

# **GENERAL INSTRUCTIONS**

## **Form OL-S for a SINGLE Tax District**

Form OL-S, Single Tax District Standard Kentucky Local Occupational License Fee Return has been developed in accordance with Kentucky Revised Statutes (KRS) 67.750 - 67.795.

The Kentucky Secretary of State is the repository for all local ordinances, tax forms, instructions and other information, available at:  
<http://app.sos.ky.gov/occupationaltax/>.

These instructions are provided to aid the licensee in the completion of Form OL-S. They are not intended to be all-inclusive and therefore should be used only as a supplement to the current KRS and license fee ordinances, regulations and instructions of each tax district. These instructions do not supersede any provision of the KRS, local ordinances, regulations, or instructions.

**NOTE: Form OL-S (Single Tax District) is to be completed and filed with those taxing districts that collect for their tax district only. For 2015 returns, the local tax district return may be completed in lieu of Form OL-S. Taxpayers who report to tax agencies that collect tax for two tax districts should use the local tax district form(s). Form OL-D (Dual Tax Districts) is currently being developed. [KRS 67.767]**

---

## GENERAL INSTRUCTIONS

### Who Must File:

Corporations, partnerships, sole proprietorships, estates and trusts, or other businesses engaged in an occupation, trade, or profession with a business nexus in a local tax district must file an Occupational License Fee Return. This return is required for each legal entity or individual that operates a business. [KRS 67.750(1)]

- For individuals, some tax districts require one return per federal schedule, while others allow combining of multiple federal schedules.
- Some tax districts do not allow consolidated corporate returns while others require them.
- **Important:** Some tax districts also assess the occupational tax on the wages of employees. These are reported by the employer on separate forms.

Individuals whose only business income is derived from compensation on which the tax has been properly withheld by the employer are not required to file this return.

### What is Subject to the Fee:

Occupational fees are business license fees, not income taxes. Under the KRS, each entity or individual that conducts taxable business activities are subject to the fee based on either gross receipts or net profits, depending upon which method of taxation has been adopted by the local tax district. [KRS 67.750(13) & (14)] The method of taxation for all local tax districts can be found at <http://app.sos.ky.gov/occupationaltax/>.

### You Must File an Occupational License Fee Return Even If:

- Your business activity resulted in a loss for the tax year.
- You were not actively engaged in business during the year. In this case, check the box designated “No Activity” and complete the other items on page 1.
- Your business activity ceased prior to the end of your fiscal year. In this case, check the box designated “Final” in the Filing Status Section and answer question G on page 1 and complete the remainder of Form OL-S. [KRS 67.763]
- You applied for a business license with the intention of starting a business but never transacted business and do not intend to do so in the future. Check the boxes on page 1 designated “No Activity” and “Final,” complete question G, and sign and date the return.

**When to File:** Form OL-S must be delivered to the tax district or postmarked by the 15<sup>th</sup> day of the 4<sup>th</sup> month after the end of the fiscal year (April 15 for calendar year filers). [KRS 67.750(3) & 67.768]

**Where to File:** Current addresses for all local tax districts can be found at <http://app.sos.ky.gov/occupationaltax/>.

**Signature:** All returns must be signed by an appropriately authorized person who is responsible for the preparation of the return. The person who signs the return must print his/her name and phone number in the area provided.

**Extensions:** If an extension of time for filing is needed, a separate extension request must be filed with each tax district and is mandatory in all cases. Some tax districts have their own forms for requesting an extension of time to file, but most will accept a timely filed copy of the federal extension application with the district. Include your local tax district account number on the application.

The extension request must be postmarked or hand-delivered to the local tax district on or before the original due date and it must be accompanied by the amount properly estimated as due. If a request for extension of time is timely filed, any amount that is not paid by the regular due date bears interest at the rate of one percent (1%) per month, or part of a month. [KRS 67.770]

**Penalties for Failure to File and/or Pay:** There may be a five percent (5%) penalty per month, or a part of a month, for failure to file and/or pay a tax by the regular or extended due date. The total penalty cannot exceed twenty-five percent (25%) of the total tax due, and cannot be less than twenty-five dollars (\$25). [KRS 67.790(1)]

**Estimated Tax:** Taxpayers, other than sole proprietors, who have a total tax obligation above \$5,000 for any tax period may be required to submit quarterly estimated payments in the future.

