

Revised 01/2017

CITY OF PIKEVILLE OCCUPATIONAL TAX NET PROFIT LICENSE TAX RETURN

*****This form must be completed in its entirety. If Federal I.D. or Social Security Number is omitted, this form will be returned to you. If address change applies, you must check the address change box.*****

CHECK IF: ADDRESS CHANGE AMENDED RETURN NO ACTIVITY INITIAL RETURN

| |
|--|
| FEDERAL I.D. OR SOCIAL SECURITY NUMBER |
| |

Name and Address of Business _____

| |
|----------------|
| ACCOUNT NUMBER |
| |

| FISCAL YEAR ENDED | | |
|-------------------|-----|------|
| Mo. | Day | Year |
| | | |

Daytime Phone Number _____

PLEASE NOTIFY THIS OFFICE OF ANY CHANGE IN OWNERSHIP OR NAME AND ADDRESS SHOWN ABOVE

*** ALL LICENSEES MUST ANSWER THE QUESTIONS BELOW***

- A. If FINAL RETURN date operations ceased: _____ (required to close account)
- B. Principle business activity: _____
- C. Date business started in Pikeville _____ / _____ / _____
- D. During the past year did Federal Authorities change or propose to change net income reported for that year or any prior year? _____
If YES, which year(s) was adjusted? _____ (Attach statement of changes)
- E. Principle owner/administrative officer: _____
Address: _____
- F. Was business activity discontinued? When? _____ Dissolution or Sale / Transfer?
If sale / transfer state successor name and address: _____
- G. Did you have employees working in the City of Pikeville? _____
- H. Did you make payments to any individual (other than employees) for services rendered in the City of Pikeville in amounts equaling or exceeding \$600.00? Yes No **IF YES, YOU ARE REQUIRED TO FILE COPIES OF FEDERAL FORM 1099-MISC WITH THE CITY OF PIKEVILLE**

*** ALL LICENSEES MUST COMPLETE PAGE 2 OF THIS FORM BEFORE COMPLETING THIS SECTION ***
PART I - TAX COMPUTATION

| | |
|---|--|
| 1. Enter ADJUSTED NET PROFIT (From Line 14 on the back of this form) | |
| 2. Enter percentage from Line 17 or 18 Page 2 | |
| 3. Net Profits Allocation (Line 1 X Line 2) | |
| 4. License Tax (Line 3 X 2%) | |
| 5. City Minimum License Tax (Non-refundable) (See Instructions) | |
| 6. License Tax Due (the greater of Line 4 or Line 5) | |
| 7. Credits: a. Estimated Payments/Minimum License Fee Paid | |
| b. Extension Payment | |
| 8. License Tax Due (Line 6 minus Line 7) | |
| 9. Penalty - 5% per month, not to exceed 25% - Minimum \$25.00 | |
| Penalty will be assessed on the amount due (Line 8) from original due date of the return unless the payment made with the extension is at least 75% of the tax due (Line 8 plus Extension payment Line 7b). | |
| 10. Interest - 12% per annum (1% per month) Calculate interest on amount owed on Line 8 plus Line 9 from original due date. | |
| 11. Total amount due (overpaid) (Line 8 Plus Lines 9 and 10) | |
| 12. Overpayment <input type="checkbox"/> Credit <input type="checkbox"/> Refund <input type="checkbox"/> | |

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

| | | | |
|--|------------------|--|---------------------------|
| Preparer Signature (Return must be signed) _____ | Date _____ | Taxpayer Signature (Return must be signed) _____ | Date _____ |
| Print Name _____ | Federal ID _____ | Print Name _____ | |
| Address _____ | Phone No. _____ | Title _____ | Social Security No. _____ |

ALL RETURNS RECEIVED WITHOUT PROPER SIGNATURES WILL BE ASSESSED A \$20.00 SERVICE CHARGE.

If you have questions concerning this form visit www.cityofpikeville.com or call (606) 437-5105

Make check payable to: OCCUPATIONAL TAX ADMINISTRATOR
Mail this form along with supporting schedules to: CITY OF PIKEVILLE
 DIVISION OF TAX COLLECTION
 243 MAIN STREET
 PIKEVILLE, KY 41501

This return must be filed and paid in full by the fifteenth day of the fourth month after the close of the fiscal/calendar year, unless an extension of time to file has been granted.

