



**DEPARTMENT OF FINANCE & ADMINISTRATION**  
**P.O. BOX 1090**  
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[LicenseQuestions@newportky.gov](mailto:LicenseQuestions@newportky.gov)  
**OCCUPATIONAL LICENSING INFORMATION**  
**2018 - 2019 LICENSE YEAR**

The Kentucky General Assembly has passed legislation to standardize city occupational licensing ordinances throughout the state. To comply with the provisions of this legislation, the City of Newport instituted various changes to the way that occupational license fees are filed and paid.

**PLEASE READ** this information before completing your renewal form. The following areas are explained:

- |                                       |  |
|---------------------------------------|--|
| 1. Maximum Fee                        | 8. Rate                                    |
| 2. Minimum Fee                        | 9. Copy of Federal Income Tax return       |
| 3. Filing Dates                       | 10. Protection of confidential information |
| 4. Annual Accounting Periods          | 11. Dissolution / Withdrawal               |
| 5. Extensions                         | 12. Non-renewal to delinquent payers       |
| 6. Penalty and Interest               | 13. Submitting 1099's                      |
| 7. Gross Receipts                     | 14. Maintaining office                     |
| - Formula for sales outside the City  | 15. New business                           |
| - Third Party Employers / Employees   | 16. Contractors located outside the city   |
| - Deductions for taxes paid elsewhere |  |

**1) MAXIMUM FEE**

The maximum fee for the 2018-2019 license year is **\$25,200**. No license fee payment should be greater than **\$25,200**. The maximum license fee increases or decreases based upon a factor equal to the **Consumer Price Index rounded up to the next \$100**. The **CPI for 2017 was 2.1%**.

**2) MINIMUM FEE**

The minimum fee is **\$75** per year. Any business with gross receipts assessable to Newport of **\$21,428** or less should pay the **\$75** minimum.

**3) FILING DATES**

For licensing period July 1, to June 30.

- For businesses operating on a calendar year, license fees are due **April 15**.
- For businesses operating on a fiscal year, license fees are due **105 days** after the end of the fiscal year.
- Adult Entertainment License Fees are due **April 15**.
- Alcoholic Beverages licenses are due **October 31**. Forms will be sent later.

**4) ANNUAL ACCOUNTING PERIOD**

The appropriate accounting period for your license fee is as follows:

- For those businesses using a calendar year, please use figures through **Dec. 31**.
- For those businesses using a fiscal year which does not end on December 31, please use figures from the **most recent fiscal year**.

**5) EXTENSIONS**

Requests for Extensions must be accompanied by an **ESTIMATED PAYMENT** based on the license fee paid to the City for the previous year or 85% or more of the projected fee due.

**EXTENSIONS FILED WITHOUT AN ESTIMATED PAYMENT WILL NOT BE GRANTED.**

- For businesses operating on a calendar year, extension requests must be received in writing before **April 15**. After that date, penalty and interest must be included with any payment.
- For businesses operating on a fiscal year, extension requests must be received in writing before the **105th day** after the fiscal year end. After that date, penalty and interest must be included with any payment.
- Upon the filing of the annual return, any payment due, less the estimated payment, shall be subject to **interest payments of 1% per month** past the original due date.
- Any returns filed after the granted extension date shall also be subject to a penalty of **5% per month** of the amount due, **up to 25% or \$25.00, whichever is greater**.

**6) PENALTY AND INTEREST**

- For businesses using a calendar year, payments must be **postmarked by April 15**. If you are mailing your return, please do so far enough in advance to ensure delivery by **April 15**.
- For businesses using a fiscal year, payments must be **postmarked by the 105th day after the end of the fiscal year**.
- The penalty for late payment is calculated at **5% per month (or fraction thereof) past the due date of the amount due, up to 25% or \$25.00, whichever is greater**.
- Interest on late payments is calculated at **1% per month (or fraction thereof) past the due date of the amount due**.

**7) GROSS RECEIPTS**

Newport's Occupational License fee is based on your Newport **GROSS RECEIPTS - NOT NET PROFIT**. **Gross Receipts** means all revenue or proceeds derived from the sale, lease or rental of goods, services or property by a business entity.

- **SALES AT RETAIL** - For retail businesses with a place of business located within the City, **gross receipts** shall include all retail sales generated by the Newport place of business to persons or other businesses within the City as well as persons or businesses outside the City.

