



# 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.

**EXISTING BUSINESS**

ANY PERSON(S) WHO ENGAGED IN ANY BUSINESS ACTIVITY FOR ALL OR PART OF ONE 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 AND FEDERAL TAX RETURN IS DUE ON OR BEFORE APRIL 15 OF EACH YEAR. PROVIDED HOWEVER, THAT IF THE BUSINESS ENTITY OPERATES ON A FISCAL YEAR WHICH IS NOT BASED ON A CALENDAR YEAR, THE BUSINESS ENTITY SHALL FILE THE APPLICATION ON OR BEFORE THE 15<sup>TH</sup> DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE BUSINESS ENTITY'S FISCAL 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.

**APPORTIONMENT**

FOR BUSINESS ENTITIES WITH BOTH PAYROLL AND SALES REVENUE IN MORE THAN ONE TAX DISTRICT, MULTIPLY THE GROSS RECEIPTS BY A FRACTION, THE NUMERATOR OF WHICH IS THE PAYROLL FACTOR, WHICH IS DESCRIBED IN SUBSECTION (A) OF THIS SECTION, PLUS THE SALES FACTOR, WHICH IS DESCRIBED IN SUBSECTION (B) OF THIS SECTION, AND THE DENOMINATOR OF WHICH IS THE NUMBER TWO; AND FOR BUSINESS ENTITIES WITH SALES REVENUE IN MORE THAN ONE TAX DISTRICT, BY MULTIPLYING THE GROSS RECEIPTS BY THE SALES FACTOR AS SET FORTH IN SUBSECTION (B) OF THIS SECTION.

(A) THE **PAYROLL FACTOR** IS A FRACTION, THE NUMERATOR OF WHICH IS THE TOTAL AMOUNT OF COMPENSATION PAID OR OTHERWISE PAYABLE BY THE BUSINESS ENTITY DURING THE REPORTING PERIOD WHICH IS ATTRIBUTABLE TO SERVICES PERFORMED BY THE BUSINESS ENTITY'S EMPLOYEES IN THE CITY, AND THE DENOMINATOR OF WHICH IS THE TOTAL COMPENSATION PAID OR OTHERWISE PAYABLE BY THE BUSINESS ENTITY DURING THE REPORTING PERIOD FOR ALL OF THE SERVICES PERFORMED BY THE BUSINESS ENTITY'S EMPLOYEES WHEREVER LOCATED. COMPENSATION ATTRIBUTABLE TO EMPLOYEES IN THE CITY IS BASED ON THE TIME THAT THE EMPLOYEES PERFORMED SERVICES IN THE CITY.

(B) THE **SALES FACTOR** IS A FRACTION, THE NUMERATOR OF WHICH IS THE TOTAL SALES REVENUE OF THE BUSINESS ENTITY IN THE CITY DURING THE REPORTING PERIOD, AND THE DENOMINATOR OF WHICH IS THE TOTAL SALES REVENUE OF THE BUSINESS ENTITY EVERYWHERE DURING THE REPORTING PERIOD.

Allocation Factors	Column A City of Paducah	Column B Total Everywhere	Column C Percentage
1. Gross Receipts.....	\$ _____	\$ _____	_____ %
(If not applicable write N/A in column C)			
2. Total Wages & Salaries.....	\$ _____	\$ _____	_____ %
(If not applicable write N/A in column C)			
3. Total Percents (Line 1 Column C plus Line 2 Column C).....			_____ %
4. Average Percentage (Line 3 divided by number of applicable percentages).....			_____ %
5. Total Gross Receipts (Line 1 Column B).....			\$ _____
6. Gross Receipts subject to license fee (Line 5 multiplied by Line 4) <b>Enter on Line C of front page</b> .....			\$ _____

**LATE PAYMENT PENALTY AND INTEREST**

ANY BUSINESS ENTITY FAILING TO FILE A COMPLETED APPLICATION AND FAILING TO PAY THE CORRECT LICENSE FEE ON OR BEFORE THE DATES OUTLINED ABOVE, SHALL PAY A PENALTY EQUAL TO FIVE PERCENT (5%) OF THE ANNUAL LICENSE TAX DUE FOR EACH CALENDAR MONTH OR FRACTION THEREOF. PROVIDED HOWEVER, THE TOTAL PENALTY IMPOSED UNDER THIS SECTION SHALL NOT EXCEED TWENTY-FIVE PERCENT (25%) OF THE TOTAL ANNUAL LICENSE TAX DUE NOR SHALL IT BE LESS THAN TWENTY-FIVE DOLLARS (\$25).

IN ADDITION TO THE PENALTIES PRESCRIBED IN THIS SECTION, SUCH BUSINESS ENTITY SHALL ALSO PAY, AS PART OF THE LICENSE TAX, AN AMOUNT EQUAL TO TWELVE PERCENT (12%) PER ANNUM SIMPLE INTEREST ON ANY UNPAID ANNUAL LICENSE TAX WHICH WAS DUE AND PAYABLE TO THE CITY UNDER THIS ARTICLE FROM THE TIME THAT THE LICENSE TAX WAS DUE UNTIL THE LICENSE TAX IS FINALLY PAID TO THE CITY. A FRACTION OF A MONTH IS COUNTED AS AN ENTIRE MONTH.

**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; PROVIDED THAT HE:

- a) SUPPLIES A COPY OF THE FEDERAL EXTENSION PRIOR TO APRIL 15 OF ANY YEAR.
- b) SUBMIT AN APPLICATION WITH ESTIMATED GROSS RECEIPTS AND PAY 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.

**THE FULL ORDINANCE PERTAINING TO GROSS RECEIPT LICENSE TAX MAY BE FOUND IN SECTION 106 ARTICLE III OF THE PADUCAH CODE OF ORDINANCES OR ON THE CITY OF PADUCAH WEBSITE AT WWW.PADUCAH.KY.GOV.**

**CITY HALL OFFICE HOURS ARE 8:00 A.M. TO 4:30 P.M.**