

City of Madisonville, Kentucky Net Profit License Fee Return Instructions

The City of Madisonville Net Profit License Fee is levied at the annual rate of 2.5 percent of the net profits of all occupations, trades, professions or other businesses engaged in said activities in the City. Specifically included within the foregoing is rental income received from the leasing or rental of real and/or personal property located within the city limits of Madisonville, Kentucky subject to the following exemption: the license fee shall not apply to net income received from the leasing or rental of less than four (4) residential rental units per year. The fee is levied against a partnership, or association as a business entity; therefore, the individual partners or members are not required to file a return on their distributive share of the profits. The Net Profit License Fee Return to be filed by all businesses having some receipts and/or payroll within the City Limits of Madisonville must be based on the net income as reported to the state or federal government. The Net Profit License Fee Return must be filed before April 15, if licensee is on a calendar year, or 105 days after the end of the fiscal year, sale, liquidation or transfer. Checks or money orders should be made payable to the Finance Director, City of Madisonville.

Basis of License Fee

In computing the amount due, the licensee begins with gross income less total deductions as shown by their Federal Tax form shown below. A copy of the completed applicable tax form **MUST** accompany the Net Profit License Fee Return.

Individual Proprietorship	Schedule(s) C, E - 1040 Federal Tax Form
Fiduciary	Federal Tax Form 1041, Schedule E (if applicable)
Partnership	Federal Tax Form 1065, Form 8825 (if applicable)
Corporation	Federal Tax Form 1120/1120S, Form 8825 (if applicable)

Instructions for All Licenses

Section A

Lines 1 through 8 are questions which must be answered by each Licensee. Please answer each question completely.

Section B

- Line 9 Enter Gross income as shown by the appropriate Return.
- Line 10 Enter total deductions as shown by the Return.
- Line 11 Enter Net Income as shown by the Return.
- Line 12 Add items not deductible totaled on Line H of Section C.
- Line 13 Total Lines 11 and 12.
- Line 14 Deduct items not subject totaled on Line N of Section C.
- Line 15 Enter Line 13 less Line 14.
- Line 16 Enter average percentage as determined in Section D.
- Line 17 Enter profits subject to Madisonville License Fee – Line 15 X Line 16.
- Line 18 Enter 2.5% of Line 17.
- Line 19 Deduct credits of minimum license fees, restaurant tax paid, estimated payments.
- Line 20 Balance (Line 18 less Line 19)
- Line 21 Enter Interest.
- Line 22 Enter Penalty.
- Line 23 Enter amount due, Line 20 plus Line 21, plus Line 22. (Pay this amount to the Finance Director, City of Madisonville)

- If an extension is necessary, a written request and copy of Federal application for extension must be submitted to the City of Madisonville before the due date of the Net Profit License Fee Return. If extension is granted, enter date on Line 22. Interest remains due from original due date (See Line 21).

Section C

Section C is provided for the licensee to add (Lines A-H) items which are subject to the License Fee. Most of these appear as a part of the deductions taken on the Federal Return; therefore, they must be added back on Line 12. Lines I-N of Section C provide for the specific deduction of items not subject to the License Fee. Many of these items are only taxable for Federal Income Tax purposes so they must be deducted on Line 14. Attach applicable schedule explaining any deduction on Line M.

Section D

Section D must be completed by taxpayers with business receipts and/or payroll, both within and without the city limits of Madisonville. Completion of the schedule allocates to Madisonville the proportionate part of the taxpayer's total business activity attributable to Madisonville. However, if one of the two factors (business receipts or payroll factor) is missing the remaining factor is the Average or Business Allocation Percentage (Line R of Section D).

