

# CITY OF EMINENCE KENTUCKY

## INSTRUCTIONS FOR MAKING RETURNS OCCUPATIONAL LICENSE FEE ON COMPENSATION AND PROFIT ORDINANCE PASSED NOVEMBER 9, 1992

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**INSTRUCTIONS FOR PREPARING AND FILING  
EMINENCE NET PROFITS LICENSE FEE  
RETURN FORM (Bus - 1)**

**Who Must File**

1. Corporations, partnerships, association. Individual proprietorships and fiduciaries for trusts and estates must file on the business form Bus - 1. (A partner in a partnership need not file a return for partnership income since the license fee is paid by the partnership on Income before partners' drawings have been deducted). The beneficiary of an estate or trust need not file on fiduciary income since the license fee is paid by the fiduciary. (Reference Checklist 1, 2&3)

**Rate, filing, payment and period Covered**

1. Rate of license fee is 3/4% (.0075) of net profit earned in the City of Eminence from the beginning to the close of licensee's business year and for each full business year thereafter.
2. 110.06 Minimum Business License.  
Every person conducting a business as defined in this Ordinance shall first obtain a license from the Administrator before the commencement of such business, the fee for which shall be \$50.00 (Fifty Dollars), except as provided in section 110.20. Said fee shall be credited upon the payment of the annual license fee at the time of the annual filing, as provided elsewhere in this Ordinance. One half of any sums collected for the fiscal year beginning 7/1 /92 and ending 6/30/93 shall be credited against any sums due under this ordinance. Provided, further that notwithstanding the amount of profit per license period, all businesses shall pay an annual minimum license fee of \$50.00 except as provided in 110.21.
3. Filing must be made by April 15th by licensees whose taxable year is the calendar year. For all other licensees, filing must be made on or before the 15th day of the fourth month after the close of the fiscal year which has been accepted by the Bureau of Internal Revenue for federal taxation.
4. Returns must be filed with the City of Eminence Clerk's Office. Eminence, Ky. Make checks or Money Orders payable to City of Eminence.
5. Each new business must pay an initial license fee of \$50.00 (except those types covered by regulatory minimum licenses set forth on Check List V).

**INSTRUCTIONS FOR PREPARING AND FILING  
EMINENCE NET PROFITS LICENSE FEE  
RETURN FORM (Bus - 1)**

**How to Compute Net Profits Subject to License Fee**

1. Fill in line 1 of Schedule A (Federal income tax return data).
2. Complete Schedule B. from your Federal income tax return. Items A to E incl. represent items to be added to the net income as shown on line 2, Schedule A; items F to K incl. represent items to be deducted from the net income as shown on line 4, Schedule A.
3. Enter totals from Schedule B to lines 2 and 4, Schedule A respectively and then make the necessary addition and/or subtraction.
4. Line 5 represents the profit from your total business wherever transacted and must be used as a basis for determining the percentage of business in Eminence.
5. Complete Schedule C to determine what percent of your profits shown in Schedule A is subject to the license fee. Column 1 shows total gross receipts (Item 1) and total wages (Item 2) in all areas of operation. Column 2 shows gross receipts (Item 1) and wages (Item 2) in the City of Eminence. Column 3 shows the percentage that the gross sales and the total wages applicable to the City of Eminence bears to the total gross sales and total wages in all areas of operation. Column 3 lines 3 and 4 provide for the computation of an average percentage to be used in line 6, Schedule A.
6. Enter average percentage derived on Line 4 of Schedule C on line 6, Schedule A.
7. Take average percentage (on line 6, Schedule A) of the amount on line 5. This is your net profit subject to the license fee, line 7. Enter as item 1, page 1.
8. Complete page 1, items 2 through 7.
9. Answer all other questions.

**INSTRUCTIONS FOR PREPARING  
AND FILING FORM E.Q. 3**

Every Individual whose earnings within the City of Eminence are from salaries, wages, commissions, or other compensation received from one or more employers, and the Occupational License Fee was NOT deducted, by the employer, must file on Form EQ-3. at the rate of 3/4% (.0075). If the license payer has conducted a business or other activity, return must also be made on Eminence Net Profits License Fee Return Form (Bus-1).

The return is to be made for the same period as your federal income tax return. List all information in connection with your employment where the employer did not withhold the Occupational License Fee. Earnings include salaries, wages, commissions, tips, bonuses, incentive payments, etc., whether received directly or through an agent, and whether in cash or in property for services rendered with the City of Eminence on and after January 1, 1993. Board, lodging and similar items must be included as earnings at their fair market value. An individual shall be liable to a fine provided by ordinance for failure to file a return and/or to pay the license fee, or for filing a fraudulent return. Interest and penalties are also provided for late filing.

## **INSTRUCTIONS FOR PREPARING AND FILING FORM E.Q. 3**

**(Reverse side of form)**

Each employer (except those specifically exempt by ordinance) of one or more persons must withhold the license fee of 3/4% (.0075) from gross salaries, wages, and commissions paid\* All employees are subject to the license fee except domestics, including employees of organizations in a business that is not subject to the license fee. (Reference Check List 3 & 4)

### **Quarterly Return**

A quarterly return for all license fees withheld must be filed and the license fee paid by the last day of the month following the close of the calendar quarter.

