Form 8
Rev. 01/01/02

CITY OF FRANKFORT
NET PROFIT LICENSE FEE RETURN

ACCOUNT NO.

CALENDAR YEAR

OR

FISCAL YEAR ENDED		
MO.	DAY	YEAR

Name and Address of Business

PLEASE NOTIFY THIS OFFICE OF ANY CHANGE OF OWNERSHIP OR NAME AND ADDRESS SHOWN ABOVE

QUESTIONS (ANSWER FULLY)

1. Nature of Business ____
2. Date Business started in Frankfort ____
3. If Organization was Discontinued, State When ____ Dissolution ____ or Sale ____ If by Sale, Give Name and Address of Successor ____
4. Did you have employees in Frankfort during year? Yes ____ No ____
5. Has Frankfort License Fee been withheld from all subject Employees, and Remitted Quarterly in Accordance with the Regulations? Yes ____ No ____ If answer is "No" explain ____
6. Check Which: ____ Corporation ____ Sub-Chapter S ____ Partnership ____ Individual Owner ____ Fiduciary ____ Other (state) ____
7. Basis on which the Return is Prepared - Cash ____ Accrual ____
8. Have Federal Authorities Changed the Net Income as Originally Reported for Any Prior Year? Yes ____ No ____ If Answer is "Yes" Attach Schedule of Changes for Each Year.
9. Telephone Number ____
10. Principal Business Code ____

SCHEDULE A

1. Total Gross income per Federal Return, Form ____ (see reverse side)*	$	
2. Total Business Deductions per Federal return		
3. Net Business Income per Federal Return		
4. ADD items not deductible (Line F, Schedule B)		
5. Total (Line 3 plus Line 4)		
6. DEDUCT items not subject (Line M, Schedule B)		
7. ADJUST NET BUSINESS INCOME (Line 5 Less Line 6)	$	
8. If schedule C (Line 4) is used enter here AVERAGE PERCENTAGE		%
9. NET PROFITS subject to Frankfort License Fee (Line 7 x Line 8)	$	
10. Frankfort License Fee @ 1.75% of amount on Line 9	$	
11. Minimum License Fee - see instructions	$	35 00
12. Compare Amounts on Line 10 and Line 11. Enter Larger Amount		
13. Credits, Estimated Payments and/or 1st Year Registration		
14. Refund or Credit. If Line 13 is greater than Line 12 Enter Difference. (Refund ____ Credit ____)		
15. Balance Due, If Line 12 is Greater Than Line 13, Enter Difference as License Fee Due	$	
16. Late Payment Penalty - 5% Per Month or Portion of Month Not To Exceed 25%. However it Shall Not be Less Than $25.00		
17. Interest - 1% Per Month or Portion of Month Until Paid		
18. Total Amount Due (Add Lines 15,16,17)	$	

***ENCLOSE ONE COPY OF FEDERAL RETURN AS APPLICABLE (SEE INSTRUCTIONS)**

Make payable to:
DIRECTOR OF FINANCE, CITY OF FRANKFORT
Mail to:
LICENSE FEE DIVISION
Municipal Building
P.O. Box 697
Frankfort, Ky 40602
Phone 502-875-8504
Fax 502-875-8502

SCHEDULE B

NOTE: ADD AND/OR DEDUCT ONLY THOSE ITEMS WHICH ARE INCLUDED IN CALCULATING NET INCOME PER FEDERAL RETURN

ITEMS NOT DEDUCTIBLE - ADD		ITEMS NOT SUBJECT - DEDUCT	
A. State or Local taxes based on income	$	H. Interest on Corporate Bonds	$
B. License Fee under this Ordinance		I. Interest on U.S. Government Securities	
C. Net Operating Loss Carryover		J. Royalties on Patents, Copyrights	
D. Partner's Salaries (attach schedule)		K. Dividends	
E. Other (attach schedule)		L. Other - (attach schedule)	
F. TOTAL ADDITIONS (enter on Line 4)	$	M. TOTAL DEDUCTIONS (enter on Line 6)	$

SCHEDULE C

Business Allocation Percentage-Divide (Col. A) by (Col. B) to obtain decimal. Carry out to at least six places.

ALLOCATION FACTORS	Column A Frankfort Factor	Column B Total Factor	Column C Percentage
1. TOTAL GROSS BUSINESS RECEIPTS (see reverse side)	$	$	%
2. Total Wages, Salaries and Other Personal Service Compensation Paid to Employees	$	$	%
3. TOTAL PERCENTS			%
AVERAGE PERCENTAGE (Line 3 divided by number of percents)		Enter on Line 8	%

I hereby certify that the statements made herein and in any supporting schedules are true, correct, and complete to the best of my knowledge.