**NOTE:** An extension of time to file a return does not extend the time for making estimated tax deposits for the next year. A list of tax districts that require estimated tax payments can be found at <http://app.sos.ky.gov/occupationaltax/>. [KRS 67.755]

**Penalties for Failure to Pay Required Estimated Tax:** If the local tax district requires quarterly estimated tax payments, underpayment penalties are based on the lesser of (a) twenty-two and one-half percent (22.5%) of the current taxable year tax liability; (b) twenty-five percent (25%) of the preceding full year taxable year tax liability; or (c) twenty-five percent (25%) of the average tax liability for the three (3) preceding full year taxable years' tax liabilities if the tax liability for any

of the three (3) preceding full taxable years exceeded \$20,000.

Any business entity that fails to submit the minimum quarterly payment required above by the due date for the quarterly payment must pay an amount equal to one percent (1%) per month, or part of a month, of the amount of the unpaid quarterly payment required above. The penalty applies from the due date for the quarterly payment until the earlier of (a) the time when the aggregate quarterly payments submitted for the taxable year equal the minimum aggregate payments due above or (b) the original due date of the annual return. [KRS 67.755(2)]

**Interest:** Interest is computed at one percent (1%) per month, or a fraction of a month. Interest applies from the original due date to the date of payment. [KRS 67.755(3)]

**Claims for Refund:** Claims for refund or credit must be submitted within two (2) years from the filing of the tax return, the due date of the tax return (including extensions), or the date of payment, whichever is later. [KRS 67.778]

**Amended Returns:** The tax district may require amended returns where there is additional tax due for prior years. A general five-year statute of limitations applies [KRS 67.775]. If you are filing an amended return, check the box "Amended" on page 1.

**State Exemptions:** The following are exempt under Kentucky law from the Occupational License Fee and are not required to file a return. [KRS 67.750(8)]

1. Any company that pays both an ad valorem tax and a franchise tax pursuant to the provisions of KRS 136.120.
2. Persons whose sole business activity is the manufacture of and/or sale of alcoholic beverages. (However, persons having only a portion of their business activity being derived from the manufacturing and/or selling of alcoholic beverages are required to file a return, but may exclude that portion of their net profits derived from such manufacture and/or sale of alcoholic beverages on the appropriate line of Schedule N.)
3. Insurance companies incorporated under the laws of and doing business in the Commonwealth of Kentucky, except as provided in KRS 91A.080.
4. Banks, trust companies, combined banks and trust companies, combined trust, banking and title businesses and savings and loan associations, whether state or federally chartered.
5. Persons whose sole wages, salaries, commissions or other compensations for work performed or services rendered are derived from service as members of the Kentucky National Guard for active duty training, unit training assemblies or annual field training.
6. Persons engaged in the business of conducting a race track at which races are run for stakes, purses or prizes, under the jurisdiction of the State Racing Commission, whose only activity is the conducting of such race track and/or the operating or maintenance of pari-mutuel machines.

In addition, payments received from the state as a share of the various tobacco settlement funds to be paid to farmers are exempt from inclusion in net profits which are subject to this occupational license fee.

**NOTE:** Those otherwise exempt organizations that pay wages, salaries, commissions or other compensation for work performed or services in the tax district must apply for a license fee

account and submit occupational taxes withheld from those wages, salaries, commissions or other compensation.

**Not-for-Profit Employers:** Not-for-profit employers are required to withhold occupational taxes from compensation paid for services in the local tax district. When filing for a withholding account, proof of Internal Revenue Service approval of not-for-profit status must be submitted with the application for a license fee withholding account and/or upon the request of the district.

