



Revenue Commission

2004

Form NP100

Net Profit License Tax Return

And

Instructions

For additional information contact:

Georgetown/Scott County Revenue Commission

P O Box 800

Georgetown, KY 40324

Telephone: (502) 863-9805

Fax: (502) 863-9808

Hours: Monday-Friday

8:00 A.M. – 4:00 P.M.

<http://www.gscrevenue.com>

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General Instructions

The following instructions are provided to aid the taxpayer in the completion of Form NP100, Net Profit License Tax 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 license tax ordinances and regulations.

WHO MUST FILE FORM NP100:

Corporations, partnerships, sole proprietorships, estates and trusts, or other business entities engaged in a business with 1) business activity in Georgetown/Scott County and 2) business nexus in Georgetown/Scott County sufficient to justify the imposition of the license tax.

YOU MUST FILE FORM NP100 EVEN IF:

Your business activity resulted in a loss for the tax year. Complete Form NP100 according to the instructions provided, sign the form and return to the Georgetown/Scott County Revenue Commission (GSCRC).

You were not actively engaged in business during the year but intend to resume operations at a future date. Check the box marked "No activity in jurisdiction" on Form NP100, sign the form and return it to the GSCRC.

Your business activity ceased prior to the beginning of the tax year but you have not provided written notification that operations ceased. Indicate "No activity in jurisdiction" and "Final" on Form NP100, complete question D, sign the form and return it to the GSCRC.

Your business was operational for a portion of the tax year but ceased operation prior to the completion of the fiscal year. Complete Form NP100 according to the instructions provided and indicate "Final" on the form, complete question D, sign and return it to the GSCRC.

You applied for a business license with the intention of starting a business but never transacted business within Georgetown/Scott County and do not intend to do so in the future. Indicate "No activity in jurisdiction" and "Final" on Form NP100, complete question D, sign the form and return it to the GSCRC.

Due Date

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| Year ending December 31: | The Form NP100, Net Profit License Tax Return must be filed and all taxes paid on or before April 15, 2005. |
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| Year ending other than December 31: | The Form NP100, Net Profit License Tax Return must be filed and all taxes paid on or before the fifteenth day of the fourth month after the close of the fiscal year. |
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General Instructions, Continued

Automatic Extensions

An automatic extension of time for filing the Net Profit License Tax 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 licensee or a duly 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 licensee's federal identification number used for occupational license tax reporting purposes is plainly noted thereon.** The extension request submitted by the licensee or his agent shall set out the licensee's name and account number maintained for filing purposes, the period for which the extension of time for filing is desired, the length of extension and reason therefore.

An automatic extension of time for filing the Net Profit License Tax Return does not extend the time for payment of the license tax. Payment of the estimated license tax liability must accompany the request for extension. Merely sending a tentative or estimated payment is not an acceptable request for an extension, and the written request for the extension must be on a separate paper from the check by which any estimated payment is made.

Interest at the rate of twelve (12) percent per annum shall apply to any unpaid license tax during the period of extension and shall be included with the amount remitted in payment of the license tax at the time of filing the Net Profit License Tax Return. No penalty shall be assessed in those cases in which all filing and payment requirements have in good faith been fulfilled and the final license tax and interest is paid with the filing of the Net Profit License Tax Return within the period as extended. The required estimated license tax payment is presumed to have been made in good faith provided that the taxpayer remits with the timely filed extension request 50% or more of the license tax liability as indicated on the extended Net Profit License Tax Return.

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 tax 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. Persons whose **sole** business activity is the manufacture of and/or sale of alcoholic beverages. (However, persons having only a portion of their business activity being derived from the manufacturing and/or selling of alcoholic beverages are required to file a return, but may exclude that portion of their net profits derived from such manufacture and/or sale of alcoholic beverages. See instructions for more detailed information.)
3. Life insurance companies incorporating under the laws of and doing business in the Commonwealth of Kentucky. (See KRS 136.320(4)(5)).
4. Banks, trust companies, combined banks and trust companies, combined trust, banking and title businesses and savings and loan associations, whether state or federally chartered.

