

## NET PROFIT LICENSE FEE RETURN INSTRUCTIONS

### GENERAL INSTRUCTIONS

Any individual, partnership, association, corporation (Sub-S corporations may file from information provided on Schedule S or K-1 for individuals), fiduciary or other entity engaged in the operation of any business, profession or enterprise in Caldwell County, Kentucky is subject to an annual one (1.5%) percent net profit tax derived from business, professions or other income earned in Caldwell County under Ordinance No. 06-14-14.

### WHO SHOULD FILE

The Net Profit License Fee Return is to be filed by any entity having receipts within Caldwell County. Non-employee earnings from 1099 misc. are subject income. Receipts from the rental of real estate are subject income. Receipts from farm operation (crops, livestock, rent, leases, royalties, USDA, timber, etc.) are subject income.

### EXTENSION REQUEST

If an extension of time for filing is necessary, it will be granted if we are notified by fax, e-mail or mail by May 15. A copy of your Form 4868, 2699 or 7004 is required. No partial payment is required with your request and no penalty or interest will be assessed if your return is filed timely with full payment at end of extension period.

### ACCOUNTING

The law and regulations of Internal Revenue Code pertaining to methods of accounting for federal income tax shall be applicable to the methods of accounting allowed by Caldwell County. The licensee's income shall be computed for Caldwell County license fee purposes on the basis of the same calendar year or fiscal year required by the federal government. Where a "cash basis", "accrual basis", "long term contract basis" or some hybrid method is used in filing federal income tax returns, the same method must be used in reporting the income reportable for Caldwell County Net Profit License Return purposes.

### LINE-BY-LINE INSTRUCTIONS

**Line 1:** Gross receipts/sales and other income from federal return Schedule C, E F (1040), Federal 1041, 1065, 1120, 1120S. Other income includes all subject earnings on which the 1.5% fee has not been withheld. Report Caldwell County receipts/sale only. Filers whose federal/state return includes income from outside our jurisdiction should report only the percent generated in Caldwell County if your accounting system has not separated during the tax year.

**Line 2:** Enter cost of goods sold, operating expenses and other deductions allowed on federal return. Filers with operations within and outside Caldwell County which used a percent of their total receipts for Caldwell County on Line 1; must use the same percent for expenses reported on Line 2.

**Items not deductible:** A) federal, state and local taxes based on income; B) Caldwell County License Fee; C) Net operating loss deduction; D) capital loss; and E) salaries paid to partners

**Round all dollar amounts to nearest dollar.**

**Line 3:** Subtract Line 2 from Line 1.

**Line 4:** Enter 1.5% of Line 3.

**Line 5:** Ten (10%) percent penalty of amount due on Line 4 if not mailed by due date. NOTE: See extension request.

**Line 6:** Interest will be assessed at 1% per month, not exceeding 10% on amount due on Line 4 if not mailed by due date

**Line 7:** Line 4 plus Lines 5 and 6 (if applicable) is the amount due with return.

**Line 8:** The minimum amount due is \$25.00. If Line 7 is less than \$25.00 the amount due is \$25.00.

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