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DEPARTMENT OF FINANCE

Phone: 270-393-3000

Web Site: www.bgky.org

Fax: 270-393-3636

December 6, 2013

Dear Tax Preparer,

With the tax filing season once again upon us, the City of Bowling Green would like to provide you with the following information on inquiries most often received from the public and from tax preparers. The areas addressed in this correspondence are: Business Registrations, City Wage Withholding Returns, Net Profit License Fee Returns and income classified as Capital Gains and Losses. We hope this information is of assistance to you in the preparation of your client's tax returns for the City of Bowling Green.

Business Registration:

The City Business Registration fee is required of any entity conducting business within the corporate City limits. The registration fee is not transferable and is required of a newly formed entity or an existing entity undergoing a change that requires a new federal identification number. Any single entity conducting more than one type of business activity within the City is required to register each business activity but is only required to pay one registration fee.

A business that has regular activity within the City but does not own their business site or have a valid lease for their business site in the City for a period over six (6) uninterrupted months may be required to post a \$275 deposit/bond that the City may call upon any time occupational license fees become delinquent.

All LLC's and LLP's must register with the City and pay the registration fee.

Wage Withholding Returns:

The city occupational withholding tax rate on employee's wages is 1.85%.

The City Wage Withholding Tax must be withheld by the employer from every employee's complete gross wages. All tax-deferred contributions such as 401K, Cafeteria Plans and Thrift Plans are subject to the City tax. All individuals, regardless of where they live, are subject to this fee if they work inside the City limits.

An employer must follow the IRS guidelines in determining if an individual is an employee or an independent contractor. Misclassification could result in fines or possible tax audit. Wage Withholding Returns are generally due to the City on a quarterly basis. An employer may be required to file on a monthly basis if a tax payment on any quarter exceeds \$1,000. If this occurs, the employer will be notified well in advance of the required conversion date. Quarterly returns are due by the last day of the month following the period end while monthly returns are due by the fifteenth (15th) day of the month following the period end.

The following address is the mailing address for filing the City Occupational Withholding returns only. *Net Profit returns should not be sent to this address.*

**City of Bowling Green
PO Box 643791
Cincinnati, OH 45264-3791**

During the month of December, the City mails an Annual Reconciliation form to be completed and filed with the City on or before February 28 of each year. **Copies of the employer's W-2 forms must be submitted with this reconciliation, a payroll register totals page or listing that contains all the gross wages, salaries or compensation (including pre-tax contributions to retirement, pre-tax deductions for insurance and cafeteria plan items).**

Any person, employer, employee or licensee that has made or has permitted an overpayment of his liability for any occupational license fee may apply for a refund within two years of the date the overpayment is made or the date the fee is due, whichever occurs first. A refund form provided by the City must be submitted with a detailed explanation or amended return.

Under City Code of Ordinances, whenever the City deems it necessary, the City may by notice served to the business entity require persons who make Federal Form 1099 "non employee compensation" payments to persons other than employees for services performed within the City, to maintain records of such payments and report such payments to the City. If a business is not required to remit Federal 1099's to the IRS, including but not limited to payments less than \$600, they are still liable to remit the equivalent information to the City upon request.

Net Profit License Fee Returns:

The city net profit license fee rate is 1.85%.

Chapter 18-Sections 1.01 and 1.03 of the City Code of Ordinances have been amended to revise language related to the **taxation of income classified as capital gains and losses**. The provisions of this Ordinance shall become effective on January 1, 2013, and shall apply to any person or business entity required to file a net profit return with the City and whose **fiscal year begins on or after January 1, 2013**. As a result of this amendment, **income from the sale of real and personal property classified as capital gains by the Internal Revenue Service shall be excluded from the taxation on the net profit license fee return and losses attributable to the sale of real and personal property classified as capital losses by the Internal Revenue Service shall be included as income. These type adjustments are to be captured on the back of the Net Profit return.**

If an extension of time for filing is necessary, a copy of your client's Federal extension request **must** be submitted on or before the due date of the return. The extension request **must** be accompanied by payment equivalent to **90%** of the fee due or an amount equal to 100% of the total liability for the most recent year. The amount paid with the extension cannot be less than the minimum \$30.00 fee. All license fees unpaid after the due date will be subject to an interest charge of one (1%) percent per month or fraction of a month from the original due date. If the extension form has not been filed on or before the due date, penalty and interest will apply when the net profit license fee is filed. **LLC's filing as a disregarded entity** under another city account number must submit an extension request form for the LLC referencing the city account number where the taxes will be reported. An estimated payment is not required with these extension requests. *Please direct all city extension requests (available on the city website www.bgky.org) to the attention of: Deborah Lambert.*

The \$30.00 minimum fee is for the activity within the year being reported on the Net Profit Return. This minimum fee is due even if the business closed during the year or reported a loss for the year. If a business has ceased activity in the City, the date should be reported on the return. An individual must send written notification and explanation in order to close their City account. A form for this purpose is available on the City's website.