General Instructions, Continued

5. Persons whose sole wages, salaries, commissions or other compensations for work performed or services rendered in Georgetown/Scott County, Kentucky, are derived from service as members of the Kentucky National Guard for active duty training, unit training assemblies and annual field training.

Special Provisions of Local Laws

The following persons are exempt under applicable ordinances from the net profit license tax and are not required to file a Net Profit License Tax Return:

- a) With regards to income exempt from federal taxation, boards of trade, chambers of commerce, trade associations or unions, Community Chest funds or foundations, corporations or associations organized and operated exclusively for religious, charitable, scientific, literary, educational or civic purposes, or for the prevention of cruelty to children or animals; clubs or fraternal organizations operated exclusively for social, literary, educational or fraternal purposes where no part of the earnings, income or receipts of any such units, groups or associations inures to the benefits of any private shareholder or individual. Proof of Internal Revenue Service approval of not-for-profit status must be furnished upon application for a business license or upon the request of the Georgetown/Scott County Revenue Commission.
- b) Nonresidents who sell farm products, other than trees, shrubs, or ornamental plants, in Scott County, or nonresident owners who sell livestock in Scott County or who board livestock in Scott County for breeding purposes.
- c) Persons authorized by the City of Georgetown, City of Stamping Ground, City of Sadieville, City of Oxford or the Scott County Fiscal Court to demonstrate, sell or offer for sale any goods, wares or merchandise at an annual, semi-annual or other festival or arts and crafts show.
- d) 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 tax 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.

Note: Those organizations that pay wages, salaries, commissions or other compensation for work performed or services rendered within Georgetown/Scott County must apply for a business license and submit withholdings on those wages, salaries, commissions or other compensation.

PLEASE READ THE INSTRUCTIONS BEFORE COMPLETING FORM NP100

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| Taxpayer Information |
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In order for your return to be processed properly you **must**:

- file using Georgetown/Scott County Revenue Commission Form NP100, Net Profit License Tax Return.
- complete and attach the appropriate Worksheet used to determine the Adjusted Net Profit per Line 1 of Form NP100, Net Profit License Tax Return.
- enter or verify the year for which the return is filed.
- enter or verify the federal identification number or social security number under which your federal tax return was filed.
- clearly indicate or verify the name and address of the business and note any changes.
- sign and date the return.
- attach copies of the appropriate federal tax forms and all supporting documentation. The following is a list of the most common federal tax returns required for each form of business enterprise.

| | |
|---------------------------|--|
| Sole proprietorship | U.S. Treasury Form 1040, Separate Schedules C, D, E, F, etc. |
| Fiduciary | U.S. Treasury Form 1041 |
| 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 |

All questions must be answered fully. If the question does not apply to your business indicate “NA”.

Line A: Enter a business telephone number, including area code.

Line B: Enter the principle business activity of the entity.

Line C: Enter the principle owner and/or administrative officer’s name.

Line D: If the business was discontinued in the current or a prior year enter the date the business ceased operations. In addition, indicate whether the business was dissolved or sold. If the business was sold enter the name and address of the purchaser.

Line E: Indicate if the business entity is an affiliate of a consolidated corporate federal return.

Line F: Indicate whether or not the business had employees within Georgetown and or Scott County during the period covered by the Net Profit License Tax Return. If so, enter the number of employees.

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| Due date of return: | THE FIFTEENTH DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE FISCAL YEAR (APRIL 15, 2005 FOR CALENDAR YEAR FILERS) |
| Make checks payable to: | GEORGETOWN/SCOTT COUNTY REVENUE COMMISSION (abbreviated G.S.C.R.C.) |
| Mail returns to: | GEORGETOWN/SCOTT COUNTY REVENUE COMMISSION P O BOX 800 GEORGETOWN KY 40324 |

Line-by-line Instructions for Form NP100, Net Profit License Tax Return, Continued

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| Tax Computation |
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Line 1: Enter the Adjusted Net Profit from the applicable Worksheet. This worksheet **must** be completed in order to determine your Adjusted Net Profit.

Line 2: Enter the average allocation percentage from Worksheet Y, Line 4, Column C, Parts I, II and III.

