|
| | | |
| MONTH | DAY | YEAR |

ACCOUNT NUMBER

| |
|--|
| |
|--|

Final Return (see instructions)
Fill out Form NP completely including questions G & H

No Activity (see instructions)
Place check mark in box if there was no activity.

ALL LICENSEES MUST ANSWER QUESTIONS BELOW:

A. Principal business activity _____

B. What is your Social Security # (If any) _____

C. Your Federal Identification # (If any) _____

D. Home phone _____ Business phone _____

E. Principal Corporation Administrative Officer _____
Address _____

F. Was there a change in ownership during the year?
 Yes Name and address of new owner _____
 No _____

G. Did you cease doing business within the City of Henderson during the last year and anticipate no further operations?
 Yes (If yes, check the box "Final Return" and provide date operations ceased) _____
 No

H. Did you have any employees regularly working in Henderson?
 Yes (If yes, how many?) _____
 No

COMPLETE ONLY ONE COLUMN (Whichever is applicable)

| | <u>Individual</u> | <u>Partnership</u> | <u>Corporation</u> |
|--|-------------------|--------------------|--------------------|
| 1. Net profit or (loss) per Federal Schedule C of Form 1040, or Form 1099 Misc. (Attach Schedule C, Pages 1 and 2) | 1) _____ | | |
| 2. Capital gain from Federal Form 4797 or Form 6252 reported on Schedule D of Form 1040 (Attach Form 4797, Pages 1 and 2 or Form 6252) | 2) _____ | | |
| 3. Rental income or (loss) per Federal Schedule E of Form 1040 (See Instructions) (Attach Schedule E) | 3) _____ | | |
| 4. Net farm profit or (loss) per Federal Schedule F of Form 1040 (Attach Schedule F) | 4) _____ | | |
| 5. Ordinary gain or (loss) on the sale of property used in a trade or business Per Federal Form 4797 (Attach Form 4797, Pages 1 and 2) | 5) _____ | | |
| 6. Ordinary income or (loss) per Federal Form 1065 (Attach Form 1065, Pages 1, 2, and 3 (and Rental Schedule(s))) | | 6) _____ | |
| 7. Taxable income or (loss) per Federal Form 1120 or 1120A or ordinary income or (loss) per Federal Form 1120S (Attach the applicable Form 1120, 1120A, Pages 1 and 2 or 1120S, Pages 1, 2, and 3) | | | 7) _____ |
| 8. State Income Taxes and Occupational License Fees/Taxes deducted on Federal Schedule C, E, and F or Form 1065, 1120, 1120A or 1120S | 8) _____ | 8) _____ | 8) _____ |
| 9. Additions from Schedule K of Form 1065 or Form 1120S (See instructions) (Attach Schedule K of form 1065 or 1120S and Rental Schedules, if applicable) | | 9) _____ | 9) _____ |
| 10. Net operating loss deducted on Form 1120 (Enter as a positive amount. See instructions) | | | 10) _____ |
| 11. Total income (Add Lines 1 through 10) | 11) _____ | 11) _____ | 11) _____ |
| 12. Subtractions from Schedule K of Form 1065 or Form 1120S (See instructions) (Attach Schedule K of Form 1065 or 1120S and Rental Schedules, if applicable) | | 12) _____ | 12) _____ |
| 13. Alcoholic Beverage Sales Deduction (Attach computation) (See instructions) | 13) _____ | 13) _____ | 13) _____ |
| 14. Other adjustments - (See instructions) (Attach schedule) | 14) _____ | 14) _____ | 14) _____ |
| 15. Non taxable income (See instructions) (Attach schedule) | | 15) _____ | 15) _____ |
| 16. Professional expenses not reimbursed by the Partnership (Attach schedule of expenses) | | 16) _____ | 16) _____ |
| 17. Total deductions (Add Lines 12 through Line 16 inclusive) | 17) _____ | 17) _____ | 17) _____ |
| 18. "Adjusted Net Profit" (Subtract Line 17 from Line 11) Enter on Line 23 | 18) _____ | 18) _____ | 18) _____ |

COMPUTATION OF APPORTIONMENT PERCENTAGES

All licensees whose business operations were not conducted entirely in the City of Henderson must complete this part, regardless of profit or loss.

| APPORTIONMENT FACTORS | COLUMN A City of Henderson | COLUMN B Total Everywhere | COLUMN C A + B = C |
|---|-------------------------------|------------------------------|-----------------------|
| 19. GROSS RECEIPTS from sales, rents, work/or services rendered | | | |
| 20. TOTAL WAGES, SALARIES, and other compensation of all employees (See instructions before completing) | | | |
| 21. Total percentages (Add the percentages computed on Lines 19 and 20 of Column C) | | | |
| 22. AVERAGE PERCENTAGE (Line 21 divided by number of applicable percents - see Instructions) | | | |

All percentages in column C should be carried out five (5) decimal places.