Any questions should be directed to the Finance Director, P.O. Box 1270, Madisonville, KY 42431. Phone (270)824-2107

CITY OF MADISONVILLE KENTUCKY - NET PROFIT LICENSE FEE RETURN

Account Number	Fiscal Year End

Date Received	
Check Number	
Check Amount	

Section A	
1. Circle Appropriate: Corporation, Partnership, Individual Owner, Fiduciary	
2. Social Security and/or Federal ID Number(s) _____	
3. Nature of Business _____	
4. Did you have employees working in the City limits this year? Yes No	
5. Have Federal Authorities changed the net income as originally reported for any prior years? Yes No	
6. Business Phone _____	Home Phone _____
7: Business Date(s): Started _____ Discontinued _____ Successor _____	
8. List additional businesses operated subject to Madisonville License Fee. _____	

Section B	
*Enclose one copy of Federal Return & Applicable Schedules (See Instructions)	
9. Total Gross Income per attached Return	\$ _____
10. Total Deductions per attached Return	_____
11. Net Income per attached Return	_____
12. Add items not deductible (Line H, Section C)	_____
13. Total (Line 11 plus Line 12)	_____
14. Deduct Items Not Subject (Line N, Section C)	_____
15. Adjusted Net Income (Line 13 less Line 14)	_____
16. If Section D (Line R) is used enter Average Percentage	_____ %
17. Net Profits subject to License Fee (Line 15 X Line 16)	_____
18. Madisonville License Fee (Line 17 X .025)	_____
19. Credits - Minimum License Fee \$ _____	
and/or Restaurant Tax Paid \$ _____	
and/or Estimated Payments \$ _____	
20. Balance (Line 18 less Line 19)	_____
21. Interest 1% per month or portion of month	_____
22. Penalty 5% per month or portion of month not to exceed 25% Until Paid In Full , \$25.00 minimum (Penalty waived per approved City Extension date of _____)	_____
23. Total Due (Line 20 plus Line 21 plus Line 22)	\$ _____
PAY THIS AMOUNT	

Input Rate

Make Check Payable & Mail to:
Finance Director
City of Madisonville
P.O. Box 1270
Madisonville KY 42431

Section C			
Items Not Deductible - Add		Items Not Subject - Deduct	
A. State or Local taxes	\$ _____	I. Interest Income	\$ _____
B. License Fee under this Ordinance	_____	J. Dividends	_____
C. Net loss from Capital Assets	_____	K. Net Gain from Capital Assets	_____
D. Ordinary Losses (Form 4797)	_____	L. Ordinary Gains (Form 4797)	_____
E. Net Operating Loss Deduction	_____	M. Other Items (Attach Schedule)	_____
F. Partners Salaries (Attach Schedule)	_____	N. Total Deductions (Enter on Line 14) \$	_____
G. Other Items (Attach Schedule)	_____		
H. Total Additions (Enter on Line 12)	\$ _____		

Schedule D			
Allocation Factors	Column A Madisonville	Column B Total	Column C Pct
O. Gross Income (If not applicable write N/A in Column C)	_____	_____	%
P. Total Wages & Salaries (If not applicable write N/A Col C)	_____	_____	%
Q. Total Percents (Line O plus Line P)	_____	_____	%
R. Average Percentage (Line Q divided by number of applicable percents)	Enter on Line 16		%

I hereby Certify that the Statements Made Herein and In Any Supporting Schedules are True, Correct, and Complete to the Best of My Knowledge.

Return Must Be Signed

Signature of Individual Preparing Return _____ Date _____

Signature of Taxpayer _____ Date _____

This return must be filed and paid in full within 105 days after close of fiscal year.

CITY OF MADISONVILLE
FINANCE DEPARTMENT

OCCUPATIONAL TAX RATE CHANGE NOTICE

June 14, 2022

This letter is to inform you that as of July 1, 2022, the City's occupational (net profit & payroll) rate will increase from 1.5% to **2.5%**. City Ordinance Chapter 110.03 was amended and approved upon second reading on June 6, 2022.

This means beginning July 1st, all businesses should withhold 2.5% on wages earned in the City of Madisonville. Enclosed you will find the updated forms with no change in due dates.

Also, enclosed is the revised net profit return. The schedule below lists the appropriate tax rate for each year end. Different rates are being used during the transition year since a portion of your fiscal year was subject to the old rate.

If you have any questions regarding these changes please contact the City Tax Department at 270-824-2102.

Schedule of Effective Net Profit Rates

<u>Tax Year Ending</u>	<u>Effective Rate</u>
July 2022	1.58%
August 2022	1.67%
September 2022	1.75%
October 2022	1.83%
November 2022	1.92%
December 2022	2.00%
January 2023	2.08%
February 2023	2.17%
March 2023	2.25%
April 2023	2.33%
May 2023	2.42%
June 2023	2.50%
July 2023	2.50%
August 2023	2.50%