

FILING INSTRUCTIONS

Kenton County Fiscal Court is the collecting and licensing agent for occupational fees and business license renewals of Kenton County and the cities on this Return. The occupational fee is imposed for the privilege of engaging in any business, professional occupation, or trade within Kenton County and Cities regardless of the legal residence of the party so engaged. Please note that the rate, fee type (gross receipts or net profit), minimum and maximum fee, and City Business License Renewal varies, depending upon where the business activity occurs.

Please note: any business activity conducted within Kenton County is subject to Kenton County Occupational Fees ***IN ADDITION TO*** any City Occupational Fees and Business License Renewal on this Return, including the city of Covington.

The Kenton County and Cities' Occupational Fee Return has been designed for business taxpayers who are making sales, performing work or services, owning and operating rental real estate, or otherwise conducting any business in Kenton County and in any City within Kenton County to file and remit:

- 1) Business License Renewals for each City or the optional Countywide Business License and;
- 2) County and City Occupational Fees on Net Profits or Gross Receipts method which ever apply

WHEN TO FILE:

The Kenton County and Cities' Annual Return of License Fee is due by the 15th day of the 4th month after the end of the Licensee's year end.

A TAX FORM MUST BE FILED EVEN IF:

- The business activity resulted in a loss for the tax year.
- The business activity ceased during the tax year in question. "SUBJECT EARNINGS" for that portion of the tax year must be reported and any FEE DUE paid.
- An occupational license was obtained during the tax year but there was no Business activity or the intended business activity was not initiated.
- No business activity but business wants to maintain an active business license

MANDATORY INFORMATION:

- Account Number assigned by County Occupational License Department
- Federal Identification number or social security number
- Month and Year Ending for fiscal year.
- Federal Business Activity code
- All Corresponding Federal forms and Schedules ***must*** accompany return.

FINAL RETURN:

Check this box and give date business operations under current taxpayer name or date business was sold. Print name and address of new owner or new name of business entity with contact information. Note if a business changes legal structure, i.e. sole proprietor to S Corp, a new application must be completed.

EXTENSION REQUEST FILING INSTRUCTIONS:

NOTE: Federal extension ***does not*** satisfy the requirements for an extension for Kenton County or any City within Kenton County. If an extension of time is needed for filing, check "EXTENSION REQUEST" box on PAGE 1 and complete **Column 7:** estimated payment(90% of tax due) and **Column 9:** 100% of City Business license renewal or line 9b Countywide Business license and remit full payment, total of Column 7 and Column 9 or line 9b, with return by original due date of return. The DUE DATE of the RETURN will be extended 6 months from the original DUE DATE. Any tax due at extended due date will be charged Interest at the Kentucky Tax Interest Rate printed on Line 9e and is due on the TOTAL AMOUNT DUE on Line 9c from the original DUE DATE to the DATE PAID. Check the Actual Return box for returns filed after the Extension.

COLUMN 2 FEE TYPE:

Net means net profit. Tax is calculated using net profit as the amount to be taxed.
Gross means gross receipts. Tax is calculated using gross receipts as the amount to be taxed.

COLUMN 3 SUBJECT EARNINGS:

Subject earnings are the amount of earnings used based on the fee type, Net or Gross, to be multiplied by the rate to arrive at the fee due and to be paid.

Schedule N: Net Profit Method should be used to calculate subject earnings, (net profits) for Kenton County and any City that use fee type, **net**, as the method to allocate net profit earned within Kenton County and particular city, which will be used to calculate fees due.

Schedule G: Gross Receipts Method should be used to calculate subject earnings, (gross receipts) for each City with fee type, gross, as a method to allocating gross receipts earned within a particular city, which will be used to calculate fees due.

Both Schedules accommodate the filing needs of individual sole proprietorships, partnerships, corporations, estates, and trusts.

COLUMN 6 FEE DUE:

Multiply column 3 by column 4 and compare to column 5, minimum and maximum and enter fee due on corresponding line.