**Special Provisions of Local Laws:** Local tax districts may have additional exemptions. Local exemptions can include minister's compensation, certain agriculture sales, etc., although those entities may still be required to file a return. Please refer to the local tax district's instructions form at <http://app.sos.ky.gov/occupationaltax/>.

**Separate Accounting – Apportionment:** Taxpayers are not permitted to separately account for operations occurring within a tax district. If any entity has operations both within and outside a tax district, the total profit or loss per the entity's federal return must be reported on Form OL-S. The total profit or loss is to be multiplied by the apportionment percentage that is based on gross receipts and wages within the tax district. Use Section 2 on page 3 to compute the apportionment percentage. [KRS 67.753(4)]

If you believe that the statutory apportionment methodology does not fairly represent the extent of the business entity's activity in the tax district, the business entity may petition the tax district for permission to use, or the tax district may require, another method. [KRS 67.753(4)]

**For your return to be processed properly, you must:**

- Complete the entire form, including either Schedule G – Calculation of Adjusted Gross Receipts or Schedule N – Calculation of Adjusted Net Profit.

**NOTE:** You must first determine whether the local tax district calculates the occupational tax based on net profits or gross receipts.

- Include the local occupational tax account number assigned to the business, the tax year for which the return is filed and the taxpayer's federal identification or social security number.
- Clearly indicate the name and address of the business and note any changes from the prior year.
- Check the appropriate box(es) to indicate whether this is an amended or final return or if a new address is entered. In case of an amended return, please attach a statement indicating reason for the amendment.
- Attach copies of all relevant federal tax forms and related supporting schedules.
- Sign and date the return on page 3.
- Do not put any staples in the return.
- Do not duplex the return - print it single-sided.

---

## SPECIFIC INSTRUCTIONS

### Tax District Information (Page 1)

Enter the period ending date for the return. The occupational license fee must be reported using the same calendar or fiscal year used for federal income tax purposes.

Enter the name and address of the tax district for which this form is being completed. A list

of tax districts can be found at <http://app.sos.ky.gov/occupationaltax/>.

If the occupational license fee return is being prepared using computerized tax preparation software, the Tax District Code associates local tax rates and specific local requirements into the tax form. If you are completing the return by hand, leave the Tax District Code blank.

---

### Licensee Information (Page 1)

Enter the business name and full mailing address.

Enter the business's account number assigned by the local tax district. Enter the taxpayer's identification number and make sure that number is a federal identification number or a social security number.

Check the method of accounting. The method of accounting must be the same as that used for federal income tax purposes.

**Line A** – Enter a description of the taxpayer's principle business activity in the tax district and the primary NAICS Code.

**Line B** – Indicate whether you had employees working in the tax district during the period covered by this return. Enter the number of employees who worked in the district.

**Line C** – Indicate whether you made any payments of \$600.00 or more for services rendered in the tax district to any individual other than an employee. If so, you may be required to submit the Federal Form 1099s to the tax district. For specific filing instructions, please refer to the local tax district's instructions at <http://app.sos.ky.gov/occupationaltax/>.

**Line D** – Indicate whether you file a consolidated C Corporation federal tax return. Certain tax districts do not allow consolidated local returns and some tax districts require them. For specific requirements, please refer to the local tax district's instructions at <http://app.sos.ky.gov/occupationaltax/>.

**Line E** – During the period covered by this return, indicate whether the IRS has changed or proposed to change net income for any prior years. If yes, list the years affected. You should submit copies of the IRS report of the final determination and amended Occupational License Fee returns if applicable within six (6) months of the final determination by the IRS. [KRS 67.775]

**Line F** – If your federal ID number has changed, enter the name of the new entity and effective date of the change. You are also required to complete a new Occupational License Fee Registration form.

**Line G** – If this is a final return, indicate the reason for discontinuance and the date of discontinuance. If the business was sold, list the name of the successor.

**Line H** – List the name and complete business mailing address of the person authorized to sign the return for the taxpayer.