An employer shall be liable to a fine and imprisonment as provided by ordinance for failure to file a return and/or to pay the license fee or for filing a fraudulent return. Interest and penalties are also provided for late filing.

- Item 1            Enter total number of employees before eliminating those who are non-taxable.
  
- Item 2            Enter total salaries, wages, commissions, incentive payments, bonuses and other compensation paid all employees during quarter for which return is prepared. If no salaries, wages, or other compensation was paid during this quarter, so Indicate and file Form E.Q. 1 with explanation.
  
- Item 3            Enter that portion of the compensation paid employees for services rendered outside the City of Eminence.
  
- Item 4            Represents the difference between items 2 and 3.
  
- Item 5            Shall be the actual license fee due at the rate of 3/4% (.0075)
  
- Item 6            Enter any prepayments of tax, if applicable.
  
- Item 7            If applicable. interest to be computed at 1% per 30 days or fraction thereof delinquent.
  
- Item 8            If applicable, penalty of 10% for delinquent payment.
  
- Item 9            Total payment made to City of Eminence including penalty and interest.

Sign return and mail by due date.

## **INSTRUCTIONS FOR PREPARING AND FILING FORMS**

### **(Reconciliation of Eminence License Fee Withheld) (Form Bus-3)**

The above form must be filed with the Clerk's Office, Eminence, Kentucky on or before January 31. This report may be in the form of a typed list and must show: 1) Employer's name and address; 2) total number of employees as listed; 3) amounts of License Fees paid quarterly during preceding year; 4) name of employee, employee social security number, employee address, gross wages paid and Occupational License Fee withheld; 5) total remitted for year should correspond with total of individual listings of Occupational License withheld.

If unable to complete this report on Reconciliation Form and Page 2 Continuation Form - additional forms will be sent on request. The employer's name must be shown at the top of each page.

An adding machine tape listing the amount of Eminence occupational license fee withheld as indicated by individual employee's statement shall be attached hereto.

A company computer printout or copies of W-2 will be accepted in place of Reconciliation form.

## CHECK LIST - I

### Net Profits or Gross Receipts Subject to License Fee

1. Net profits from sales of merchandise delivered to customers in the City.
2. Net profits from services performed for customers in the City.
3. Fees, tips, bonuses and commissions of independent contractors who are not classified as employees.
4. Salaries, wages, etc., of all individuals working in the City in proportion to the total amount of working time in all locations.
5. Insurance commissions earned on policies solicited in the City or earned on policies sold to residents of the City.
6. Compensation received in property or services in lieu of cash (computed at fair market value).
7. The difference between a reasonable fair market value and cost of goods transferred between manufacturing branches of the same company where normally no cash value is stated.
8. Receipts from the sale of real property by a dealer, agent, or broker.
9. Rents from warehouses, office buildings, and other commercial structures.
10. Rents from apartment houses and dwellings.
11. All other net profits of business, trades, occupations, or professionals conducted within the City and not otherwise exempt.

**Note: To arrive at net profits or net receipts, the same operating expense deductions are permissible as used on the federal income tax return.**

(These do not include federal and state income taxes.)

## **CHECK LIST - II**

### **Exemptions**

1. Old age benefits, retirement payments, disability and unemployment insurance payments, death benefits and similar receipts.
2. Interest on corporation bonds, government obligations, etc. where such income is not incident to the operations of a business activity.
3. Dividends where such income is not incident to the operation of a business activity.
4. Royalties, patents and copyrights.

## CHECK LIST-III

### Those Who are Subject to the License Fees

1. Individuals.
2. Partnerships and other unincorporated associations or groups. (License fee shall be paid by the partnership on net profit before deduction of partners' salaries and other non-deductible distributions.)
3. Corporations.
4. Fiduciaries of estates and trusts engaged in activities producing income.
5. Employers who have employees working full or part time in the City must withhold from salaries, wages, commissions, etc., paid to such employees and pay the license fee.
6. Owners of clubs, theaters and other places furnishing entertainment shall be considered as employers of such entertainers except as provided by ordinance.
7. Employees of all governmental agencies (state, federal and local).
8. Insurance and real estate agents who are classified as independent contractors shall file their own returns.
9. All other Independent contractors.
10. Any individual or organization conducting a business or profession in the City even though they do not have an office, store, or permanent place of business located with the City.
11. All corporations, partnerships and individuals engaged in the rental of real estate holdings.
12. Employees of organizations exempt from the net profits license fee.

**CHECK LIST - IV**  
**Those Who are Exempt from the License Fee**

110.05 Exemptions.

- (1) Wages, salaries or other compensation received by the domestic servants employed in a private home shall, because of the undue burden of administration be exempt from the operation of this Ordinance.
- (2) Bona fide non-profit organizations shall be exempted from the requirement of filing an annual return of net profits and from the payment of an annual license fee, but such exemption shall not extend to the requirement of withholding and reporting license fees for employees of such governmental entities or non-profit organizations.
- (3) An organization doing business exclusively with the City or County, including any department or commission of the City of County.