COMPLETE THE APPLICABLE COLUMN AND ATTACH CORRESPONDING FEDERAL SCHEDULES EVEN IF A LOSS WAS INCURRED.

PART II COMPUTATION OF ADJUSTED NET PROFIT

| | INDIVIDUAL | PARTNERSHIP | CORPORATION |
|---|------------|-------------|-------------|
| 1) Non-employee compensation reported as "other income" on Federal 1040 (Attach Page 1 of Form 1040 and Form 1099-MISC if applicable). | | | |
| 2) Net Profit per each Federal Schedule C, E and/or F (If reporting more than one federal schedule separate forms should be filed for each federal schedule). | | | |
| 3) Capital gains on the sale of property used as trade or business per Federal Form 4797 or Federal Form 6252 reported on Schedule D of Form 1040 (Attach Form 4797, Pages 1 and 2 or Form 6252). | | | |
| 4) Ordinary gain or (loss) on the sale of property used a trade or business per Federal Form 4797 (Attach Form 4797, Pages 1 and 2). | | | |
| 5) Ordinary income or (loss) per Federal Form 1065 (Attach Form 1065, Pages 1 thru 5). | | | |
| 6) Taxable income or (loss) per Federal Form 1120 (Attach Pages 1 thru 5) or Ordinary income or (loss) per Federal Form 1120S (Attach Form 1120S, Pages 1 thru 4, Schedule of other Deductions, and Rental Real Estate Income (Attach Form 8825), Net Rental Income (loss) (Attach Schedule(s) if applicable). | | | |
| 7) Occupational license taxes based upon income deducted on the Federal Schedule C, E, F or Form 1065, 1120, or 1120S | | | |
| 8) State income taxes based upon income deducted on the Federal Schedule C, E, F or Form 1065, 1120, or 1120S | | | |
| 9) Additions from Schedule K of Form 1065 or Form 1120S (Attach Schedule K of Form 1065 or 1120S and Rental Schedule(s), if applicable / Other additions Form 1040). | | | |
| a. Net Rental Real Estate Income (Attach Form 8825), Other Rental Activities (Attach Schedule), Royalties (Attach Schedule). | | | |
| b. Net short-term capital gains | | | |
| c. Net long-term capital gains | | | |
| d. | | | |
| 10) Net operating loss deducted on Form 1120 | | | |
| 11) Total Income - Add Line 1 through Line 10 | | | |
| 12) Subtractions from Schedule K of Form 1065 or Form 1120S (Attach Schedule K of Form 1065 or 1120S and Rental Schedule(s), if applicable / Other subtractions Form 1040). | | | |
| a. Section 179 Deduction | | | |
| b. Cash Contributions | | | |
| c. | | | |
| d. | | | |
| 13) Total Deductions - Add Line 12 | | | |
| 14) Adjusted Net Profit - Subtract Line 13 from Line 11. Enter here and on Line 1 on the front page. | | | |

PART III - BUSINESS APPORTIONMENT

| APPORTIONMENT FACTORS | COLUMN A PIKEVILLE | COLUMN B TOTAL EVERYWHERE | DIVIDE (A / B = C) NOTE: All percentages in Column C should be carried out five (5) decimal places |
|--|-----------------------|------------------------------|---|
| 15) PAYROLL FACTOR Compensation paid during the year to employees | | | % |
| 16) SALES REVENUE FACTOR Receipts from the sale, lease or rental of goods, services or property | | | % |
| 17) TOTAL PERCENTAGES | | | % |
| 18) BUSINESS APPORTIONMENT - ENTER HERE AND ON PART 1 LINE 2 OF NET PROFIT LICENSE FEE RETURN If you had both a payroll factor and a sales revenue factor, then divide line 17 by two (2) If you had a payroll factor or sales revenue factor, but not both, then enter the percentage from line 17 on page 1 line 2 . | | | % |

NET PROFIT LICENSE TAX RETURN FORM 228

GENERAL INSTRUCTIONS

The following instructions are provided to aid the taxpayer in the completion of Form 228, Net Profit License Tax Return. They are not intended to be all-inclusive and therefore should be used only as a supplement to the existing ordinances and regulations. If you have any questions that are not addressed in these instructions please refer to the Occupational License Fee Ordinance 0-2008-002.