---

### Filing Status (Page 1)

Indicate whether the filing status of the entity has changed since last year.

Check only one box to the applicable filing status. If this is an LLC, indicate how the entity is taxed for federal purposes.

Check all boxes that apply to indicate whether the return is amended or final, or if there has been a name, address or Federal ID change. In case of an amended return, please attach a statement indicating the reason for the amendment.

## Section 1 - Occupational License Fee Calculation (Page 2)

- You must first determine whether the tax district calculates its fee based on Gross Receipts or Net Profit.
- Either Schedule G or N **must** be completed in order to determine your tax liability.

**Line 1:** Enter the Adjusted Gross Receipts from Schedule G or Adjusted Net Profit from Schedule N.

**Line 2 :** Enter the apportionment percentage from Section 2, Line 4. Carry the percentage to 5 places after the decimal. Enter 100.00000 if all business operations are in the tax district.

**Line 3:** Taxable Gross Receipts or Net Profit. Multiply Line 1 by Line 2.

**Line 4:** License Fee. Enter the tax rate for the tax district. Multiply Line 3 by the tax rate for the district.

**NOTE for lines 5 and 6:** A list of local districts that require minimum or maximum occupational fees can be found at <http://app.sos.ky.gov/occupationaltax/>.

**Line 5:** If the tax district has a minimum fee, enter it here.

**Line 6:** If the tax district has a maximum fee, enter it here.

**Line 7:** Subtotal Amount. If the tax district has no minimum or maximum fee, enter the amount from Line 4. If Line 4 is less than the minimum on Line 5, enter the amount from Line 5. If Line 4 is greater than the maximum on Line 6, enter the amount from Line 6.

**Line 8:** Enter any non-refundable credits. A list of local districts that require minimum or maximum occupational fees can be found at <http://app.sos.ky.gov/occupationaltax/>.

**Line 9:** Subtract Line 8 from Line 7. (This cannot be less than zero)

**Line 10:** Individual filers only. For salaries, wages and tips, etc. that were not withheld upon, enter the tax amount from Schedule W, Line 6.

**Line 11:** Subtotal. Add Line 9 and Line 10.

**Line 12:** Enter any refundable credits such as estimated payments, prior year credits, or payments made with extensions.

**Line 13:** Occupational License Fee Due. Subtract Line 12 from Line 11.

**Line 14:** A business entity subject to tax on gross receipts or net profits may be subject to a penalty equal to five percent (5%) of the tax due for each calendar month or fraction thereof if the business entity: (a) Fails to file any return or report on or before the due date prescribed for filing or as extended by the tax district; or (b) Fails to pay the tax computed on the return or report on or before the due date prescribed for payment.

The total penalty levied pursuant to this subsection shall not exceed twenty-five percent (25%) of the total tax due; however, the penalty shall not be less than twenty-five dollars (\$25). This penalty is to be assessed on the first day after the original due date and on the first day of each succeeding calendar month until the license fee is paid. Multiply the license fee due on Line 13 by the appropriate percentage. Enter the result, but not less than \$25.00. [KRS 67.790]

**Line 15:** Interest is assessed at the rate of one percent (1%) per month or portion thereof. A fraction of a month is counted as an entire month. Multiply the license fee due on Line 13 by the appropriate percentage.

**Line 16:** Additional fees due; refer to local instructions for additional amounts which may be due. Some examples include next year minimums, privilege taxes or regulatory fees. A list of local districts that impose fees or taxes in addition to the occupational license fee can be found at

<http://app.sos.ky.gov/occupationaltax/>.

**Line 17: Total Amount Due.** Add Lines 13, 14, 15 and 16.

**Line 18:** If Line 17 is less than zero, enter the amount to be refunded and/or credited to next year.

---

### **Section 2 - Apportionment Factors (Page 3)**

**A taxpayer whose business activities were conducted in more than one tax district must complete this section.** If business is conducted entirely within one tax district, it is not necessary to complete Section 2. Instead, enter 100.00000 on Page 2, Section 1, Line 2.