Line 3: **CITY OF GEORGETOWN SOLE PROPRIETORS ONLY** – Subtract the \$10,000 net profit exemption if the owner of the business is age 65 or older on the last day of the taxable year. **SCOTT COUNTY ONLY** – Subtract the \$10,000 net profit exemption.

Line 4: Scott County School multiply Line 1 by Line 2. Enter the result on Line 4.

For City of Georgetown and Scott County multiply Line 1 by Line 2 then subtract Line 3. Enter the result on Line 4.

Line 5: Occupational tax rate.

Line 6: Multiply Line 4 by the license tax rate. Enter the result on Line 6.

Line 7: Enter on Line 7 any credits due. Indicate which of the following credits are being used.

- **Estimates** or tentative payments can be made at any time during the fiscal year. These amounts will be applied to the current year liability with any overpayment carried forward as a credit or refunded as indicated by the licensee.

NOTE: Effective for tax years commencing on or after January 1, 2004 licensees with a license tax liability that exceeds \$5,000.00 are required to submit quarterly estimated payments. Refer to License Tax Regulations, First Edition or contact the GSCRC for additional information.

Line 8: Deduct Line 7 from Line 6. Enter the result on Line 8.

Line 9: If the license tax due is not paid by the due date of the return then penalty is assessed at the rate of five (5%) percent for each calendar month or fraction of calendar month the license tax remains unpaid. This penalty is to be assessed on the first day after the due date and on the first day of each succeeding calendar month until the license tax is paid. The maximum penalty due is twenty-five (25%) percent of the license tax due and the minimum penalty is \$25.00. The minimums and maximums are to be applied separately to each jurisdiction. Multiply the license tax due on Line 8 by the appropriate percentage. Enter the result, but not less than \$25.00, on Line 9.

Line 10: If the license tax due is not paid by the due date of the return then interest is assessed at the rate of twelve (12) percent per annum. Multiply the license tax due on Line 8 by the appropriate percentage. Enter the result on Line 10.

Line 11: Add Lines 8 through 10. If the balance is a positive number then enter the balance due on Line 11. **Pay this amount.** If the balance is negative go to Line 12.

Line 12: If Line 11 is a negative number enter the overpayment on Line 12. You **must** indicate if you desire to have the overpayment refunded or applied to future returns as a credit.

Note: The period of limitation for refund of license taxes is two (2) years.

WORKSHEET Y
BUSINESS APPORTIONMENT

Part I – City of Georgetown

Part I must be completed by all licensees with sales revenue and/or payroll both within and without the City of Georgetown. Completion of the schedule allocates to the City of Georgetown the proportionate part of the licensee’s total business activity attributable to the City. If your business is conducted entirely within the City then Part I should ***not*** be completed. Instead, enter 100% on Page 1, Line 2 of Form NP100 under the column labeled “City of Georgetown”, and complete Lines 3 through 12 of that column.

Payroll factor

Line 1, Column A: Enter the total compensation paid or payable to employees for work done or services performed or rendered **within City of Georgetown** during the period covered by the Net Profit License Tax Return.

Line 1, Column B: Enter the total compensation paid or payable to employees for work done or services performed or rendered in **all business locations** during the period covered by the Net Profit License Tax Return.

Line 1, Column C: Divide Column A by Column B. Enter the result on Line 1, Column C. Carry out to at least six (6) decimal places.

Sales revenue factor

Line 2, Column A: Enter the total sales revenue from the sale, lease, or rental of goods, services, or property received from **all City of Georgetown sources** during the period covered by the Net Profit License Tax Return.

Line 2, Column B: Enter the total sales revenue from the sale, lease, or rental of goods, services, or property received from **all sources** including the City of Georgetown during the period covered by the Net Profit License Tax Return.

Line 2, Column C: Divide Column A by Column B. Enter the result on Line 2, Column C. Carry out to at least six (6) decimal places.

Average percentage

Line 3, Column C: Add Column C, Lines 1 and 2. Enter the result on Line 3, Column C.

Line 4, Column C: Divide Line 3, Column C by the number of percents used on Lines 1 and 2, Column C. Enter the result on Line 4, Column C and Page 1, Line 2 of Form NP100 under the column labeled “City of Georgetown”.

