



December 1, 2004

Dear Taxpayer,

Please find enclosed your 2004 Form NP100, Net Profit License Tax Return and Instructions. Please note the following changes from 2003 filings:

- The Net Profit License Tax Return has been redesigned to reflect the combined reporting of the three jurisdictions and to adopt the layout that was proposed as standard reporting throughout the state as a result of KRS 67.750-67.795. The return now has separate worksheets depending upon the business form and the allocation calculations have been moved to page 2 of the return.
- On August 19, 2004 the Georgetown City Council adopted a \$10,000 net profit exemption for sole proprietors 65 years of age and older. This exemption is intended to replace the old \$3,000 exemption that was not included in the ordinance passed September, 2003. This change is effective for tax years **beginning on or after** January 1, 2004.
- On August 19, 2004 the Georgetown City Council adopted a provision that defines when a required estimated tax payment paid with a timely filed net profit extension request is deemed made in "good faith". The provision states that in those cases where the estimated tax payment equals 50% or more of the license tax shown due on the extended return and the additional tax due plus interest is paid by the extended due date then the estimate will be presumed to be made in "good faith" and no penalty will be assessed. This provision does not affect the calculation of the interest due. This change is effective for tax years **beginning on or after** January 1, 2004. Please be aware that this provision was not adopted by the Scott County Fiscal Court or the Scott County Board of Education. However, to aid in taxpayer compliance this provision will be used as a guideline for the determination of "good faith" for those jurisdictions as well.
- Beginning with net profit extensions granted after January 1, 2005, you will no longer receive a written approval from our office. You will still be required to submit a request and remit the estimated tax liability but similar to the IRS the extensions will be granted automatically and you will be notified only if the extension is denied. Also, these extensions will be issued under the assumption that all previous filings and payments have been made.

- Effective January 1, 2004 the \$25.00 minimum license fee assessed by the City of Georgetown was repealed. As a result, the minimum license fee paid with your 2003 Net Profit License Fee Return will be allowed as a credit on the 2004 Net Profit License Tax Return **for the City of Georgetown only**. This is a nonrefundable credit. Therefore if the City of Georgetown license tax liability for 2004 is less than \$25.00 no refund is due and the remaining credit cannot be used to offset the liabilities of the other jurisdictions.
- Effective for tax years beginning on or after January 1, 2004, the penalty provisions have been changed. The minimum penalty is \$25.00 and the maximum penalty is twenty-five percent (25%) of the license tax due. This includes returns that are **filed** past the due date regardless of whether the return indicates any license tax due. The minimum and maximum penalties apply separately to each taxing jurisdiction (city/county/school).

In addition, the GSCRC has a new web site (www.gscrevenue.com) that can be used to download forms and other documents as well as request information and submit questions. We plan on using the site as another method of keeping you informed of important changes and due dates so please check the web site on a regular basis.

Please note that if you are to receive forms for payroll withholding they are being mailed to you in a separate mailing.

If you have any questions or need further assistance, please call (502) 863-9805.

Sincerely,

Jeffrey A. Morris, Director
GSCRC