#### **Sales Factor**

**Line 1a:** Enter the total gross receipts from the sale, lease, or rental of goods, services, or property of the business entity in the tax jurisdiction during the period.

**Line 1b:** Enter the total gross receipts from the sale, lease, or rental of goods, services, or property from all sources during the period covered by this return.

**Line 1c:** Divide Line 1a by Line 1b. Carry out to five (5) decimal places.

#### **Payroll Factor**

**Line 2a:** Enter the total compensation paid or payable to employees for work done or services performed or rendered in the tax district during the tax period. [Do not include payments to independent contractors.]

**Line 2b:** Enter the total compensation paid or payable to employees for work done or services performed or rendered in all business locations during the tax period. [Do not include payments to independent contractors.]

"Compensation" means wages, salaries, commissions, or any other form of remuneration paid or payable by an employer for services performed by an employee, which are required to be reported for federal income tax purposes, increased by (a) amounts contributed by an employee to any retirement, profit sharing, or deferred compensation plan, and (b) amounts contributed by an employee to any welfare benefit, fringe benefit, or other benefit plan made by salary reduction. (Sections 125 and 132 plans.) [KRS 67.750(2)]

**Line 2c:** Divide Line 2a by Line 2b. Carry out to five (5) decimal places.

**Line 3: Total percentages** Add Line 1c and 2c.

#### **Line 4: Apportionment Percentage:**

If both Line 1b and Line 2b are greater than zero, divide the entry on Line 3 by 2;

If either Line 1b or Line 2b is zero, enter the amount from Line 3. Do not divide by 2.

The percentage should be carried out to five (5) decimal places. Enter the result on Page 2, Section 1, Line 2.

---

### **Schedule N - Calculation of Adjusted Net Profit (Page 4)**

---

The Calculation of Adjusted Net Profit Schedule is designed to accommodate the filing needs of all types of taxpayer entities who conduct business in tax districts that impose tax on Adjusted Net Profit (rather than Adjusted Gross Receipts – See Schedule G). You should complete only those items that apply to your entity type.

**NOTE: Some tax districts do not allow individuals operating multiple businesses to report each trade or business on the same return. Please refer to the tax district's instructions at <http://app.sos.ky.gov/occupationaltax/>.**

**Line 1:** Individuals. Enter the amount of non-employee compensation reported on Federal Form 1099-MISC and reported as other income on Form 1040.

**NOTE:** Line 1 should only be completed by individuals who received payments for contract services who are not claiming business expenses. If you are claiming business expenses, those amounts should be reported on Line 2.(attach a copy of Federal Form 1040).

**Line 2:** Individuals. Enter the net profit or (loss) per Federal Schedule C or C-EZ.

**Line 3:** Individuals. Enter 100 percent (100%) of the short term and long term capital gains or losses from Federal Form 4797 or Form 6252 (installment sales) to Federal Schedule D if they represent gain or loss from the sale of property used in the trade or business.

**Line 4:** Individuals. Enter the total rental real estate and royalty net income (or loss) from Federal Form 1040, Schedule E, prior to any loss limitations imposed by federal tax law.

**NOTE:** Most tax districts have a test to determine whether rental income for individuals constitutes a business activity and is subject to the occupational fee. This determination may be based on gross rental receipts, type of rental property and/or number of rental units, etc. For specific requirements, please refer to the local tax district's instructions at <http://app.sos.ky.gov/occupationaltax/>.

**Line 5:** Individuals. Enter the net profit or (loss) per Federal Form 1040, Schedule F.

**Line 6:** Individuals. Enter the ordinary gain or (loss) on the sale of property used in a trade or business per Federal Form 4797 (attach Federal schedules).

**NOTE:** Individuals must include in net profits any capital gain arising from the sale of any real property included in the licensee's business of renting real property. An individual's or fiduciary's real property is presumed to be included in the licensee's business of renting property if the licensee met the "business activity" test, referenced above, in the current or previous tax year.

