

**NET PROFITS LICENSE FEE RETURN**  
**QUESTIONS (ANSWER FULLY)**

Soc. Sec. No. or Account No. \_\_\_\_\_

1. Nature of Business \_\_\_\_\_
2. Date Business was started \_\_\_\_\_
3. If organization was discontinued, state when \_\_\_\_\_  
Dissolution or Sale, if by Sale, Give Name and Address  
of Successor \_\_\_\_\_
4. Did you have any employees in 20\_\_\_\_? Yes  No
5. Has employer's license fee been withheld from all subject  
employees, and remitted quarterly in accordance with the  
regulation? Yes  No  If "No" Explain: \_\_\_\_\_

6. Check which:  Corporation  Partnership  Individual Owner  
 Fiduciary  S-Corporation  Other (state \_\_\_\_\_)
  7. Basis on which this return is prepared —  Cash  Accrual   
for 20\_\_\_\_ Yes  No
- PLEASE NOTIFY THIS OFFICE OF ANY CHANGE IN OWNERSHIP OR  
ADDRESS SHOWN ABOVE.

COMPLETE FOR ACCT. PERIOD		
A. CALENDAR YEAR	20 _____	
OR		
B. FISCAL YEAR ENDED		
MO.	DAY	YEAR

NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
CITY, STATE \_\_\_\_\_ ZIP \_\_\_\_\_

PRINT NAME AND ADDRESS OF BUSINESS ABOVE

**SCHEDULE A**

1. Total Gross Income per Kentucky Return	KY 740 _____ KY 765 _____ KY 741 _____ KY 720 _____	\$ _____	(DO NOT WRITE IN THIS SPACE)
2. Total deductions per Kentucky return	_____	_____	
3. Net Income per Kentucky return	_____	_____	
(Enclose one copy of the above form)			
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 INCOME (Line 5 less Line 6)	_____	\$ _____	
8. If Schedule C is used, enter here, (Average Percentage Line 4)	_____	_____ %	
9. Net Profits or Wages subject to License Fee (Line 7 x Line 8)	_____	\$ _____	

**MAKE CHECKS PAYABLE TO: CLERK**  
CITY OF CAVE CITY  
**MAIL TO: CITY OF CAVE CITY**  
PO BOX 567  
CAVE CITY, KY 42127-0567

10. CAVE CITY LICENSE FEE (1 percent of amount on Line 9) ..... \$ \_\_\_\_\_
11. Total Due (Line 10 or \$100.00 whichever is greater) ..... \$ \_\_\_\_\_
12. PENALTY - 10% plus 1% per Day after 30 Days ..... \$ \_\_\_\_\_
13. Balance Due (Line 11 plus Line 12) ..... PAY THIS AMOUNT \$ \_\_\_\_\_

**SCHEDULE B**

NOTE: ADD OR DEDUCT ONLY THOSE ITEMS WHICH ARE INCLUDED IN CALCULATING NEW INCOME PER KENTUCKY RETURN

**ITEMS NOT DEDUCTIBLE - ADD**

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 (50 percent subject)	\$ _____	J. Royalties on Patents, Copyrights	\$ _____
D. Net Operating Loss Deduction	\$ _____	K. Dividends	\$ _____
E. Partner's Salaries (attach schedule)	\$ _____	L. Capital Loss (50 percent deductible)	\$ _____
F. Other Items (miscellaneous income) (List)	\$ _____	M. Other Items (List)	\$ _____
G. TOTAL ADDITIONS (enter on Line 4)	\$ _____	N. TOTAL DEDUCTIONS (enter on Line 6)	\$ _____

**SCHEDULE C**

BUSINESS ALLOCATION PERCENTAGE - DIVIDE COLUMN A BY COLUMN B TO OBTAIN DECIMAL. CARRY OUT AT LEAST 6 PLACES.

**ALLOCATION FACTORS**

ALLOCATION FACTORS	COLUMN A CAVE CITY FACTOR	COLUMN B TOTAL FACTOR	COLUMN C PERCENTAGE
1. (A) Gross sales of Merchandise, less returns and allowances	\$ _____	\$ _____	
(B) Charges for work or services performed	_____	_____	
(C) TOTAL BUSINESS RECEIPTS FACTOR (ADD LINE 1 (a) & 1(b))	_____	_____	
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.