Signature of Individual Preparing Return ____ **Return Must Be Signed** ____ Signature of Taxpayer ____ Date ____

This return must be filed and paid in full on or before **APRIL 15,** or within 105 days after close of fiscal year, sale, liquidation, or transfer.

MAIL IN A COPY OF STATE OR FEDERAL REQUEST FOR EXTENSION OF TIME

ORIGINAL

INSTRUCTIONS

The City of Frankfort Net Profit License Fee is levied at the annual rate of 1.75 percent of the net profits of all occupations, trades, professions or other businesses engaged in said activities in the City. The fee is levied against a partnership, or association as a business entity: therefore, the individual partners or members are not required to file a return on their distributive share of the profits. The Net Profit License Fee Return to be filed by all businesses having some receipts and/or payroll within the City of Frankfort must be based on the net income as reported to the state or federal government. **The Net Profit License Fee Return must be filed before April 15, if license is on a calendar year, or 105 days after the end of the fiscal year, sale, liquidation or transfer.** Checks or money orders should be made payable to the Director of Finance, City of Frankfort, KY.

BASIS OF LICENSE FEE

In computing the amount due, the taxpayer begins with gross receipts as shown by the Federal Income Tax Return less deductions as determined by the Federal Return. Deduction for general business expenses will be allowed to the extent recognized and approved as such in determining Federal Income Tax, but without deduction of state or local taxes based on income. All expenses connected with the acquisition or carrying of securities, the income from which is not subject under the ordinance, is not deductible.

Below in the column to the left is the type of business conducted: to the right is the Federal Income Tax Form on which the Form 8 must be based.

Individual	Federal form 1040, schedule C
Estates and Trusts	Federal form 1041
Partnerships	Federal form 1065
Corporation	Federal form 1120
Sub-Chapter S Corporation	Federal form 1120S

INSTRUCTIONS FOR ALL TAXPAYERS
SCHEDULE A

If taxpayer pays License Fee on 100% of Net Profits and has no Schedule B adjustments, he need fill in only Schedule A; however, all taxpayers must answer all questions.

Line 1 - Gross income as shown by the appropriate Federal Return
Line 2 - Enter total deductions as shown by Federal Return.
Line 3 - Enter Net Income as shown by the Federal Return.
Line 4 - Add subject items totaled on Line F of Schedule B.
Line 5 - Total lines 3 and 4.
Line 6 - Deduct Items not subject totaled on Line M of Schedule B.
Line 7 - Enter Line 5 Less Line 6.
Line 8 - Enter average percentage as determined in Schedule C.
Line 9 - Enter profits subject to Frankfort License Fee - Line 8 x Line 7.
Line 10 - (Enter 1.75% of Line 9.)
Line 11 - Minimum License Fee is $35.00
Line 12 - Compare Amounts on Line 10 and 11.Enter the Larger Amount
Line 13 - Enter Credits, Estimated Payments and/or First Year Registration Fee
Line 14 - Enter Refund or Credit Due if Applicable
Line 15 - Enter Balance of License Fee Due if Applicable
Line 16 - Late Payment Penalty of 5% is Assessed Against Any License Fee Unpaid on Return Due Date, Except for Approved Extensions of Time.
Line 17 - Interest of 1% Per Month or Fraction Thereof Assessed Against Any License Fee Unpaid on Return Due Date Including Approved Extensions of Time
Line 18 - Enter Total License Fee, Penalty and Interest Due

If an extension is necessary, a written request and copy of State or Federal application for extension must be submitted to the City of Frankfort before the due date of the Net Profit License Fee Return. If extension is granted, enter date on Line 14. Interest remains due from original due date (See Line 13).

SCHEDULE B

Schedule B is provided for the licensee to add (Lines A-F) items which are subject to the License Fee. Most of these appear as a part of the deductions taken on the Federal Return; therefore, they must be added back on Line 4. Line H-M of the Schedule C provide for the specific deduction of items not subject to the License Fee. Many of these items are only taxable for Kentucky or Federal Income Tax purposes so they must be deducted on Line 6. Attach applicable schedule explaining any deductions on Line L.

SCHEDULE C

Schedule C must be completed by taxpayers with business receipts and/or payroll, both within and without the City of Frankfort. Completion of the schedule allocates to Frankfort the proportionate part of the Taxpayer's total business activity attributable to Frankfort. However, if one of the two factors (business receipts or payroll factor) is missing the remaining factor is the Average or Business Allocation Percentage (line 4 of Section C).

ANY QUESTIONS SHOULD BE DIRECTED TO THE LICENSE FEE DIVISION
P.O. BOX 697, FRANKFORT, KY 40602
PHONE: (502) 875-8504
FAX #: (502) 875-8502