TAX COMPUTATION

- 23. Individuals, partnerships, corporations ENTER "adjusted net profit" (From Line 18)..... 23. _____
 - 24. ENTER percentage from Line 22 (Percentage should be carried out five (5) decimal places)..... 24. _____
 - 25. NET PROFITS ALLOCATION (Line 24 x Line 23)..... 25. _____
 - 26. Occupational License Tax (Line 25 x 1.0%)..... 26. _____
 - 27. TOTAL TAX DUE - Enter **\$25** (Minimum fee) or Line 26 whichever is greater..... 27. _____
 - 28. LESS ANY CREDIT DUE FROM PREPAYMENT OF TAX..... 28. _____
 - 29. BALANCE TAX DUE..... 29. _____
 - 30. PENALTY (5% per calendar month or fraction thereof., maximum 25%, **\$25 minimum**) (See Instructions) 30. _____
 - 31. INTEREST (1% per calendar month or fraction thereof) 31. _____
 - 32. TOTAL DUE (Add Lines 29, 30 & 31).....Make checks payable to City of Henderson..... 32. _____
33. If overpayment claimed: Refund Credit to next year

RETURN MUST BE SIGNED - I hereby certify, under penalty of perjury, that the statements made herein and in any supporting schedules are true, correct, and complete to the best of my knowledge.

PREPARER'S SIGNATURE _____ DATE _____

SIGNATURE OF LICENSEE _____ DATE _____

NAME _____ PHONE NUMBER _____

PRINT NAME _____

ADDRESS _____

TITLE _____

GENERAL INSTRUCTIONS

FILING FORM NP

WHO MUST FILE:

Corporations, partnerships, sole proprietorships, estates and trusts or other businesses engaged in an occupation, trade or profession with a business nexus in Henderson, Kentucky.

The City of Henderson Finance Department collects license tax on all income resulting from transacting business within the City of Henderson, Kentucky. There is no minimum income amount which should be earned before you are liable for filing a tax return. The tax is imposed upon the privilege of engaging in the business, profession, occupation or trade within the City of Henderson, Kentucky regardless of the legal residence of the person so engaged.

A Tax Form Must Be Filed Even If:

1. Your business activity resulted in a loss for the tax year. Complete Form NP according to the specific instructions provided. **Minimum tax due is \$25.**
2. Your business was operational for a portion of the tax year but ceased operation prior to the completion of the fiscal period. Complete the tax form according to the specific instructions provided. Check the box labeled "Final". Complete questions F, G, and H, sign the form and return it to the City of Henderson.
3. You were **not actively** engaged in business during the tax year but do intend to resume operations at a future date. Check the box labeled "No Activity". No tax is due for the tax year; however the form must be signed and returned to the City of Henderson.
4. Your business activity ceased prior to the beginning of the tax year but you have not provided written notification that operations ceased. Check the boxes labeled "No Activity" and "Final". Complete question G. No tax is due for the year but the form must be signed and returned to the City of Henderson.
5. You applied for a tax number with the intention of starting a business but **never transacted business** within the City of Henderson and do not intend to do so in the future. Check the boxes labeled "No Activity" and "Final". No tax is due for the year; however the form must be signed and returned to the City of Henderson.

State Exemptions

The following persons are exempt under Kentucky law from the occupational net profits license tax and are not required to file a return:

1. Public Service Corporations which pay an ad valorem tax on property valued and assessed by the Kentucky Department of Revenue pursuant to the provisions of KRS 136.120.
2. Persons whose sole business activity is the manufacture of and/or sale of alcoholic beverages. Persons engaged in the business of manufacturing and/or selling alcoholic beverages are required to file a return, but may exclude the portion of their net profits derived from such manufacture and/or sale of alcoholic beverages on Line 13 (See instructions for Line 13 for more detailed information).
3. Insurance companies incorporated under the laws of and doing business in the State of Kentucky (see KRS 138.320 (4)(5)).
4. Banks, trust companies, combined bank and trust companies, combined trust, banking and title businesses, savings and loan associations whether state or federally chartered.
5. Persons whose sole wages, salaries, commissions, or other compensations earned in Henderson, Kentucky are derived from service as members of the Kentucky National Guard for active duty training, unit training assemblies and annual field training (Such income may be excluded by other taxpayers filing returns).

