

**MARSHALL COUNTY OCCUPATIONAL LICENSE FEE
NET PROFIT LICENSE FEE RETURN**

*****This form must be completed in its entirety. Make address changes as needed below.*****

<input type="checkbox"/> CHECK IF ADDRESS CHANGE	<input type="checkbox"/> AMENDED RETURN	<input type="checkbox"/> NO ACTIVITY	ACCOUNT NO. _____	FEDERAL I.D. OR SOCIAL SECURITY NUMBER _____
Name Contact Address				FOR YEAR ENDING ____
Phone No.	Extension	Fax No.		

*** ALL LICENCEES MUST ANSWER THE QUESTIONS BELOW ***

A. Principle business activity: _____

B. Principle owner/administrative officer: _____
Address: _____

C. Was business activity discontinued? _____ When? _____ For Dissolution _____ or Sale/Transfer? _____
If sale / transfer provide: Sucessor Name _____
Sucessor address: _____

YES NO Did you make payments in the sum of \$600.00 or more to any individual for services rendered in this County other than an employee? IF YES, YOU ARE REQUIRED TO FILE COPIES OF FEDERAL FORM 1099.

*** ALL LICENCEES MUST COMPLETE PAGE 2 OF THIS FORM BEFORE COMPLETING THIS SECTION ***

LICENSE FEE CALCULATION

14. ADJUSTED NET PROFIT - From line 13 of Adjusted Net Profit Calculation on page 2	
15. Enter percentage from Line 4 of Business Apportionment Section on page 2	
16. Net Profits Allocation - Line 14 X Line 15	
17. Marshall County License Fee - Line 16 X 1 % (.01)	
18. Credits: Estimated Payments and/or payment made with extension	
19. Balance of License Fees Due - (Line 17 minus Line 18) If negative, skip 20,21,& 22 and enter result on line 23	
20. Penalty - 5 % per month, not to exceed 25% - Minimum \$25 Penalty due on amount owed from original due date, unless full estimated payments were made. If payment not made by extension date, penalty will be calculated back to original due date	
21. Interest - 12% per annum Calculate interest on amount owed on Line 19 from original due date.	
22. Total amount due - Add lines 19, 20, & 21	
23. Overpayment - to be refunded (If line 18 is greater than line 17.)	

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.

Make check payable to: MARSHALL COUNTY TAX ADMINISTRATOR
Mail this form along with supporting schedules to: MARSHALL COUNTY TAX ADMINISTRATOR * P O BOX 114 * BENTON, KY 42025
Phone: (270)527-4725 email: brenda.edwards2@ky.gov

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 a filing extension has been granted

ADJUSTED NET PROFIT CALCULATION.

	INDIVIDUAL	PARTNERSHIP	CORPORATION
1) Non-employee compensation reported as "other income" on Federal Form 1040, W-2 income with no local withholding or unused pastor housing allowance. Precinct worker income is exempt.			
2) Net profit per each Federal Schedule C, C-EZ, E, F or Form 4835 If reporting more than one schedule, losses on one schedule cannot be netted against the other schedules or other income. reported on line 1.			
3) Capital gain from sale of business property as reported on Form 4797, Form 6252 or Schedule D			
4) Ordinary business income or (loss) per Federal Form 1065 Schedule K line 1			
5) Taxable income (loss) per Federal Form 1120 line 30 or Ordinary income (loss) per Federal Form 1120S Schedule K line 1.			
6) State income taxes and occupational license taxes based upon income deducted on the Federal Schedule C, E, F or Form 1065, 1120 or 1120S			
7) Additions to Ordinary Income - Sum of Form 1065 Schedule K lines 2-11 or Form 1120S Schedule K lines 2-10. Guaranteed payments (Form 1065 Sched. K line 4) may be excluded only if reported by the partner.			
8) Net operating loss deducted on Form 1120 Line 29a			
9) Total Income - Add Line 1 through Line 8			
10) Subtractions from Ordinary Income - Sum of Form 1065 Schedule K lines 12 - 13d and 16l or Form 1120S Schedule K lines 11-12d and 14l.			
11) Other Adjustments (Attach explanation and/or Schedule)			
12) Total Deductions - Add Line 10 through Line 11			
13) Adjusted Net Profit - Subtract Line 12 from Line 9. Enter here and on Line 14 on page 1.			