**RETURN MUST**

**BE SIGNED**

SIGNATURE OF INDIVIDUAL PREPARING THE RETURN      DATE      SIGNATURE OF TAXPAYER      DATE

CITY OF CAVE CITY, KENTUCKY

NET PROFITS LICENSE FEE RETURN INSTRUCTIONS

The City of Cave City Net Profit License Fee is levied at the annual rate of 1 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 Cave City Tax Form No. 1 to be filed by all subject businesses (business having some receipts and/or payroll within the city limits of Cave City) must be based on the net income as reported to the State Government; therefore, the basis used (i.e. cash or accrual) must be consistent for both Kentucky Income Tax and Cave City License Fee Returns. The Cave City Tax Form No. 1 must be filed before April 15 if 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 Cave City. 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 income as shown by the Kentucky Income Tax Return less deductions as determined by the Kentucky Return Deductions for general business expenses will be allowed to the extent recognized and approved as such in determining Kentucky 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 Kentucky Income Tax Form on which the Cave City Tax Form No. 1 must be based:

Table with 2 columns: Business Type and KY Revenue Form. Rows include Individual Proprietorship, Fiduciary, Partnership, and Corporation.

INSTRUCTIONS FOR ALL TAXPAYERS

SCHEDULE A

All Questions must be answered completely.

- List of instructions for Schedule A: Line 1 - Gross Receipts income, Line 2 - Enter total deductions, Line 3 - Enter Net Income, Line 4 - Add subject items, Line 5 - Total Lines 3 and 4, Line 6 - Deduct items not subject, Line 7 - Enter Line 5 less Line 6, Line 8 - Enter average percentage, Line 9 - Enter profits subject to Cave City License Fee, Line 10 - Enter 1 percent of Line 9, Line 11 - Enter amount on Line 10 or \$100.00, Line 12 - Penalty - 10%, plus 1% per day after 30 Days, Line 13 - Enter amount due

SCHEDULE B

The computation of License Fee provides for the adjustment of income as shown by your Kentucky Income Tax Return to the provisions of the Cave City License Fee Ordinance. 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 Kentucky Return; therefore, they must be added back on Line 4 of Cave City Tax Form No. 1 (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 Kentucky Income Tax purposes so they may be deducted on Line 6. Listed below are instructions for each type taxpayer:

INDIVIDUAL PROPRIETORSHIPS

Lines D, E, H, I and J are not applicable as they do not appear on Kentucky Form 740 Schedule C. 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, Kentucky Form 740, does not include business capital gains. Line C should show such gain as 50 percent subject. Include in Line F and itemize on a schedule, other business income not included in total business receipts on the Kentucky Schedule C.

PARTNERSHIPS, ASSOCIATIONS, ETC.

Net operating loss deductions (Line D) do not appear on a Kentucky Partnership Return, therefore, Line D is not applicable. Line E - All payments to partners deducted on Kentucky Form 765 must be entered here and a Schedule attached. Capital gains and losses should be entered 50 percent on Lines C and L, respectively.

CORPORATIONS AND S-CORPORATIONS

Line E is not applicable. Net income from Kentucky Form 720 and 720S should be adjusted by the items on Schedule B. Capital gains included in net income on the Kentucky Return must be adjusted to eliminate any capital loss carry-over and shown as 50 percent subject. Capital losses are not allowable as a deduction on the Kentucky Return but are allowable 50 percent as a deduction on Line L of Schedule B.

SCHEDULE C

Schedule C must be completed by taxpayer with business receipts: 1) and/or payroll, 2) both within and without the city limits of Cave City. Completion of the schedule allocates to Cave City the proportionate part of the taxpayer's total business activity attributable to Cave City, however, if one of the two factors (business receipts or payroll factor) is missing the remaining factor is the Average of Business Allocation Percentage (Line 4 or Schedule C). A factor (business receipts or payroll) is not missing merely because the expenditures of the License for Payroll, or gross receipts, are found to be situated either entirely within or without the City of Cave City.

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