**Line 7:** Partnerships. Enter the taxable ordinary income (loss) per Federal Form 1065, Schedule K, lines 1 – 12. (Attach Form 1065 and applicable schedules.)

**Line 8:** Corporations. Enter the taxable income or (loss) per Federal Form 1120 or ordinary income or loss per Federal Form 1120S.

**Line 9:** All business entities. If a deduction is taken for state or local taxes (based on income) or license fees (based on income), regardless of tax district, by an individual on federal Schedule C, C-EZ, E or F or on Federal Form 1120, 1120S or 1065, the amount of those taxes or license fees should be entered on Line 9.

**Line 10:** Partnerships and S Corporations. The following income items reported on Federal Schedule K must be added to ordinary income.

- Net income from rental real estate activities
- Net long term capital gain

- Net income from other rental activities
- Other portfolio income
- Interest and dividend income
- Guaranteed payments to partners
- Royalty income
- Net gain under Sec 1231 (other than due to casualty or theft)
- Net short-term capital gain
- Other income items per Schedule K

Enter the total of these items on Line 10.

**Line 11:** C Corporations. If a deduction is taken on Federal Form 1120 for a net operating loss, the amount of the net operating loss should be entered on Line 11.

**Line 12:** Total Taxable Income. Add Line 1 through Line 11.

**Line 13:** Partnerships and S Corporations. The following losses are reported on Federal Schedule K and may be deducted from ordinary income.

- Net loss from rental real estate activities
- Net long-term capital loss
- Net loss from other rental activities
- Sec 179 expense
- Net loss under Sec 1231 (other than due to casualty loss or theft)
- Portfolio loss
- Net short-term capital loss
- Deductions related to portfolio income
- Charitable contributions
- Other allowable deductions per Schedule K (attach schedule)

Enter the total of these items on Line 13 (attach a copy of Schedule K, and rental schedule(s), if applicable).

**NOTE:** For some tax districts, contributions to KEOGH plans, Simplified Employer Pension plans, and medical insurance premiums - whether paid by, or on behalf of, partners, shareholders or individual owners - are not deductible in computing net profits subject to occupational fee.

**Line 14:** Enter the Alcoholic Beverage Deduction from Schedule A, Line 5.

**NOTE:** This deduction may be taken only if the licensee engaged in the selling of alcoholic beverages had an overall profit.

**Line 15:** Enter other adjustments not included elsewhere on this Schedule N. Attach a full explanation, including amounts, of all items. Examples are: allowable expenses for which the licensee elected to take a credit against its federal income tax liability in lieu of a federal tax deduction; income which has been previously taxed in the taxing district; professional expenses not reimbursed by a partnership. See local instructions.

**Line 16: Total Deductions** – Add Line 13 through Line 15.

**Line 17: Adjusted Net Profit** – Subtract Line 16 from Line 12. Enter this amount on Line 17 and on Section 1, Line 1 on Page 2.

---

**Schedule G – Calculation of Adjusted Gross Receipts (Page 5)**

---

The Calculation of Adjusted Gross Receipts Schedule is designed to accommodate the filing needs of individuals, sole proprietors, partnerships, and corporations with operations in tax districts that impose tax on Adjusted Gross Receipts (rather than Adjusted Net Profits – see Schedule N). You should complete only those items that apply to your business operation.

**NOTE:** Some tax districts do not allow multiple individual schedules to be reported on the same return. Please refer to the instructions for the tax district's form, which can be found at <http://app.sos.ky.gov/occupationaltax/>.

**Line 1:** Individuals. Enter the amount of non-employee compensation reported on Federal Form 1099-MISC and reported as other income on Form 1040.

**Line 2:** Individuals. Enter the gross receipts from Federal Schedules C or C-EZ (attach a copy of Federal Form 1040 and all applicable schedule(s)).