COLUMN 7 ESTIMATED PAYMENT/ APPLIED PAYMENT

Estimated payments are due by original due date and 90% of FEE DUE must be paid with extension request or penalty and interest apply to each taxing agency where 90% of tax was not paid by original due date. Enter applied payments here from Extension Return and all other subsequent returns for the year.

IMPORTANT: Taxpayers that are doing business in Kenton County and any City must estimate tax for each taxing agency where business was conducted.

ESTIMATED PAYMENTS RECEIVED WHICH DO NOT INDICATE WHERE TO ALLOCATE WILL BE HELD UNTIL FINAL RETURN IS FILED & CONSIDERED LATE & SUBJECT TO PENALTY & INTEREST.

COLUMN 8 TOTAL AMOUNT DUE:

Column 6 less column 7 and enter result here. If less than zero enclose amount in brackets and credit amount can be netted with tax due to County and other Cities.

COLUMN 9 CITY BUSINESS LICENSE RENEWAL:

City business license renewal is the renewal of the business license for the City(s) that you will be doing business in, in the up coming year ***NOT*** the year you are filing this return for. **If you file on time** you have the option to pay a countywide license fee of \$225.00. That will give you a license in all cities that are listed on this return including the City of Covington. **If the return is late**, the countywide option is ***NOT*** available. For Singular license for City of Covington, file form OL-3 with City of Covington. The form can be found at www.covingtonky.com.

COLUMN 10 PENALTY:

The penalty is calculated on the "FEE DUE" in column 8 and "BUSINESS LICENSE RENEWAL" column 9 that was not received by the original due date at a rate of 5% per month or any portion of a month not to exceed 25%. The penalty amount is the greater of \$25.00 or the amount calculated for Kenton County and each City where the payment is late or does not meet the 90% rule. Penalty also applies to zero returns.

EXAMPLE: If your return is late or your estimated payment does not meet the 90% rule and you conduct business in Elsmere and Bromley the penalty would be a minimum of \$25.00 for Kenton County, \$25.00 for Elsmere and \$25.00 for Bromley for a total of \$75.00 unless the amount calculated for the County and each City is greater than the \$25.00 minimum for the County and each City.

LINE 9e INTEREST:

Interest is calculated on "FEE DUE" and "BUSINESS LICENSE RENEWAL" not received by original due date. Multiply **line 9e** by the Kentucky tax interest rate of 1% per month or any portion of a month, not to exceed 12% per annum.

LINE 9i:

If a Refund is desired, a Refund Application must be submitted. The Form can be found at www.kentoncounty.org.

SIGNATURE OF LICENSEE:

If the return is filed by a CORPORATION, it must be signed and dated by corporate officer authorized to sign the Federal tax return. If the return is filed by a PARTNERSHIP, it must be signed by a general partner. If the return is filed by an INDIVIDUAL or SOLE PROPRIETOR, it must be signed by that individual. **ADDITIONALLY**, the licensee who signs the return must also print his or her name on the line provided.

SIGNATURE OF INDIVIDUAL PREPARING FORM:

The preparer of the RETURN must sign, date, print name and provide phone#.

ACCOUNTING METHODS:

CONSOLIDATED RETURNS are ***NOT*** permitted. If a corporation is required to file an occupational license fee return and is included in a consolidated return, that corporation must submit the following:

- 1) The Kenton County and Cities' Occupational Fee Return and License Renewal form based upon the "SUBJECT EARNINGS" of the individual corporation not the consolidated income of all the corporations.
- 2) A copy of the consolidated Form 1120 or its equivalent.
- 3) A computation worksheet allocating all revenue and expense items on the consolidated Federal return to each corporation included in that return.

SEPARATE ACCOUNTING METHOD is not permitted in the filing of this RETURN. Therefore if any entity has operations within and outside Kenton County, Kentucky, then the total profit or loss, per the Federal return of the entity, must be reported on this RETURN and allocated using SCHEDULE Y on SCHEDULE G or SCHEDULE N. The total profit or loss is to be multiplied by the "ALLOCATION PERCENTAGE" derived from SCHEDULE Y on this RETURN, rather than reporting only the "SUBJECT EARNINGS" from the business activity that was conducted in Kenton County and corresponding Cities'.