Note: If one of the factors (payroll or sales revenue factor) is missing the remaining factor is the average allocation percentage Page 1, Line 2 of Form NP100. A factor (payroll or sales revenue) is considered missing if:

1. With regards to the payroll factor, a licensee’s entire business operation did not have **any** compensation paid or payable to employees for work done or services performed or rendered. (i.e. Part I, Line 1, Columns A and B both equal zero).
2. With regard to the sales revenue factor, a licensee’s entire business operation did not recognize **any** receipts from the sale, lease, or rental of goods, services, or property. (i.e. Part I, Line 2, Columns A and B both equal zero).

WORKSHEET Y
BUSINESS APPORTIONMENT

Part II – Scott County

Part II must be completed by all licensees with sales revenue and/or payroll both within and without Scott County. Completion of the schedule allocates to Scott County the proportionate part of the licensee's total business activity attributable to Scott County. If your business is conducted entirely within Scott County then Part II should ***not*** be completed. Instead, enter 100% on Page 1, Line 2 of Form NP100 under the column labeled "Scott County" and complete Lines 3 through 12 of that column.

Payroll factor

Line 1, Column A: Enter the total compensation paid or payable to employees for work done or services performed or rendered **within Scott County** during the period covered by the Net Profit License Tax Return.

Line 1, Column B: Enter the total compensation paid or payable to employees for work done or services performed or rendered in **all business locations** during the period covered by the Net Profit License Tax Return.

Line 1, Column C: Divide Column A by Column B. Enter the result on Line 1, Column C. Carry out to at least six (6) decimal places.

Sales revenue factor

Line 2, Column A: Enter the total sales revenue from the sale, lease, or rental of goods, services, or property received from **all Scott County sources** during the period covered by the Net Profit License Tax Return.

Line 2, Column B: Enter the total sales revenue from the sale, lease, or rental of goods, services, or property received from **all sources** including Scott County during the period covered by the Net Profit License Tax Return.

Line 2, Column C: Divide Column A by Column B. Enter the result on Line 2, Column C. Carry out to at least six (6) decimal places.

Average percentage

Line 3, Column C: Add Column C, Lines 1 and 2. Enter the result on Line 3, Column C.

Line 4, Column C: Divide Line 3, Column C by the number of percents used on Lines 1 and 2, Column C. Enter the result on Line 4, Column C and Page 1, Line 2 of Form NP100 under the column labeled "Scott County".

Note: If one of the factors (payroll or sales revenue factor) is missing the remaining factor is the average allocation percentage Page 1, Line 2 of Form NP100. A factor (payroll or sales revenue) is considered missing if:

1. With regards to the payroll factor, a licensee's entire business operation did not have ***any*** compensation paid or payable to employees for work done or services performed or rendered. (i.e. Part II, Line 1, Columns A and B both equal zero).
2. With regard to the sales revenue factor, a licensee's entire business operation did not recognize ***any*** receipts from the sale, lease, or rental of goods, services, or property. (i.e. Part II, Line 2, Columns A and B both equal zero).

WORKSHEET Y
BUSINESS APPORTIONMENT

Part III – Scott County School District

Part III must be completed by all licensees with sales revenue and/or payroll both within and without Scott County. Completion of the schedule allocates to the Scott County School District the proportionate part of the licensee’s total business activity attributable to Scott County. If your business is conducted entirely within Scott County then Part III should ***not*** be completed. Instead, enter 100% on Page 1, Line 2 of Form NP100 under the column labeled “Scott County Schools” and complete Lines 3 through 12 of that column.

Payroll factor

Line 1, Column A: Enter the total compensation paid or payable to employees for work done or services performed or rendered **within Scott County** during the period covered by the Net Profit License Tax Return.

Line 1, Column B: Enter the total compensation paid or payable to employees for work done or services performed or rendered in **all business locations** during the period covered by the Net Profit License Tax Return.

Line 1, Column C: Divide Column A by Column B. Enter the result on Line 1, Column C. Carry out to at least six (6) decimal places.