ATTACH THE FOLLOWING FORMS AND RELATED SCHEDULES (as applicable)

Form 1040 pg. 1 and sched. C, C-EZ, E or F and/or Form 4835, 4797 or 6252

Form 1120 pg. 1-2 or Form 1120S pg. 1-4 or Form 1065 pg. 1-5

BUSINESS APPORTIONMENT

APPORTIONMENT FACTORS	COLUMN A MARSHALL CO.	COLUMN B TOTAL EVERYWHERE	COLUMN C DIVIDE (A / B = C)
1) PAYROLL FACTOR Gross compensation paid during the year to employees			
2) SALES REVENUE FACTOR Receipts from the sale, lease or rental of goods, services or property			
3) ADD TOTAL PERCENTAGES			
4) BUSINESS APPORTIONMENT - Enter here and on Line 15 of page 1 If you had both a payroll factor and a sales revenue factor, then divide line 3 by two (2) If you had a payroll factor or sales revenue factor, but not both, then enter the percentage from line 3.			

**MARSHALL COUNTY OCCUPATIONAL LICENSE FEE
NET PROFIT LICENSE FEE RETURN**

INSTRUCTIONS

For additional information contact:

Marshall County Tax Administrator P.O. Box 114 Benton KY 42025

Telephone: (270) 527-4725 Fax: (270) 527-3194 Hours: Monday-Friday 8:00 A.M. – 4:30 P.M.
<http://www.marshallcounty.ky.gov> – Departments, then go to Marshall County Treasurer’s Office

The following instructions are provided to aid the taxpayer in the completion of the Marshall County Occupational License Fee Net Profit License Fee 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 tax ordinance and regulations.

TABLE OF CONTENTS:

WHO IS SUBJECT TO NET PROFIT TAX.....	2
DUE DATE.....	2
AUTOMATIC EXTENSIONS.....	2
STATE EXEMPTIONS.....	3
COMPLETING NET PROFIT LICENSE FEE RETURN.....	3
ADJUSTED NET PROFIT CALCULATION.....	4
BUSINESS APPORTIONMENT.....	4
LICENSE FEE CCALCULATION.....	5

WHO IS SUBJECT TO NET PROFIT LICENSE FEE AND THEREFORE MUST FILE:

Definition of “Resident” Business Entity:

“Resident” is defined as an individual, partnership, association, corporation, limited liability company, sole proprietorship or other entity domiciled in or having **business nexus** in Marshall County.

A business/individual is determined to have “**Business Nexus**” if any of the following occurs for the business/individual:

- Owns property in the jurisdiction
- Pays payroll for work in the jurisdiction
- Has frequent entry into the jurisdiction
- Has sales in the jurisdiction

The Occupational License Fee shall be measured by 1% of the Net Profit from business conducted in Marshall County by a business entity and/or Net Profits generated by rental units located in Marshall County.

Complete the Marshall County Occupational License Fee Net Profit License Fee Return if you are a Corporation filing Form 1120, 1120S or 1120 REIT, Partnership filing Federal Form 1065, a Sole Proprietor filing Federal Schedule C, Schedule E, Schedule F and/or 1099 MISC and the business or job nexus is located in Marshall County.

All partnerships, S corporations, and all other entities where income is “passed through” to the owners are subject to this ordinance. **The occupational license tax imposed in this ordinance is assessed against income before it is “passed through” these entities to the owners. Therefore the owners are not required to file for income “passed through” on a K-1.**

YOU MUST FILE THE NET PROFIT LICENSE FEE RETURN EVEN IF:

Your business activity resulted in a loss for the tax year. Complete the Net Profit Return according to the instructions provided, sign the form and return to the Marshall County Tax Administrator’s Office.