WHO MUST FILE FORM 228:

Each separate corporation, limited liability company, business development corporation, partnership, limited partnership, registered limited liability partnership, sole proprietorship, association, joint stock company, receivership, trust, professional service organization, or other legal entity engaged in a business with 1) business activity in City of Pikeville and 2) business nexus in City of Pikeville sufficient to justify the imposition of the license tax.

YOU MUST FILE FORM 228 EVEN IF:

- Your business activity resulted in a loss for the tax year. Complete Form 228 according to the instructions provided, sign the form and return to the City of Pikeville Division of Tax Collection.
- You were not actively engaged in business during the year but do intend to resume operations at a future date. Check the box marked "No activity" on Form 228, enter applicable minimum on line 5, sign the form and return it with any payment due.
- Your business activity ceased prior to the beginning of the tax year but you have not provided written notification that operations ceased. Indicate "No activity" and "Final Return" on Form 228, complete question E, sign the form and return it.
- Your business was operational for a portion of the tax year but ceased operation prior to the completion of the fiscal year. Complete Form 228 according to the instructions provided and indicate "Final Return" on the form, complete question E, sign and return it.
- You filled out an application to do business within the city with the intention of starting a business but never transacted business within City of Pikeville and do not intend to do so in the future. Indicate "No activity" and "Final Return" on Form 228, complete question E, sign the form and return it.

DUE DATE

Calendar or Fiscal Year-end: The Form 228 Net Profit License Tax Return must be filed and all taxes paid on or before the fifteenth day of the fourth month after the close of the fiscal/calendar year.

PART II-COMPUTATION OF ADJUSTED NET PROFIT

- Line 1:** Enter the amount of non-employee compensation reported on Federal Form 1099 or the amount of other income per Form 1040. **Note:** Line 1 should only be completed by individuals who received payments for services who are not claiming business expenses and did not own or operate a business during the year. **Attach** a copy of Federal Form 1040, page 1 and Form 1099, if applicable.
- Line 2:** Enter the net profit as shown on Federal Schedule C, C-EZ, E and/or F. Enter \$0.00 for each schedule on which a loss was incurred. **Attach** a copy of pages 1 and 2 of the Federal Schedule(s) C, C-EZ, E and/or F.
- Line 3:** 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 the trade or business. **Attach** a copy of Form 4797, pages 1 and 2, or Form 6252 (Installment Sale Income).
- Line 4:** Enter the net gain or (loss) from the sale of property used in the trade or business per Federal Form 4797. **Attach** a copy of Federal Form 4797, pages 1 and 2.
- Line 5:** Enter the ordinary income or (loss) per Federal Form 1065. **Attach** a copy of Federal Form 1065, pages 1 thru 5, Schedule of Other Deductions, and Rental Schedule(s) if applicable.
- Line 6:** Enter the taxable income or loss 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 or 1120A, or Federal Form 1120S, Schedule of Other Deductions, and Rental Schedule(s) if applicable.
- Line 7:** Enter any deduction taken for state (based on income) by an individual on Federal Schedule C, E or F, by a partnership on Form 1065, or by a corporation on Form 1120, 1120A, or 1120S.
- Line 8:** Enter any deduction taken for local taxes (based on income) by an individual on Federal Schedule C, E or F, by a partnership on Form 1065, or by a corporation on Form 1120, 1120A, or 1120S.
- Line 9:** Enter the total of income items listed below which are allocated to the partners or shareholders and are not included as income on Federal Form 1065 or 1120S. **Attach** a copy of Schedule K, and Rental Schedule(s), if applicable.

| | |
|---|---|
| Net Income from rental real estate activities | Net Short-Term Capital Gains |
| Net Income from other rental activities | Net Long Term Capital Gains |
| Portfolio Income | Other Portfolio Income |
| Interest Income | Guaranteed payments to partners |
| Dividend Income | Net gain under Sec 1231 (other than due to casualty or theft) |
| Royalty Income | |

Line 10: Enter the amount of any net operating loss, if taken as a deduction on Federal Form 1120.

