Form Bus. No. 1
Revised August, 1991

YEAR ENDED		
Mo.	Day	Year
Employee Id. or Sec. No.		

CITY OF BEREA

NET PROFITS LICENSE FEE RETURN

Name and Address of Business

_____

_____

_____

Attach a Copy of Federal Return Form Used As a Basis Of License Fee. (Schedule A - Line 1)

Please notify this office of any change in ownership or name and address shown above. 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.

QUESTIONS (ANSWER FULLY)

1. Nature of Business _____
2. Date Business started in Berea _____
3. If Organization was Discontinued, state when _____ Dissolution_____ or Sale _____. If by Sale, Name and Address of Successor _____
4. Did you have employees in Berea during year? Yes ☐ No ☐
5. Has Berea 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: ☐ Corp. ☐ Partnership ☐ Individual Owner ☐ Fiduciary ☐ Other (state) _____
7. Basis on which this 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.

SCHEDULE A

1. Total Gross Receipts 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 G, Schedule B)		
5. Total (Line 3 plus Line 4)		
6. DEDUCT Items not subject (Line N, Schedule B)		
7. ADJUSTED NET BUSINESS INCOME (Line 5 less Line 6)	$	
8. If Sch. C (Line 4) is used enter here AVERAGE PERCENTAGE		%
9. NET PROFITS subject to City of Berea License Fee (Line 7 x Line 8)	$	
10. City of Berea License Fee @ 2% of Line 9		
11. Interest 1 1/2% Per Month		
12. Penalty Failure to File or Late Filing, 10% or $10.00 whichever is greater		
13. Total (Lines 10 + 11 + 12)	$	
14. Less Credits - Initial _____ Estimate _____		
15. **BALANCE DUE** (LINE 13 LESS LINE 14) **PAY THIS AMOUNT**	$	

(Do not write in this space)

Rec'd_____
Ck. No._____
Amount_____
Posted_____

Make Check Payable To:
CITY OF BEREA

Mail To:
212 Chestnut Street
Berea, KY 40403

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. Capital Gain		J. Royalties on Patents, Copyrights	
D. Net Operating Loss Deduction		K. Dividends	
E. Partners Salaries (attach schedule)		L. Capital Loss not allowed on Fed Rtn	
F. Other Items (list)		M. Other (attach schedule)	
G. **TOTAL ADDITIONS** (enter on line 4)	$	N. **TOTAL DEDUCTIONS** (enter on line 6)	$

SCHEDULE C

Business allocation percentage - divide (Col. A) by (Col. B) to obtain decimal. Carry out at least 6 places.

ALLOCATION FACTORS	Column A Berea Factor	Column B Total Factor	Column C Percentage
1. Gross Business Receipts (see reverse side)	$	$	%
2. Total Wages, Salaries and Other Personal Service	$	$	%
3. TOTAL PERCENTS			%
4. AVERAGE PERCENTAGE (LINE 3 DIVIDED BY NUMBER OF PERCENTS)	(ENTER ON LINE 8 SCHEDULE A)		%

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

Return Must Be Signed

_____ _____ _____

Signature of Individual Preparing Return *Signature of Taxpayer* Date

If receipt is desired, return employee's copy of this form and enclosed self-addressed, stamped envelope.

INSTRUCTIONS

The City of Berea Net Profits License Fee was levied at the annual rate of 2% effective August 1, 1991, on the net profit of all occupations, trades, professions or other businesses engaged in said activities within 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 City of Berea Form Bus. No. 1 to be filed by all subject businesses (having some receipts and/ or payroll within the City of Berea) and must be based on the net income as reported to the Federal Government; therefore, the basis used (i.e. cash or accrual) must be consistent for both Federal Income Tax and City of Berea License Fee Returns. The Bus. No. 1 Form must be filed before April 15 if the taxpayer is on a calendar year or 105 days after either the end of the fiscal year, sale, liquidation or transfer. Checks or money orders should be made payable to the City of Berea. The instructions below facilitate the computation of the Net Profits License Fee. Please read them.