You were not actively engaged in business during the year but intend to resume operations at a future date. Mark “No activity” on the Net Profit License Fee Return form, sign the form and return to the Marshall County Tax Administrator’s Office.

Your business activity ceased operations prior to the beginning of the tax year but you have not provided written notification that operations ceased. Indicate the date business activity was discontinued within the county in “Questions” section, sign the form and return it to the Marshall County Tax Administrator’s Office.

Your business was operational for a portion of the tax year but ceased operations prior to the completion of the fiscal year. Complete the Net Profit License Fee Return according to the instructions provided and indicate the date business activity was discontinued within the county in the “Questions” section, sign the form and return to Marshall County Tax Administrator’s Office.

You applied for an account with the intention of starting a business but never transacted business within Marshall County and do not intend to do so in the future. Indicate “No activity” and write “Final” on the form, sign the form and return to the Marshall County Tax Administrator’s Office.

DUE DATE:

Year Ending December 31: The Marshall County Occupational License Fee Net Profit License Fee Return must be filed and all fees paid on or before April 15 of current tax year.

Year Ending other than December 31: The Marshall County Occupational License Fee Net Profit License Fee Return must be filed and all fee paid on or before the fifteenth day of the fourth month after the close of the fiscal year.

AUTOMATIC EXTENSIONS:

An automatic extension of time for filing the Net Profit License Fee Return will be granted for a period not to exceed any extension granted by the Internal Revenue Service for the filing of the federal income tax return for the same year. The extension request must be a written request properly signed by the authorized agent and received on or before the due date for filing. **A copy of the Federal Form 4868, 8736, or 7004 for the same year may be used for the written request, provided that the Federal Identification Number used for tax reporting purposes is noted.** The extension request submitted must include the account number and payment of estimated tax.

Any automatic extension shall be granted with the understanding that all prior filing and payment requirements have been fulfilled. However, if upon further examination it becomes evident that prior filing and payment requirements have not been fulfilled; interest and penalty shall be assessed in full and in the same manner as though no extension had been granted.

STATE EXEMPTIONS:

The following persons are exempt under Kentucky law from the Net Profit License Fee 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. Insurance companies (not Insurance Agents), race tracks, banks, trust companies, combined bank and trust companies, combined trusts, banking and title business in this state, any savings and loan associations whether state or federally chartered, or income received by members of the Kentucky National Guard for active duty training, unit training assemblies, and annual field training, or upon income received by precinct workers for election training or work at election booths in state, county, and local primary, regular, or special election.
3. Funds received from the state as a share of the tobacco settlement funds to be paid to farmers are exempt from inclusion in net profit for the purpose of calculating the net profit which is subject to this occupational license fee as follows:
 - (1) Any amount received by a producer of tobacco or a tobacco quota owner from the multistate settlement with the tobacco industry, known as the Master Settlement Agreement, signed on November 22, 1998;
 - (2) Any amount received from the secondary settlement fund, referred to as "Phase II," established by tobacco companies to compensate tobacco farmers and quota owners for anticipated financial losses caused by the national tobacco settlement; and
 - (3) Any amount received from funds of the Commodity Credit Corporation for the Tobacco Loss Assistance Program as a result of a reduction of the tobacco quota allotted from the 1998 to the 1999 calendar year as provided under Public Law 106-78, Title 8, Section 803.
 - (4) Boards of Trade, Trade Associations and Not-For-Profit entities.