Sales revenue factor

Line 2, Column A: Enter the total sales revenue from the sale, lease, or rental of goods, services, or property received from **all Scott County sources** during the period covered by the Net Profit License Tax Return.

Line 2, Column B: Enter the total sales revenue from the sale, lease, or rental of goods, services, or property received from **all sources** including the Scott County during the period covered by the Net Profit License Tax Return.

Line 2, Column C: Divide Column A by Column B. Enter the result on Line 2, Column C. Carry out to at least six (6) decimal places.

Average percentage

Line 3, Column C: Add Column C, Lines 1 and 2. Enter the result on Line 3, Column C.

Line 4, Column C: Divide Line 3, Column C by the number of percents used on Lines 1 and 2, Column C. Enter the result on Line 4, Column C and Page 1, Line 2 of Form NP100 under the column labeled “Scott County Schools”.

Note: If one of the factors (payroll or sales revenue factor) is missing the remaining factor is the average allocation percentage Page 1, Line 2 of Form NP100. A factor (payroll or sales revenue) is considered missing if:

1. With regards to the payroll factor, a licensee’s entire business operation did not have **any** compensation paid or payable to employees for work done or services performed or rendered. (i.e. Part III, Line 1, Columns A and B both equal zero).
2. With regard to the sales revenue factor, a licensee’s entire business operation did not recognize **any** receipts from the sale, lease, or rental of goods, services, or property. (i.e. Part III, Line 2, Columns A and B both equal zero).

WORKSHEET C
COMPUTATION OF ADJUSTED NET PROFIT
FOR BUSINESS ENTITIES REQUIRED TO FILE U.S. CORPORATE INCOME TAX RETURN

Line 1: Enter the taxable income **after** special deductions and net operating loss per federal Form 1120 or 1120A (attach a copy of federal Form 1120 or 1120A and all supporting schedules) or enter the ordinary income or (loss) per federal Form 1120S (attach a copy of federal Form 1120S, Schedule K and all supporting schedules).

Line 2: If a deduction is taken for state or local taxes (based on income) or license fees (based on income), regardless of jurisdiction, by an individual on federal Form 1120, 1120A, or 1120S then the amount of those taxes or license fees should be entered on Line 2.

Line 3: If a deduction is taken on federal Form 1120 for a net operating loss then the amount of the net operating loss should be entered on Line 3.

Line 4: The following income items which are allocated to the shareholders are not included as income on federal Form 1120S and thus must be added to income on Line 4.

| | |
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| <i>Net income from rental real estate activities</i> | <i>Net long term capital gain</i> |
| <i>Net income from other rental activities</i> | <i>Other portfolio income</i> |
| <i>Interest income</i> | <i>Guaranteed payments to partners</i> |
| <i>Dividend income</i> | <i>Net gain under Sec 1231 (other than due to casualty or theft)</i> |
| <i>Royalty income</i> | <i>Other income items per Schedule K</i> |
| <i>Net short-term capital gain</i> | <i>(attach schedule)</i> |

Enter the total of these items on Line 4 (attach a copy of Schedule K, and rental schedule(s), if applicable).

Line 5: Add Lines 1 through 4. Enter the total on Line 5.

Line 6: The following items which are allocated to the shareholders are not included in losses or expenses on federal Form 1120S and are allowed as deductions for license tax purposes on Line 6.

| | |
|--|---|
| <i>Net loss from rental real estate activities</i> | <i>Net long-term capital loss</i> |
| <i>Net loss from other rental activities</i> | <i>Net loss under Sec 1231 (other than due to casualty loss or theft)</i> |
| <i>Portfolio loss</i> | <i>Sec 179 expense</i> |
| <i>Net short-term capital loss</i> | <i>Deductions related to portfolio income</i> |
| <i>Charitable contributions</i> | <i>Other allowable deductions per Schedule K (attach schedule)</i> |

Enter the total of these items on Line 6 (attach a copy of Schedule K, and rental schedule(s), if applicable).

Line 7: Enter the Alcoholic Beverage Sales Deduction from Worksheet X, Line 3.

Line 8: If a deduction was taken for any other amount that is deemed to be not deductible then enter the amount on Line 8 (attach a full explanation, including amounts, of all items).