Special Provisions of Local Laws

The following persons are exempt under Henderson ordinance from the occupational net profits tax and are not required to file a return:

1. Boards of trade, chambers of commerce, trade associations or unions, community chest funds or foundations, corporations or associations organized and operated exclusively for religious, charitable, scientific, literary, educational, or civic purposes, or for the prevention of cruelty to children or animals: clubs or fraternal organizations operated exclusively for social, literary, educational, or fraternal purposes where no part of the earnings, income, or receipts of any such units, groups, or associations inures to the benefits of any private shareholder or individual.
2. Business entities engaged in the letting or rental of any dwelling unit in the city that owns no more than one dwelling unit for lease in the city and whose rents from all dwelling units owned, whether within or outside the city when taken together, do not exceed \$6,000.
3. The farmer's market as provided for in Chapter 11.5, Article II, of the City's Code of Ordinances.

When to File:

Form NP must be delivered or postmarked by the 15th day of the 4th month after the end of the tax (fiscal) year.

Form 1099-SF must be delivered or postmarked by February 28th following the close of the calendar year in which non employee compensation payments were made (See instructions for Form 1099-SF).

Extensions:

An extension of time for not more than six months from the original due date for filing its Net Profit Return (Form NP) will be granted to any business entity so requesting. The extension request must be written and must be postmarked or hand delivered to the City of Henderson on or before the original due date prescribed for filing the Net Profit Return.

The extension request should be submitted using Form NPE (Application for Extension of Time to File Net Profit Return), or by submitting a copy of the taxpayer's federal extension request Form 4868, 8736, or 7004. The extension request shall set out the taxpayers name and account number, the period of time for which the extension is requested and the reason for the request.

An extension of time for filing the Net Profit Return does not extend the time for payment of the tax. Interest at the rate of 1% per calendar month, or part of a month, shall apply to any unpaid tax during the time of extension. Penalty shall apply to any extension request received late or any failure to file by the extended due date. Penalty shall be at the rate of 5% per calendar month, or part of a calendar month, with a maximum penalty of 25%. However, the penalty **shall never be less than \$25.**

Where to File:

All returns should be delivered or mailed to the City of Henderson at PO Box 671, 222 First Street, Henderson, Kentucky 42419-0671.

Signature:

If the return is being filed by a corporation, it must be signed and dated by the president, vice-president, treasurer, assistant treasurer, chief accounting officer or any other corporate officer authorized to sign. If the return is being filed by a partnership, it must be signed by a general partner. If the return is being filed by a sole proprietor, it must be signed by that individual. Additionally, the licensee who signs the return must print his/her name in the area provided.

Accounting Methods:

SEPARATE ACCOUNTING METHOD - is not permitted in the filing of this return. Therefore, if any entity has operations both within and outside Henderson, then the total profit or loss per the Federal return of the entity should be reported on this return. The total profit or loss is to be multiplied by the average percentage of receipts and wages earned in the City of Henderson as calculated in the apportionment formula (Lines 19-22), rather than reporting only the net profit or loss from those operations in Henderson.

Rounding Off to Whole Dollar Amounts:

You may round off cents on the return and accompanying schedules to the nearest whole dollar. To do so, drop any amounts less than 50 cents and increase any amounts from 50 cents through 99 cents to the next highest dollar.

Penalties:

Failure to File - There is a 5% penalty per calendar month or a fraction of a month to a maximum of 25% for failure to file a return by the regular or extended date. The minimum penalty is \$25.00.

Interest:

Interest is computed at 1% per month from the original due date until the time of payment. A fraction of a calendar month is counted as an entire month.

SPECIFIC INSTRUCTIONS

The Occupational License Net Profits Tax Return has been designed to accommodate the filing needs of individuals, sole proprietors, partnerships and corporations. Complete only those items that apply to your operation.

- A. Schedule C, E, F, or 1099 Misc. - Individuals receiving income from operations of a trade, business or profession, complete the column marked INDIVIDUAL. Lines 1 through 31 as applicable.
- B. Form 1065 - Partnerships complete the column marked PARTNERSHIP. Lines 6 through 31 as applicable.
- C. Form 1120, 1120A, 1120S - Corporations complete the column marked CORPORATION. Lines 7 through 31 as applicable.