Line 11: Enter the total of Lines 1 through 10, as applicable.



Line 12: Enter the total of the items listed below which are allocated to the partners or shareholders which are not included as losses or expenses on Federal Form 1065 or Form 1120S, as they are allowed as deductions for occupational tax purposes. **Attach** a copy of Schedule K and Rental Schedule(s), if applicable.

- | | |
|---|---|
| Net Loss from rental real estate activities | Net Short-Term Capital Loss |
| Net Loss from other rental activities | Net Long Term Capital Loss |
| Portfolio Loss | Deductions Other Portfolio Income |
| Deductions for recover property (section 179) | Net Loss under Sec 1231 (other than due to casualty or theft) |

Note: Contributions made to any Retirement Plans and/or Medical Insurance Premiums paid on behalf of partners or shareholders are not deductible on Form 228.

Line 13: Enter the total of Line 12.

Line 14: Subtract Line 13 from Line 11. This entry represents your "Adjusted Net Profit" which is also entered on page 1 Line 1.

PART III - BUSINESS APPORTIONMENT

Line 15-18 - Must be completed by all licensees with sales revenue and/or payroll both within and without City of Pikeville. Completion of the schedule allocates to City of Pikeville the proportionate part of the licensee's total business activity attributable to City of Pikeville.

- If your business is conducted entirely within City of Pikeville then this section should **not** be completed. Instead, enter 100% on Page 1, Line 2 of Form 228.

- If the apportionment provisions of this section do not fairly represent the extent of the business entity's activity in the city, the business entity may petition the city or the city may require, in respect to all or any part of the business entity'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 business entity's business activity in the city; or (d) The employment of any other method to effectuate an equitable allocation and apportionment of net profit.

PART I - TAX COMPUTATION

Line 1: Enter the Adjusted Net Profit from Line 14.

Line 2: Enter the Business Apportionment from Page 2 Line 18.

Line 3: Multiply Line 1 by Line 2. Enter the result on Line 3.

Line 4: Multiply Line 3 by two percent (2%). Enter the result on Line 4.

Line 5: Enter Minimum License Tax from Ordinance. (www.cityofpikeville.com)

Line 6: Enter the Greater of Line 4 or Line 5.

Line 7:a Enter any estimated payments made as a negative. **Estimates** or tentative payments can be made at any time during the fiscal year. These amounts will be applied to the current year liability with any overpayment carried forward as a credit or refunded as indicated by the licensee.

Line 7:b Enter payments with extension of time to file.

Line 8: Deduct Line 7 from Line 6. Enter the result on Line 8.

Line 9: If the license tax due is not paid by the original due date of the return then a penalty is assessed at the rate of five (5%) percent for each calendar month the license tax remains unpaid. This penalty is to be assessed on the first day after the due date and on the first day of each succeeding calendar month until the license tax is paid. Even if an extension is obtained, the penalty will be calculated from the original due date. Multiply the license tax due on Line 8 by the appropriate percentage. Enter the result, but not less than \$25.00, on Line 9. **Exception:** If at least 75% of the tax due is paid with the extension of time to file, penalty will not be assessed on the remaining balance.

If an extension is obtained and the return is not filed by extended due date the penalty will be calculated from extended due date if at least 75% of the tax due was paid by original due date.

Line 10: If the license tax due is not paid by the original due date of the return and estimated payments have not been made to cover the amount due on the return, then interest is assessed at the rate of twelve (12) percent per annum. Add the amounts on Line 8 and Line 9 and multiply by the appropriate percentage. Enter the result on Line 10.

Line 11: Add Lines 8 through 10. If the balance is a positive number then enter the balance due on Line 11. **Pay this amount.** If the balance is negative go to Line 12.

Line 12: If Line 11 is a negative number enter the overpayment on Line 12. You **must** indicate if you desire to have the overpayment refunded or applied to future returns as a credit. Refunds for less than \$100.00 will only be given if this is a final return with no future activity expected within the city. Balances of less than \$100.00 will be credited toward future returns. **Note:** The period of limitation for refund of license taxes is two (2) years.