Line 9: Add Lines 6 through 8. Enter the total on Line 9.

Line 10: Subtract Line 9 from line 5 to determine the Adjusted Net Profit. Enter here and on Page 1, Line 1 of Form NP100.

WORKSHEET I
COMPUTATION OF ADJUSTED NET PROFIT
FOR BUSINESS ENTITIES REQUIRED TO FILE INDIVIDUAL U.S. INCOME TAX RETURN

- Line 1:** Enter the amount of non-employee compensation reported on federal Form 1099 MISC on Line 1.
Note: Line 1 should only be completed by individuals who received payments for contract services who are **not** claiming business expenses and did not own or operate a business during the year (attach a copy of federal Form 1040 and Form 1099 MISC).
- Line 2:** Enter the net profit or (loss) per federal Schedule C, C-EZ (attach a copy of Federal Form 1040 and applicable schedule(s)).
- Line 3:** Enter 100% of the short term capital gains and long term capital gains carried over from federal Form 4797 or Form 6252 (installment sales) to federal Schedule D representing gain from the sale of property used in the trade or business. In addition, enter the net gain or (loss) from the sale of property used in the trade or business per federal Form 4797 (attach a copy of federal Form 4797, Form 6252 and/or Schedule D).
- Line 4:** Enter the net rental profit or (loss) per federal Schedule E (attach a copy of Federal Form 1040 and applicable schedule(s)).
- Line 5:** Enter the net farm profit or (loss) per federal Schedule F (attach a copy of Federal Form 1040 and applicable schedule(s)).
- Line 6:** If a deduction is taken for state or local taxes (based on income) or license fees (based on income), regardless of jurisdiction, on federal Schedule C, C-EZ, E or F then the amount of those taxes or license fees should be entered on Line 6.
- Line 7:** Add Lines 1 through 6. Enter the total on Line 7.
- Line 8:** Enter the Alcoholic Beverage Sales Deduction from Worksheet X, Line 3.
- Line 9:** If a deduction was taken for any other amount that is deemed to be not deductible then enter the amount on Line 9 (attach a full explanation, including amounts, of all items).
- Line 10:** Add Lines 8 and 9. Enter the total on Line 10.
- Line 11:** Subtract Line 10 from line 7 to determine the Adjusted Net Profit. Enter here and on Page 1, Line 1 of Form NP100.

IMPORTANT NOTE:

Each separate and distinct business activity conducting business in the jurisdiction imposing the tax as a separate sole proprietorship requires a separate license. These separate and distinct sole proprietorships are required to obtain their own occupational license tax account, file separate Net Profit License Tax Returns and the remit the license tax due thereon.

WORKSHEET P

COMPUTATION OF ADJUSTED NET PROFIT

FOR BUSINESS ENTITIES REQUIRED TO FILE U.S. RETURN OF PARTNERSHIP INCOME TAX RETURN

Line 1: Enter the ordinary income or (loss) per federal Form 1065 (attach a copy of federal Form 1065, Schedule K and all supporting schedules).

Line 2: If a deduction is taken for state or local taxes (based on income) or license fees (based on income), regardless of jurisdiction, by an individual on federal Form 1065 then the amount of those taxes or license fees should be entered on Line 2.

Line 3: The following income items which are allocated to the partners are not included as income on federal Form 1065 and thus must be added to income on Line 3.

Net income from rental real estate activities

Net long term capital gain

Net income from other rental activities

Other portfolio income

Interest income

Guaranteed payments to partners

Dividend income

Net gain under Sec 1231 (other than due to casualty or theft)

Royalty income

Other income items per Schedule K

Net short-term capital gain

(attach schedule)

Enter the total of these items on Line 3 (attach a copy of Schedule K, and rental schedule(s), if applicable).

Line 4: Add Lines 1 through 3. Enter the total on Line 4.

Line 5: The following items which are allocated to the partners are not included in losses or expenses on federal Form 1065 and are allowed as deductions for license tax purposes on Line 5.