COMPLETING THE NET PROFIT LICENSE FEE RETURN (READ INSTRUCTIONS BEFORE COMPLETING):

IN ORDER FOR YOUR RETURN TO BE PROCESSED PROPERLY YOU MUST:

- (1) Use the Marshall County Occupational License Fee Net Profit License Fee Return for filing. Tax preparers may use approved substitute forms.
- (2) Complete the ADJUSTED NET PROFIT CALCULATION and BUSINESS APPORTIONMENT on page 2 then the LICENSE FEE CALCULATION on page 1 of the return.
- (3) Attach copies of the appropriate federal tax forms and all supporting documentation. The most common federal tax returns required for each form of business enterprise are as follows:
 - Sole Proprietorship U.S. Treasury Form 1040, Separate Schedules C, D, E, F, W-2, 1099 MISC, etc.
 - Partnership U.S. Treasury Form 1065 including Schedule K
 - Corporation U.S. Treasury Form 1120
 - Sub Chapter S Corporation U.S. Treasury Form 1120 S including Schedule K
- (4) Verify the federal identification number or social security number under which your federal tax return was filed.
- (5) Verify name and address and note any changes. Provide a phone number where the person responsible for the return may be reached during business hours.
- (6) Sign and date the return.
- (7) All questions must be answered completely. If the question does not apply to your business indicate "N/A".

IMPORTANT NOTE:

EACH SEPARATE AND DISTINCT BUSINESS ACTIVITY CONDUCTED BY A SOLE PROPRIETOR REQUIRES A SEPARATE NET PROFIT TAX RETURN. (ONE SCHEDULE PER NET PROFIT TAX RETURN)

***** ANSWER ALL QUESTIONS SPECIFIC TO THE NET PROFIT RETURN *****

LINE A PRINCIPAL BUSINESS ACTIVITY

Enter description of business activity for which this return is being filed.

LINE B PRINCIPAL OWNER/ADMINISTRATIVE OFFICER

Enter owner of business or administrative officer responsible for return.

LINE C WAS BUSINESS ACTIVITY DISCONTINUED?

Indicate with yes or no as to whether the business activity was discontinued in the current year. If so, answer related questions.

**COMPLETE ADJUSTED NET PROFIT AND BUSINESS APPORTIONMENT ON PAGE 2 BEFORE COMPLETING
LICENSE FEE CALCULATION ON PAGE 1**

ADJUSTED NET PROFIT CALCULATION

- 1) Enter any Non-employee compensation reported as “other income” on Federal Form 1040, W-2 income from which your employer did not withhold Occupational Tax and/or portion of Pastor Housing Allowance not spent. Housing Allowance spent on housing expenses is exempt from Federal income tax and is therefore exempt from Occupational Tax. **Income earned as a precinct worker is exempt.**
- 2) Enter the net profit from the following schedules filed with Form 1040 as follows:
 - Federal Schedule C –line 31
 - Federal Schedule C-EZ – line 3
 - Federal Schedule E – line 26
 - Federal Schedule F – line 34
 - Federal Form 4835 – line 32
- 3) Enter gain or (loss) from the sale of business/income producing property as reported on Federal form 6252, 4797 or Schedule D.
- 4) Enter the amount of Ordinary business income (loss) from Federal Form 1065 Schedule K Line 1.
- 5) Enter Taxable income from Form 1120 line 30 or Ordinary business income (loss) from Form 1120S line 21.
- 6) Enter any deduction taken on the applicable Federal tax return or schedules for state or local taxes, (based on income or net profit) regardless of jurisdiction.
- 7) Enter the sum of Form 1065 Schedule K lines 2 through 11 or Form 1120S Schedule K lines 2 through 10, whichever is applicable. Guaranteed payments from Form 1065 Schedule K line 4 **may** be excluded **only if** the payments are included on a Net Profit License Fee Return filed by the partner to whom the guaranteed payments are paid. **All** other amounts from this section of Schedule K should be added back here.
- 8) Enter any Net Operating Loss deduction from Form 1120 Line 29a. Net operating losses deducted on Federal Corporate Income Tax return are not considered deductible for occupational tax purposes and must be added back.
- 9) Add lines 1 through 8.
- 10) Enter the sum of Form 1065 Schedule K lines 12 through 13d and 16l or Form 1120S Schedule K lines 11 through 12d and 14l.
- 11) Enter any other adjustments that are not reported elsewhere such as partnership expenses not reimbursed to partners. A schedule and explanation of adjustments must be attached.
- 12) Sum of lines 10 and 11.
- 13) Line 9 less line 12. Enter here and on line 14 of the License Fee Calculation on page 1.

