

JEFFERY B. MEISEL, CPA  
Chief Financial Officer  
jeff.meisel@bgky.org

ERIN BALLOU, CMA, CPFO  
Assistant Chief Financial Officer  
erin.ballou@bgky.org



DAVID L. LYNE  
Occupational License Manager  
david.lyne@bgky.org

SEAN WEEKS, CPFO  
Assistant Chief Financial Officer  
sean.weeks@bgky.org

DEPARTMENT OF FINANCE

Phone: 270-393-3000

Website: [www.bgky.org](http://www.bgky.org)

Fax: 270-393-3636

December 4, 2017

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, Employee Wage Withholding Returns, Annual Reconciliations Net Profit License Fee Returns, and Extension Requests. We hope this information is of assistance to you in the preparation of your clients' 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 one-time 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 Limits 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 Limits but does not own their business site or have a valid lease for their business site in the City Limits 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 one-time registration fee.

**Employee Wage Withholding Returns**

*The City occupational withholding tax rate on employees' wages is 1.85%. Please include your City account number on all tax forms submitted to insure accuracy of your clients' filings.*

The City Employee 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 tax 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. Employee 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 day of the month following the period end.

***The following address is the mailing address for filing the City Employee Wage Withholding Returns:  
City of Bowling Green KY, P O Box 643791, Cincinnati OH 45264-3791.***

***Net Profit License Fee Returns and Annual Reconciliations should not be sent to this address.***

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<sup>th</sup> of each year. **Copies of the following must be submitted with the Annual Reconciliation: the employer's W-2 forms, the totals page from a Payroll Register or a listing that contains all the gross wages, salaries and/or compensation that would be any pre-tax contributions to retirement, pre-tax deductions for insurance, and cafeteria plans.**

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 (2) 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 or an amended Employee Wage Withholding Return with a detailed explanation must be submitted.

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 Limits to maintain records of such payments and report such payments to the City. If a business is not required to remit Federal 1099s 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 fee rate is 1.85%. Please include your City account number on all tax forms submitted to insure accuracy of your clients' filings.***

**The Net Profit License Fee Return form is being revised for 2017.** There has been no change in the City Code of Ordinances. The City tax rate, and required reporting information, will remain the same. **However, the printed layout of the tax form will have a different appearance.** The new return will be mailed and will be available on the City website in 2017. This revised Net Profit License Fee Return form should be used for calendar and fiscal years beginning January 1, 2017.

The \$30 minimum fee is for the activity within the year being reported on the Net Profit License Fee 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 Limits the date should be reported on the return. An individual must send written notification and explanation in order to close their City Business Registration account. A form for this purpose is available on the City's website: [bgky.org](http://bgky.org).

Income on rentals and sales of personal property and real estate by brokers and persons conducting such business within the City Limits is subject to the net profit license fee. A person is deemed to be in rental property 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 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 License Fee Return.

**LLCs** 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. If that account number is provided with the LLC's Net Profit License Fee Return the minimum license fee will be waived on the disregarded LLC's return.

**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.

**Penalty** for late filing will be 5% per month or portion of month to a maximum of 25% but not less than \$25. These penalties apply if the entity fails to file and 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.

**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 must be accompanied by payment equivalent to **90%** of the amount due or an amount equal to 100% of the total liability for the most recent year. The amount paid with the Extension Request cannot be less than the minimum fee of \$30. All net profit license fees unpaid after the due date will be subject to an interest charge of 1% per month or fraction of a month from the original due date. If the Extension Request has not been filed on or before the due date, penalty and interest will apply when the Net Profit License Fee Return is filed. **LLCs** 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 an Extension Request for a disregarded LLC. *Please direct all City Extension Requests to the attention of: **Deborah Lambert**.* Extension Request forms are available on the City's website: [bgky.org](http://bgky.org).

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 Occupational License Division by phoning 270.393.3000. As a reminder, all of our City Occupational License Division forms can be printed from the City's website: [bgky.org](http://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

Enclosures