Net loss from rental real estate activities

Net long-term capital loss

Net loss from other rental activities

Net loss under Sec 1231 (other than due to casualty loss or theft)

Portfolio loss

Sec 179 expense

Net short-term capital loss

Deductions related to portfolio income

Charitable contributions

Other allowable deductions per Schedule K (attach schedule)

Enter the total of these items on Line 5 (attach a copy of Schedule K, and rental schedule(s), if applicable).

Line 6: Enter the Alcoholic Beverage Sales Deduction from Worksheet X, Line 3.

Line 7: If a deduction was taken for any other amount that is deemed to be not deductible then enter the amount on Line 7 (attach a full explanation, including amounts, of all items).

Line 8: Enter the amount of professional expenses incurred by the partners that were NOT reimbursed by the partnership. Attach a schedule detailing these expenses.

Line 9: Add Lines 5 through 8. Enter the total on Line 9.

Line 10: Subtract Line 9 from line 4 to determine the Adjusted Net Profit. Enter here and on Page 1, Line 1 of Form NP100.

WORKSHEET R

RECONCILIATION OF PAYROLL FACTOR FOR BUSINESS ENTITIES COMPLETING THE PAYROLL APPORTIONMENT FACTOR

Be sure to complete the column that corresponds to the jurisdiction for which the Form NP100 was filed.

- Line 1:** Enter the compensation paid or payable to employees per Form NP100, Worksheet Y, Line 1.
- Line 2:** Enter the amount expensed as a prior year accrual for compensation paid or payable to employees.
- Line 3:** Enter any other additions that were made in determining the payroll allocation factor. Attach an explanation, with amounts, for each item.
- Line 4:** Add Lines 1 through 3. Enter the total on Line 4.
- Line 5:** Enter the amount expensed as a current year accrual for compensation paid or payable to employees.
- Line 6:** Enter any other subtractions that were made in determining the payroll allocation factor. Attach an explanation, with amounts, for each item.
- Line 7:** Subtract Lines 5 and 6 from Line 4 to determine the compensation paid or payable to employees that was reported per the annual Reconciliation of License Tax Withheld.

YOUR RIGHTS AS A GEORGETOWN/SCOTT COUNTY OCCUPATIONAL TAX TAXPAYER

MISSION

The mission of the Georgetown-Scott County Revenue Commission (GSCRC) is to provide courteous, accurate and efficient services for the benefit of Georgetown/Scott County and its citizens, and administer the occupational tax laws of the City of Georgetown, the Scott County Fiscal Court and the Scott County Public School District in a fair and impartial manner.

RIGHTS OF OCCUPATIONAL TAX TAXPAYER

Privacy—You have the right to privacy of information provided to the GSCRC. The GSCRC is not authorized to discuss your tax matters with anyone unless you authorize the GSCRC to do so.

Assistance—You have the right to advice and assistance from the GSCRC in complying with the occupational tax laws of the City of Georgetown, the Scott County Fiscal Court and the Scott County Public School District.

Explanation—You have the right to a clear and concise explanation of:

- Basis of assessment of additional license taxes, interest and penalties, or the denial or reduction of any refund or credit claim;
- Procedure for an appeal of a determination of the GSCRC; and
- License tax laws and changes in license tax laws so that you can comply with the law.

Appeal—You have the right to appeal a determination of the GSCRC, such as an assessment of license tax or penalty, reduction or a denial of a refund, or a revocation of a license or permit.

Conference—You have the right to a conference to discuss a license tax matter.

Representation—You have the right to representation by an attorney, accountant or other person in any hearing or conference with the GSCRC. If you intend for your representative to come in your place, you must notify the GSCRC prior to any hearing or conference.

Recordings—You have the right to make an audio recording of any meeting, conference or hearing with the GSCRC, or to be notified in advance if the GSCRC plans to record the proceedings and to receive a copy of any recording.

Consideration—You have the right to consideration of:

- Waiver of penalties or collection fees if “reasonable cause” for reduction or waiver is given (“reasonable cause” is defined as: “an event, happening or circumstance entirely beyond the knowledge or control of a taxpayer who has exercised due care and prudence in the filing of a return or report or the payment of monies due the GSCRC pursuant to law or administrative regulation”);
- Installment payments of delinquent license taxes, interest and penalties.