**CHECK LIST-V**

**Those Businesses or Occupations Covered by Regulatory  
Licenses to be Paid in Advance**

1. Special Events - \$25.00 per event  
Special events shall include but not be limited to (a) dances (b) shopping centers or retail merchant association events involving persons other than their regular merchants (c) auctions of real or personal property by persons who do not otherwise hold an occupational license.
2. Farmers Markets.  
Notwithstanding any other provision in this Ordinance, a single license shall issue to the sponsor of farmers produce markets. The license fee shall be a maximum of \$50.00 per year, provided that if business is not conducted for more than 6 months in any calendar year, the license fee shall be \$25.00 per calendar year.
3. Burglar alarms serviced by City.
  - (1) Resident business, \$ 15 per year.
  - (2) Nonresident business. \$50 per year.
4. Yard Sale - \$5.00 per day (Not to Exceed 2 Days Each)  
There shall be a limit of two yard sales per year at any one location and a limit of two yard sale permits per year issued to any one person. The owner or occupant of the premises where the sale is located shall purchase the permit and shall list the names of all other persons participating in a yard sale, who should also be deemed persons to whom a permit is issued, although, no fee shall be required of them. In excess of 2 sales - pay the flat \$50.00.

(5) Circuses - \$75.00 per day

(6) Fortune tellers.

Any person engaging in the practice of being a medium, clairvoyant, soothsayer, fortuneteller, palmist, phrenologist, spiritualist or like activity shall pay an annual license fee of \$ 1,500.00. Nothing contained in this section shall be construed to apply to person pretending to tell fortunes as a part of any play, exhibition, fair or amateur show presented by any religious, charitable or benevolent institution.

(7) Amusement devices.

Every person, firm or corporation conducting or engaging in the business of operating, renting, leasing, selling, distributing or installing any machine, board, table or device where same is operated by the insertion of a coin, or any counter device where same is operated or otherwise, used for amusement or skill, except those used solely for the purpose of vending chewing gum, peanuts, candy, cigarettes, soft drinks or other merchandise and about which there is no element of amusement or skill, shall pay a license fee \$ 10.00 per year for each machine. The license shall be publicly displayed on each machine.

(8) Ice Cream Vendors

Any person, association or corporation engaged in the businesses of retail distribution or sale of packaged ice cream or other frozen confections and employing for that purpose carts, bicycles, wagons or other vehicles propelled by hand, foot or other means, shall pay an annual license fee of \$10.00 each such vehicle employed.

(9) Itinerant businessman and contractors.

All persons, agencies, corporation, associations, or any other business engaging in any temporary or transient occupation not included elsewhere in this chapter, shall pay a license fee of \$35 per year or any portion of a year spent in transacting that occupation in the City

(10) Peddlers. Canvassers, Solicitors and Transient Merchants -\$25.00 per day per person.

### **110.15 PENALTIES -- INTEREST**

- (A) All license fees imposed by this ordinance remaining unpaid after they become due shall be deemed delinquent and shall have added thereto a penalty of 10%, and shall thereafter bear interest at the rate of 1% for each month or fraction of a month until paid. Any employer who fails or refuses to withhold monthly the license fee measured by a percentage of salaries, wages and the like, or who fails to pay that money, after withholding the same, to the Administrator at the time it is due, shall become liable for the amount due and the same shall have added thereto a penalty of 10%, and shall thereafter bear interest at the rate of 1% for each month or fraction of a month until paid.
- (B) No person or corporation shall fail, neglect, or refuse to make any return required by this ordinance; nor shall any employer fail to withhold license fees or to pay over to the City fees withheld under the terms of this ordinance; nor shall any person refuse to permit the Administrator or any agent or employee designed by him, to examine him, or his books, records and papers, or knowingly make any incomplete, false, or fraudulent return, or attempt to do anything whatever to avoid the full disclosure of the amount of earnings, compensation, or profits subject to the terms of this ordinance in order to avoid the payment of the whole or any part of the license fee.

### **110.99 PENALTY**

- (A) Any person, firm, or corporation who shall engage in any occupation without first obtaining the required license therefore or who shall fail to pay the required license fee when the same shall be due, shall be guilty of a misdemeanor, and upon conviction thereof shall be fined not less than \$100 nor more than \$500 for each offense. Each day any person, firm or corporation continues to operate without a required license shall be deemed a separate offense.
- (B) Whoever violates § 110.15(B) shall, upon conviction, be subject to a fine or penalty of not less than \$300 nor more than \$750 for each offense, within the discretion of the court, in addition to any or all of the other penalties provided for in this chapter.

The instructions contained herein are designed to simplify the making of returns under Ordinance passed November 9, 1992.

For more detailed information please refer to the ordinance which shall govern.

### **City of Eminence, Kentucky**