CITY OF BARDSTOWN
INSTRUCTIONS – NET PROFITS LICENSE FEE RETURN

The City of Bardstown requires an annual license fee of one-half of one percent (.5%) of the net profits of business, profession, or other enterprise, to the extent conducted in or derived from activity within the city limits, when such net profits exceed $15,000. The license fee imposed by this ordinance shall not exceed $300 per year per entity. The Net Profits License Fee Return must be filed by all businesses having receipts and/or payroll within the City of Bardstown. This return must be based on the net income as reported to the U. S. federal government. **The Net Profits 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, if the licensee is on a fiscal year.** Checks or money orders should be made payable to the City of Bardstown and mailed to the address below.

The City of Bardstown also imposes an annual license fee upon all persons, or other activities in the city for the privilege of engaging in such occupations, trades, professions, or other activities, which license fee shall be measured by and be equal to one-half of one percent (.5%) of the gross salaries, wages, commissions, and other compensations earned by such persons for work done or services performed or rendered in the city. It is the duty of each employer, as defined in Article 117.07, who employs one (1) or more persons on a salary, wage, commission or other compensation basis, to deduct monthly or more often, at the time of the payment of such compensation, the license fee on such salary, wage, bonus, incentive payment, commission, or other compensation due by the employer to the employee. The licensee fee shall be deducted by the employer from all compensation that exceeds $15,000 paid to employees for activities in the city. The maximum license fee to be withheld from employees working within the city limits shall be $300 for the portion allocated to the City of Bardstown.

BASIS OF LICENSE FEE

In computing the amount due, the licensee should use the net business income from the appropriate Federal Income Tax Return listed below. Licensees are not required to report the net business income if it exceeds $75,000, but these returns are subject to audit under the provisions of Chapter 117. Deductions for general business expenses will be allowed to the extent recognized and approved as such in determining Federal taxable income, but without deduction of state or local taxes based on income. All expenses connected with the acquisition or carrying of securities, the income from which is not subject under the ordinance, is not deductible. In the case of a limited liability company taxed as a partnership, Sub-chapter S corporation taxed as a partnership, sole proprietorship, partnership, association, or other unincorporated business owned by one (1) or more persons, the license fee, generally, shall be upon each of the individuals, partners or members thereof and not on the partnership, association, or business enterprise as an entity.

The appropriate Federal forms for each business classification are as follows:

Individual	Federal form 1040, Schedule C
Corporation	Federal form 1120
Partnerships	Federal form 1065
Sub-Chapter S corporation	Federal form 1120S
LLC, single member	Federal form 1040, Schedule C
LLC, partnership	Federal form 1065
LLC, corporation	Federal form 1120

LINE ITEM INSTRUCTIONS

Licensees who operate 100% of their business inside the city limits of Bardstown can complete the Net Profits License Fee Calculation and omit the Allocation Schedule. The Adjustment Schedule outlines the federal deductions that are not allowable and the federal income items that are not subject to this ordinance.

1. Enter the adjusted net business income, after adjustments outlined in the Adjustment Schedule. If the licensee's adjusted net business income exceeds $75,000, enter $75,000.
2. Net business income less than $15,000 is exempt from the City of Bardstown license fee. Enter the lesser of $15,000 or the amount on line 1.

3. Subtract the exemption on line 2 from the adjusted net business income on line 1.
4. If the licensee operates both inside and outside the city limits, use the Allocation Schedule to determine the percentage of adjusted net business income taxable under this ordinance.
5. Multiply the percentage times the adjusted net business income on line 1.
6. Multiply the taxable net business income on line 3 by .5% (.005).
7. Carnivals, circuses, and non resident merchants should refer to Section 117.10 for more specific information about the minimum license fees applicable to their operations. All other licensees should enter zero on this line.
8. Enter the larger of the license fee calculated on line 4 or the minimum license fee on line 5. This amount should not exceed $300.
9. Enter any payments made during the year, overpayments from prior returns, or the initial fee paid with the application. Applications for a business license require a $25 initial fee that is allowed as a credit on the net profits license fee return.
10. Subtract the total of payments and credits from the license fee calculated on line 6. If the license fee has been overpaid, indicate whether the overpayment should be refunded or applied to the next return.
11. Enter the balance due if the license fee exceeds the total of payments and credits.
12. Penalties are imposed for returns filed after the due date (unless an extension is granted for the federal return) in the amount of 1% per month, not to exceed ten (10) percent of the amount of the unpaid license fee.
13. Interest is assessed as the rate of one (1)% per month based on the amount of the unpaid license fee for returns filed after the due date.
14. Total the license fee, penalty, and interest amounts on lines 8, 9, and 10.

If an extension is necessary, a copy of the federal application for extension must be submitted to the City of Bardstown before the due date of the Net Profits License Fee Return. Penalties do not apply to extended returns, however, interest is still due on these returns.

ADJUSTMENTS TO FEDERAL NET BUSINESS INCOME

This schedule outlines the items that are not deductible or not subject to the license fee assessed by this ordinance. These adjustments should be added/subtracted prior to determining whether the licensees net business income exceeds the $15,000 exemption or the $75,000 maximum. These items are included in the federal net taxable income calculations and must be adjusted for purposes of the license fee assessed by the City of Bardstown. Licensees are not required to report the amounts of these adjustments, but the returns are subject to audit under the provisions of Chapter 117.

ALLOCATION SCHEDULE

This schedule must be completed by licensees with business receipts and/or payroll, both inside and outside the City of Bardstown. This schedule allocates to Bardstown the proportionate share of the licensee's total business activity attributable to Bardstown. However, if one of the two factors (business receipts or payroll factor) is missing, the remaining factor is the **Average Percentage**.

FOR MORE INFORMATION, VISIT OUR WEBSITE AT WWW.CITYOFBARDSTOWN.ORG

PLEASE NOTIFY THE CITY OF BARDSTOWN, FINANCE DEPARTMENT, IN WRITING, OF ANY CHANGES IN NATURE OF BUSINESS, OWNERSHIP OR MANAGEMENT, ADDRESS, OR TERMINATION OF BUSINESS.

Finance Department
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