READ THE INSTRUCTIONS FOR THE ITEMS THAT APPLY TO YOUR OPERATION BEFORE COMPLETING FORM NP.

- Line 1: Enter the net profit or loss as shown on Federal Schedule C or the amount or other income per Form 1040. (Attach a copy of page 1 and 2 of Federal Schedule C)
- Line 2: Enter 100% of the short term capital gains and long term capital gains carried over from Federal Form 4797 or Federal Form 6252 (installment sales) to Federal Schedule D representing gain from the sale of property used in your trade or business. (Attach a copy of Form 4797 or Form 6252)
- Line 3: Enter the total rental income or loss per Federal Schedule E. (Attach a copy of Federal Schedule E)
- Line 4: Enter the net farm profit or loss per Federal Schedule F (Attach a copy of Federal Schedule F). NOTE: Farm losses should be reported only if the farm is located in Henderson. Farm losses for farms located in Henderson are subject to the hobby loss rules (U.S. Department of Treasury Regulations 1.183.1(c) and 1.183.2(b)).
- Line 5: Enter the net gain or loss from the sale of property used in your trade or business per Federal Form 4797. (Attach a copy of form 4797)
- Line 6: Enter the ordinary income or loss per Federal Form 1065. (Attach a copy of Federal Form 1065, Pages 1, 2, and 3 and Rental Schedule(s), if applicable)
- Line 7: Enter the taxable income after special deductions and net operating loss per Federal Form 1120, or 1120A or the Ordinary Income or loss per Federal Form 1120S. (Attach a copy of Federal form 1120, 1120A, 1120S, Pages 1, 2, and 3 and Rental Schedule(s), if applicable)
- Line 8: If a deduction is taken for occupational taxes by an individual on Schedule C, E, F, by a partnership on Form 1065, or by a corporation on Form 1120S, then the amount of those occupational taxes should be inserted on Line 8. If a deduction is taken on Federal Form 1120 for occupational taxes or state taxes based upon income, then the amount of those taxes should be inserted on Line 8.
- Line 9: The following income items which are allocated to the partners or shareholders are not included as income on Federal Form 1065 or 1120S and thus must be added to income on Line 9.
- | | |
|---|---|
| * Net income from rental real estate activities | * Net short-term capital gain |
| * Net income from other rental activities | * Net long-term capital gain |
| * Portfolio income | * Other portfolio income |
| * Interest income | * Guaranteed payments to partners |
| * Dividend income | * Net gain under Section 1231 (other than due to casualty or theft) |
| * Royalty income | |
- Enter total of these items on Line 9. (Attach a copy of schedule K and Rental Schedules, if applicable)
- Line 10: If a deduction is taken on Federal Form 1120 for a net operating loss, then the amount of the net operating loss should be entered on Line 10 as a positive amount.
- Line 11: Add Lines 1 through 10 as applicable. Enter total on Line 11.
- Line 12: The following items which are allocated to the partners or shareholders are not included as losses or expenses on Federal Form 1065 or Form 1120S and are allowed as deductions for occupational tax purposes on Line 12.
- | | |
|---|---|
| * Net loss from rental real estate activities | * Net loss under Section 1231 (other than due to casualty or theft) |
| * Net loss from other rental activities | * Charitable contributions |
| * Portfolio loss | * Expense deductions for recovery property (Section 179) |
| * Net short-term capital loss | * Deductions related to portfolio income |
| * Net long-term capital loss | |

Enter total of these items on Line 12. (Attach a copy of Schedule K and Rental Schedule(s), if applicable)

NOTE: Contributions to KEOGH Plans, Simplified Employee Pension Plan, and Medical Insurance Premiums on behalf of partners or shareholders are not deductible on Form NP.

