

INSTRUCTIONS

NEW BUSINESS

Before engaging in any profession, occupation, trade, vocation, calling or other business activity, such person(s) shall first pay to the City of Paducah a license fee in accordance to the laws outlined by City Ordinance Chapter 106 Article III.

Employee Payroll Withholding Fee

If the above stated business pays wages to employees for work done within the City of Paducah, the employer must withhold a stated percentage of all such wages earned while working in Paducah. A withholding return will be mailed at the end of each quarter for your use.

EXISTING BUSINESS

Any person(s) who engaged in any business activity for all or part of one year, and engages in the same business activity during any portion of the following year, shall pay a license fee for such year based upon gross receipts from the preceding year. Payment of license fee along with completed application is due on or before April 15 of each year.

Total Gross Receipts

The license tax due for each calendar year shall be measured by the amount of the gross receipts during the last calendar year or fiscal year. The term "Total Gross Receipts" shall be defined as, and include:

- 1) Receipts from any business activity of any kind, in the form of cash, credits, or other value proceeding from or accruing from the sale of tangible property (real or personal), or the rendering of any service, or both, including, and without any cost of goods sold, labor costs, taxes or any other costs or expenses whatsoever.
- 2) Receipts from all sales made from a place of business within the city, both to persons with the city and to persons outside the city, including sales made by contracts entering into in the city or sales where deliveries are made within the city.
- 3) Receipts resulting from financial transactions involving the sale of notes, stocks, bonds, or other securities, or the loan, collection or advance of money, discounting of notes, bills or municipal, county or state tax bills, but shall not include amounts received as repayment of debts.
- 4) The taxable receipts of all principals in addition to all commissions paid by them to brokers, commission merchants, attorneys, or agents in such transactions, and all other expenses and discounts incident thereto.
- 5) With respect to contractors and builders, the total completed amount of contracts entered into for work in the city or for work done and materials furnished in connection with construction work within the city, and the amount received from the sale of buildings owned by contractors after they have constructed them.
- 6) With respect to finance and loan companies, receipts from interest, fines, share repurchases, initiation, and transfer fee.

In the case of a taxpayer owning or operating a business in the city, who also operates a branch business which is located outside the city, then the term "gross receipts" shall not include the sale of goods not manufactured in the city, unless such goods are located in the city at the time of sale or delivery.

DEDUCTIONS ALLOWED

- 1) The sale price of property, sold and returned during the previous year, deducting the amount received on account of sale and not refunded or allowed as credit.
- 2) Receipts derived from the sale of spirituous, vinous, or malted beverages by licensed dealers.
- 3) Any DIRECT excise tax paid to the U.S. Government or to the Commonwealth of Kentucky. Any Kentucky sales tax collected from customers and remitted to the Kentucky Revenue Cabinet.
- 4) Accounts receivable actually written off on a taxpayer's records as uncollectable. (NOTE: If such accounts shall later be collected, the same shall constitute receipts.

All deductions must be included in the total gross receipts amount on line A.

GROSS RECEIPTS FOR MEASURING LICENSE FEE

The difference between Total Gross Receipts and Deductions Allowed.

LICENSE FEE

Multiply gross receipts up to \$3,500,000 on line C by the percentage factor. Multiply all gross receipts in excess of \$3,500,000 by .00005. If the computed license amount is less than the Minimum Fee, your License Fee is the Minimum Fee.

The amount of any license tax due is payable at the time of filing the return. However, when the amount of such license tax is in excess of three hundred dollars (\$300.00), payment of one-half of such amount may be deferred until the following August thirty-first, on which date the remaining one-half thereof shall be due and payable.

LATE PAYMENT PENALTY

Any person failing to file a completed return and failing to pay the correct license fee on or before the dates outlined above, shall pay a penalty of 5% of the total license fee due for the first month of delay, plus 1% of such fee for each additional month of delay, but the minimum penalty in any event shall be \$5.00.

Period of Payment	Late Payment Penalty Charge
Apr 16- May 15	.05 of fee, Minimum \$5.00
May 16- Jun 15	.06 of fee, Minimum \$5.00
Jun 16- Jul 15	.07 of fee, Minimum \$5.00
Jul 16- Aug 15	.08 of fee, Minimum \$5.00
Aug 16- Sep 15	.09 of fee, Minimum \$5.00
Sep 16- Oct 15	.10 of fee, Minimum \$5.00
Oct 16- Nov 15	.11 of fee, Minimum \$5.00
Nov 16- Dec 15	.12 of fee, Minimum \$5.00
Dec 16- Jan 15	.13 of fee, Minimum \$5.00

Presentment for payment shall be satisfied if payment is made at the office of the city treasurer before closing time on the last acceptable day for payment, or if payment is tendered by mail and postmarked prior to midnight on the last acceptable day City ordinances prohibit abatement of penalty.

EXTENSION OF TIME

If a taxpayer has received an extension of time, past April 15, he shall be granted a similar extension by the city treasurer; provided that he:

- a) Supplies a copy to the city treasurer of the state extension prior to April 15 of any year.
- b) Pays an estimated business license fee, which shall be adjusted upon filing of his final return.
- c) Any amount that the actual fee is over the estimated payment shall be subject to interest and penalties