Income on rentals and sales of personal property and real estate by brokers and persons conducting such business is subject to the license fee. A person is deemed to be in rental business by the City if they receive rental income from more than two residential units or if they have any commercial rental property.

A business entity reporting activity both within the City limits and also outside the City limits must keep detailed records of their activity in order to substantiate the percentage factor allocated to the City on the Net Profit Return.

LLC's must file the annual net profit license fee return by the due date to avoid late fees. However, if the LLC is reporting the income under a separate City account number, that account number must be inserted in the space provided on the return under the special instructions for LLC's. If that number is provided with the LLC net profit, the minimum license fee will be waived on the LLC return.

Penalty for late filing will be 5% per month or portion of month to a maximum of 25%, but not less than \$25.00. These penalties apply if the entity fails to file any return or report on or before the due date prescribed for filing or as extended by the City; or fails to pay the tax computed on the return or report on or before the due date prescribed for payment.

Interest will accrue at 1% per month or portion of month on any unpaid balances, from the time the tax was due until the tax is paid and will be in addition to the penalty discussed above.

We sincerely hope this information has been of benefit to you. If you have any questions regarding any of these areas addressed, please contact the License Division by phoning (270) 393-3000. As a reminder, all of our City tax forms and application forms can be printed from the City's website, www.bgky.org . Please feel free to provide a copy of this letter to your clients on our behalf.

Sincerely,

Jeffery B. Meisel

Jeffery B. Meisel
Chief Financial Officer

David L. Lyne

David L. Lyne
Occupational License Manager

cc: Close Account Form
Extension Request Form

134040



CITY OF BOWLING GREEN, KY

REQUEST TO CLOSE OCCUPATIONAL LICENSE ACCOUNT AND NOTIFICATION OF BUSINESS ACTIVITY CEASING WITHIN THE CITY LIMITS OF BOWLING GREEN, KY

Business Name: _____

City Account Number: _____ Date All Business Activity Ceased In City: _____

Reason For Closure Request: _____

ADDRESS: (CURRENT OWNER'S FORWARDING)

Name: _____ Phone: (____) _____

Address: _____
(Street) (City) (State) (Zip)

IS BUSINESS UNDER NEW OWNERSHIP: (NEW OWNER'S ADDRESS)

Name: _____ Phone: (____) _____

Address: _____
(Street) (City) (State) (Zip)

DOES THIS BUSINESS HOLD AN ALCOHOL LICENSE: YES () NO ()

I CERTIFY THAT ALL BUSINESS ACTIVITY HAS CEASED WITHIN THE CITY LIMITS OF BOWLING GREEN, KY AS OF THE DATE ABOVE. IT IS UNDERSTOOD THAT THE CLOSING OF THIS ACCOUNT SHALL IN NO WAY RELIEVE THE OWNERS OF THIS BUSINESS FROM ANY OCCUPATIONAL LICENSE FEES DUE THE CITY CURRENTLY, OR IN THE FUTURE, FROM BEING PAID.

SIGNATURE

TITLE

DATE



CITY OF BOWLING GREEN, KY
 P.O. Box 1410
 Bowling Green, KY 42102-1410
 (270) 393-3000
 www.bgky.org

NP

**CITY NET PROFIT
 EXTENSION**

BUSINESS NAME AND MAILING ADDRESS
 ***** TYPE IN ALL CAPITALS *****

FOR	YEAR	ENDED	DUE ON OR BEFORE
CITY OCCUPATIONAL ACCOUNT NUMBER			
S.S.# OR FED. I.D. #			

**Request for Automatic Extension of Time to File
 Municipal Net Profit License Fee Return**

LLC'S SPECIAL INSTRUCTIONS
 LLC'S REPORTING INCOME UNDER A SEPERATE CITY ACCOUNT MUST PROVIDE THAT CITY ACCOUNT NUMBER FOR LICENSE FEE TO BE WAIVED WITH THIS RETURN.
 CITY ACCT# _____
THIS RETURN MUST BE FILED BY THE ORIGINAL DUE DATE TO AVOID PENALTIES.

Extension Requests:

If an extension of time for filing is necessary, a copy of your Federal extension must be submitted on or before the due date of the return. The extension must be accompanied by payment equivalent to 90% of the fee due or an amount equal to the total liability for the most recent year. The amount paid with the extension cannot be less than the minimum \$30.00 fee. Regardless of the number of extensions approved, all license fees remaining unpaid after they become due, shall be subject to interest of 1% per month or portion of month from the original due date. All license fees remaining unpaid after the original due date or approved extension date, whichever is later, shall be subject to a five (5%) percent penalty per month not to exceed 25% of the unpaid license fees or twenty-five (\$25.00) dollars whichever shall be greater.

Estimated tax due enclosed with this form: \$ _____

Prior tax year carry forward/credit applied: \$ _____

Copy of Federal Extension Attached

Mail this completed form to: City of Bowling Green
 Attn: Deborah Lambert
 P. O. Box 1410
 Bowling Green KY 42102-1410