If 100% of the business is conducted within Marshall County, enter 100% on line 15 of the License Fee Calculation section on page 1 and do not complete the Business Apportionment section on page 2.

BUSINESS APPORTIONMENT

Payroll Factor

Line 1, column A: Enter the total compensation paid to employees for services rendered within Marshall County during the period covered by the tax return. **(NOTE: This amount should equal the amount of payroll reported as being subject to the withholding tax on quarterly returns. Sometimes a difference is noted due to the accrual accounting process. In this situation, the auditor would request the taxpayer to submit a reconciliation of the difference. Typically, the accrual would have an immaterial effect on the license fee due.)**

Line 1, column B: Enter the total compensation paid to employees for services rendered everywhere during the period covered by the tax return. **(NOTE: This amount should equal the deductions reported on the federal income tax returns as compensation of officers, wages and salaries, and cost of labor. It would not include the cost of labor amount for subcontractors. Also, it would not include guaranteed payments to partners deducted on a federal form 1065 because partners are not considered employees.)**

Line 1, column C: Divide column A by column B. Enter the result on Line 1, Column C.

Sales Factor

Line 2, column A: Enter the total gross receipts from sales, rents, and services in the ordinary course or usual trade of business earned within Marshall County during the period covered by the tax return. The business entity must be a resident **or** have business nexus in Marshall County.

Line 2, column B: Enter the total gross receipts from sales, rents, and services in the ordinary course or usual trade of business earned everywhere during the period covered by the tax return. **(NOTE: This amount equals the “gross receipts less returns and allowances” as reported on the federal income tax return. If the taxpayer’s principal business within the locality is rental income, then the amount would include the total gross rents as reported on the federal income tax return. This amount does not include interest, dividends, or sales of business property. If the taxpayer’s principal business is the sale of property, then the sales are reported in the “gross receipts” amount for federal income tax purposes. Income as reported on the federal form 4797 is from casual sales, not from the ordinary trade or business and should not be considered in determining the sales factor.)**

Line 2, column C: Divide column A by column B. Enter the result on Line 2, column C.

Business Apportionment

Line 3, column C: Add column C, lines 1 and 2. Enter the result on line 3, column C.

Line 4, column C: If the % on line 1 and line 2 are both greater than zero, divide line 3, column C by 2. If either line 1 or line 2 is zero, then line 4 should be the same as line 3. Enter the result here and on line 15 of the License Fee Calculation section on page 1.

LICENSE FEE CALCULATION

Line 14 ADJUSTED NET PROFIT Enter the amount of Adjusted Net Profit from line 13 of the “Adjusted Net Profit Calculation” section on page 2.

Line 15 BUSINESS APPORTIONMENT % Enter the % from line 4 of the “Business Apportionment” section on page 2.

Line 16 NET PROFITS ALLOCATION Multiply line 14 by line 15.

Line 17 MARSHALL COUNTY LICENSE FEE Multiply line 16 by 1% (.01).

Line 18 CREDITS Enter any quarterly estimated payments, payment with an extension or other credit due.

Line 19 BALANCE OF LICENSE FEES DUE Line 17 less line 18. If line 18 is more than line 17, enter the difference here and on line 23 and skip lines 20 through 22.

Line 20 PENALTY If the return is not filed timely including extensions, multiply line 19 by 5%. Multiply the result by the number of months between the original due date and the actual filing date. Enter this total (up to 25% of line 19) or the minimum penalty of \$25, whichever is higher.

Line 21 INTEREST If the return is not filed timely, multiply line 19 by 1%. Multiply the result by the number of months between the original due date and the actual filing date. Enter the result on line 21.

Line 22 TOTAL AMOUNT DUE Add lines 19 through 21.

Line 23 OVERPAYMENT If line 17 is more than 18, enter the difference here.

SIGNATURE

If the return is being filed by an individual, the return must be filed by that individual. 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. In all cases, the licensee who signs the return must print his/her name in the area provided.