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. Deductions 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.

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 Return must be basd.

Individual Proprietorship	U.S. Treasury Form 1040, separate Schedule C (Farmers-Schedule F)
Estates and Trusts	U.S. Treasury Form 1041
Partnerships	U.S. Treasury Form 1065
Corporation	U.S. Treasury Form 1120 - Line 11

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 Receipts 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 G of Schedule B
Line 5 - Total Lines 3 and 4
Line 6 - Deduct Items not subject totaled on Line N of Schedule B
Line 7 - Enter Line 5 less Line 6
Line 8 - Enter average percentage as detemined in Schedule C
Line 9 - Enter profits subject to City of Berea License Fee - Line 8 x Line 7
Line 10 - (Enter 2% of Line 9)
Line 11 - Interest (Enter 1 1/2% PER MONTH)
Line 12 - Penalty: 10% of tax due or$10.00 whichever is greater
Line 13 - Total Lines 10, 11 and 12
Line 14 - Deduct credits
Line 15 - Enter amount due, Line 13 less Line 14 (Pay this amount to City of Berea)

FILING EXTENSIONS - The Finance Officer shall have the authority to extend the time of filing the net profits license fee return. Such extension shall be upon the written request of the licensee and shall be received by the Finance Officer prior to the due date of the net profit license fee return. When applying for an extension, a written request shall be accompanied by a copy of the Appropriate State and/or Federal applications for extenison. Regardless of the number of extensions approved, all license fees remaining unpaid after they have become due shall bear interest at the rate of 18% per annum until paid. All license fees remaining unpaid for thirty days after the original due date, or approved extenison date, whichever shall be later, shall be subject to a 10% penalty of the amount of such unpaid license fees or $10.00 whichever shall be greater.

SCHEDULE B

The computation of License Fee provides for the adjustment of income as shown by your Federal Income Tax Return. Schedule B is provided for the taxpayer 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 of Schedule A. Lines H - M of Schedule B provide for the deduction of items not subject to the License Fee. Many of these items are taxable for Federal Income Tax purposes so they must be deducted on Line 6 of Schedule A.

INDIVIDUAL PROPRIETORSHIPS

Lines D,E,H,I and J are not applicable as they do not appear on Treasury Form 1040, Schedule C or F. Lines A and B are for the addition of State and Local Taxes based upon income and License Fee under this ordinance if either appears as a part of Line 2. As separate Schedule C or F, U.S. Treasury Form 1040 does not include business capital gains. Line C should show such gains as 50% subject. Include in Line F, and itemize on a schedule other business income not included in total business receipts on the Federal Schedule C or F.

PARTNERSHIPS, ASSOCIATIONS, ETC.

Net operating loss deductions (Line D) do not appear on a Federal Partnership Return, therefore Line D is not applicable. Line E - All payments to partners deducted on U.S. Treasury Form 1065 must be entered here and a schedule attached. Capital gains and losses should be entered 50% on Lines C and L respectively.

CORPORATIONS

Line E is not applicable. Net Income from U.S. Treasury Form 1120 and 1120-S should be adjusted by the items listed in Schedule B. Capital gains included in net Federal Return must be adjusted to eliminate any capital loss carry over. Capital losses are not allowable as a deduction on the Federal Return but are allowable as a deduction on Line L of Schedule B.

SCHEDULE C

Schedule C must be completed by taxpayers with business receipts - 1, payroll - 2. Completion of the Schedule allocates to the City of Berea the proportionate part of the taxpayer's total business activity attributable to the City. However, if one of the two factors (business receipts or payroll) is missing, the remaining factor is the average or Business Allocation Percentage (Line 5 of Schedule C).

1. "Business Receipts" means the sum total of gross receipts from sales plus gross credits or charges for work done or services performed.
2. "Payroll" means total wages, salaries and other employee's personnel service compensation.