- Line 13: Follow instructions below for computing alcoholic beverage deduction and attach a copy of the computations to the tax form. Kentucky alcoholic beverage sales divided by total sales equals the alcoholic beverage percentage.
* Individuals - Multiply the alcoholic beverage percentage by the net profit of the business engaged in the sale of alcoholic beverages as reported on Line 1.
* Partnerships - Multiply the alcoholic beverage percentage by the net of Lines 11 and 12.
* Corporations - Multiply the alcoholic beverage percentage by the net of Lines 11 and 12.
NOTE: A deduction may be taken only if the business engaged in the selling of alcoholic beverages has a profit.
- Line 14: Adjustments can be made on Form NP if any sum is elected by the licensee as a credit against its federal income tax liability in lieu of a deduction for business expenses otherwise available to the licensee. Included in this list are the following:
(1) If wages and salary expense is being reduced as a result of the new jobs or win credit.
(2) If the depreciable basis of an asset was reduced by the amount of investment credit claimed, then ACRS depreciation may be taken on that basis reduced over the life of the asset.
- Line 15: Taxpayers may deduct the following amounts without proof of non-unitary source (Attach a Schedule itemizing this deduction):
* Foreign dividend gross-up under Section 78 of the Internal Revenue code.
* Income from controlled foreign corporations under subpart F, not actually received.
* Interest earned on U.S. Obligations.
* Ordinary income from other partnerships or S corporations which is included in income on Line 6 or 7 of Form NP.
- Line 16: Enter the amount of professional expenses claimed by the partners on their individual Form 1040 which are related to, but not reimbursed by the partnership (Include a schedule listing partners name(s), the type of deduction and the amount of each deduction).
- Line 17: Add Lines 12 through 16 as applicable. Enter total on Line 17.
- Line 18: Subtract entry on Line 17 from entry on Line 11. Enter total on Line 18 and Line 23. The entry on Line 18 represents your "Adjusted Net Profit".
- Lines 19-22: Businesses whose total gross receipts and payroll were confined solely to the City of Henderson are to skip Lines 19-22. Proceed to Line 23. Businesses whose total gross receipts and payroll were not confined solely to the City of Henderson must complete Line 19-22. All percentages should be carried out to five decimal places. Gross figures must be used when completing Line 19 and 20.
- Line 19A: "Henderson Gross Receipts." Enter total gross receipts (less returns and allowances) from sales, rents, work or services performed in Henderson.
- Line 19B: "Total Gross Receipts." Enter total gross receipts (less returns and allowances) from sales, rents, work or services performed everywhere per the Federal return.
- Line 19C: "Henderson Receipt Percentage." Divide entry on Line 19, Column A by entry on Line 19, Column B. Enter the resulting percentage on Line 19, Column C.
- Line 20A: "Henderson Gross Wages." Enter total wages paid to employees for work performed within the City of Henderson.
- Line 20B: "Total Gross Wages." Enter total gross wages paid to employees everywhere per the Federal return.
- Line 20C: "Henderson Wage Percentage." Divide entry on Line 20, Column A by entry on Line 20, Column B. Enter the resulting percentage on Line 20, Column C.
- Line 21C: "Total Henderson Percentages." Add entry on Line 19, Column C to entry on Line 20, Column B. Enter result on Line 21, Column C.
- Line 22C: "Average Percentage City of Henderson." If your business has both receipts and wages, (entries on Line 19 and 20, Column B were greater than zero) then divide entry on Line 21, Column C by 2 and enter on Line 22, Column C and Line 24.
However, if the business had either (a) receipts (Line 19, Column B, greater than zero) or (b) wages (Line 20, Column B greater than zero) but not both, the entry on Line 21, Column C, should be transferred to line 22, Column C and Line 24.
- Line 23: Individuals, partnerships, and corporations enter "Adjusted Net Profit" figure from Line 18.
- Line 24: Insert the percentages from Line 22. If taxpayers total business operations are in the City of Henderson enter 100% on Line 24.
- Line 25: Multiply percentage on Line 24 by entry on Line 23. Enter result on Line 25.
- Line 26: "Occupational License Tax" - Multiply Line 25 by 1%.
- Line 27: "Total Tax Due" - Add entry on Line 26 or \$25 whichever is greater.
- Line 28: Enter any credit due from prepayments of tax for the tax year in Line 28.
- Line 29: "Balance Tax Due" - Subtract Line 28 from Line 27. Enter result on Line 29. If Line 28 is greater than Line 27, stop here.
- Line 30: Penalty resulting from late filing or late payment of the occupational tax should be entered on Line 30 (See General Instructions under "Penalty and Interest"). The minimum penalty is **\$25**.
- Line 31: Interest resulting from the late payment of the tax due should be entered on Line 31.
- Line 32: "Total Due" - Add Lines 29, 30 and 31. The amount of this line reflects the total liability for the tax year. Payment of the total tax liability including penalty and interest charges should accompany the return as filed.