**Line 3:** Individuals. If the tax district taxes capital gains, enter 100 percent (100%) of the short and/or long term capital gains from Federal Form 4797, Form 6252 and/or Schedule D if those gains arise from the sale of property used in the trade or business. In addition, enter the gain from the sale of property used in the trade or business per Federal Form 4797 (attach Federal Form 4797, Form 6252 and/or Schedule D).

**Line 4:** Individuals. Enter the rental gross receipts from Federal Form 1040, Schedule E (attach a copy of Federal Form 1040 and all applicable schedule(s)).

**NOTE:** Most tax districts have a test to determine whether rental income for individuals constitutes an activity subject to the occupational fee. This may be based on gross rental receipts, type of rental property, number of rental units, etc. For specific requirements, please refer to the local tax district's instructions at <http://app.sos.ky.gov/occupationaltax/>.

**Line 5:** Individuals. Enter the gross receipts from Federal Form 1040, Schedule F (attach a copy of Federal Form 1040 and all applicable schedule(s)).

**Line 6:** Partnerships. Enter the gross receipts from Federal Form 1065 (attach Form 1065 and applicable schedules).

**Line 7:** Corporations. Enter the gross receipts from Federal Form 1120 or Federal Form 1120S (attach applicable Federal Form and schedules).

**Line 8:** Corporations. Enter the gross rental receipts from Federal Form 8825 attached to Forms 1120 or 1120-S (attach applicable federal form and schedules).

**Line 9:** Partnerships and S Corporations. Enter the gross receipts from real estate and other rentals of a Partnership or S corporation per Federal Form 8825 and other applicable schedules. (Attach applicable federal forms and schedules.)

**Line 10: Total Gross Receipts.** Add Line 1 through 9.

**Line 11:** Enter gross alcoholic beverage sales within the tax district.

**Line 12:** Enter amount of sales and excise taxes reported as income on the applicable federal form. **Line 13:** Enter returns and allowances reported on the federal return.

**Line 14: Total Deductions.** Add Lines 11 through 13.

**Line 15: Adjusted Gross Receipts.** Subtract Line 14 from Line 10. Enter here and on Section 1, Line 1, Page 2.

## Schedule A – Calculation of Alcoholic Beverage Deduction

The Calculation of Alcoholic Beverage Deduction applies only if the tax district imposes tax on net profits that are reported on Schedule N, Page 4.

**Line 1:** Enter the gross alcoholic beverage sales in Kentucky.

**Line 2:** Enter total gross sales.

**Line 3:** Alcoholic Beverage Percentage. Divide Line 1 by Line 2.

**Line 4:** Adjusted Net Profit before Alcoholic Beverage Deduction. From Schedule N, enter Line 12 minus the sum of Lines 13 and 15. [Line 12 – (Line 13 + Line 15)].

**NOTE:** Line 12, for Individuals, can only include income from Schedule C reported on Line 2.

**NOTE:** A deduction may be taken only if the business engaged in the selling of alcoholic beverages had a profit.

**Line 5: Alcoholic Beverage Deduction.** Multiply Line 3 by Line 4. Enter on Schedule N, Line 14.

---

## Schedule W - Calculation of Gross Salaries, Wages, Tips, etc. (Individuals Only)

W-2 employees should complete this schedule if they received salaries, wages, tips, etc. from which the full amount of occupational fee was not withheld.

**Line 1:** Enter gross salaries, wages, tips, etc. reported on Form W-2 from which no local occupational fee was withheld. Include deferred contributions to retirement and benefit plans. Attach Form W-2.

**Line 2:** Enter employee business expenses related to the amount entered on Line 1 (attach Form 2106).

**Line 3: Subtotal.** Line 1 minus Line 2.

**Line 4:** Percentage of wages earned in tax district. Enter the number of days worked in the tax district and the total number of days worked everywhere. Divide the days in tax district by the total days worked everywhere. (Carry out to five (5) decimal places)

**Line 5:** Wages earned in the tax district. Multiply Line 3 by Line 4.

**Line 6: Tax Due.** Enter the tax district tax rate and multiply it by Line 5. Enter on Section 1, Line 10.