- **SALES AT WHOLESALE** - For businesses that conduct sales at the wholesale level, whether located in the City or not, gross receipts shall include those sales made inside the City. **For a sale to be considered totally outside the City, the entire transaction must occur outside the City, meaning the goods must be physically ordered and received outside the City**. Further, to be considered physically received outside the City, the legal responsibility of the goods must remain with the seller until the recipient receives the product.

- **FORMULA FOR SALES/SERVICES OUTSIDE THE CITY BY BUSINESSES WITH A PHYSICAL LOCATION IN NEWPORT** - For businesses located in Newport, sales/services made or performed outside the City are **NOT 100% DEDUCTIBLE**.

- To calculate the gross receipts subject to the fee, use the following formula:

$$\frac{\text{NEWPORT SALES/SVCS}}{\text{TOTAL SALES/SERVICES}} + \frac{\text{NEWPORT PAYROLL}}{\text{TOTAL PAYROLL}} = \% \text{ SUBJECT TO FEE}$$

DIVIDED BY 2

TOTAL GROSS RECEIPTS x % SUBJECT TO FEE = RECEIPTS ASSESSABLE TO NEWPORT

GROSS RECEIPTS ASSESSABLE TO NEWPORT x .0035 = OCCUPATIONAL FEE DUE

- This calculation must be filed on **City Form CN-12\***.
- For businesses with a physical location outside the City, outside sales shall include those sales that are made totally outside the City. Those transactions must take place **entirely outside the City**.

- **THIRD PARTY EMPLOYERS/EMPLOYEES** - Third party Employers are defined as any business entity that provides employees through either a lease or contractual arrangement to another business entity operating within the City and provides wages, benefits or other compensation to such employees. Third Party Employees are defined as any person employed and paid wages, benefits or other compensation by a Third Party Employer.

- Any business with a physical location inside the City that utilizes Third Party Employees shall ascertain the percentage allocation for sales outside the City by using the gross wages earned by Third Party Employees as if the compensation paid to those employees was paid by the business.

- **DEDUCTIONS FOR TAXES COLLECTED FOR OTHER GOVERNMENTAL ENTITIES** - When calculating the Newport gross receipts of any business entity, be sure to exclude any taxes collected by that entity for any county, state or federal governmental bodies.

**8) THE RATE**

The rate for calculating the Occupational License fees on Newport gross receipts is **.0035**.

**9) COPY OF FEDERAL INCOME TAX RETURNS**

Every business entity shall submit a copy of its Federal Income Tax return for the corresponding annual accounting period at the time of filing its return with the City.

**10) PROTECTION OF CONFIDENTIAL INFORMATION**

**All financial information submitted on any City of Newport Occupational License Renewal Form and any corresponding documentation is considered confidential and privileged information and is protected by state law and City Ordinance from disclosure to the public, to any City employee who does not need the information to perform his or her job duties or to any elected official. Criminal penalties have been established for anyone who intentionally inspects any information related to the financial affairs of any business without the approval of the City Manager or for any employee who intentionally divulges any such information.**

**11) DISSOLUTIONS OR WITHDRAWALS**

If any business entity dissolves or withdraws from the City during any annual accounting period or if any business entity in any manner surrenders or loses its charter during any annual accounting period, the dissolution, withdrawal or loss or surrender of charter shall not eliminate the need for the filing of returns and the assessment and collection of gross receipts fees for the period of that year during which the business entity had gross receipts in the City.

**12) NON-RENEWAL TO DELINQUENT PAYERS**

The City's ordinance prohibits the renewal of a license to any business or person who is delinquent in the payment of any other tax, license fee or assessment. If our records indicate any such delinquencies, it will be marked in one of the spaces below.

_____ Real Estate Tax Bill	_____ License fee on Rental Dwellings
_____ Tangible Tax Bill	_____ Other
_____ Payroll Withholding	

UNSIGNED FORMS or forms submitted without the necessary information regarding Newport gross receipts and deductions will be returned. To avoid any delays in the issuance of your license, please be sure your form is completed and signed. Until you comply with both of these regulations, your business will be considered to be delinquent and operating without a valid Occupational License.

### **13) 1099'S TO BE SUBMITTED**

Any business which is physically located within the City of Newport is required to file a copy of all **Federal Form 1099's** issued during their annual accounting period along with their renewal form.

### **14) MAINTAINING OFFICE ONLY**

Business entities that are physically located in the City but do not have any wholesale or retail sales within the City are still required to pay the **\$75.00** minimum fee to maintain their office in Newport.

### **15) NEW BUSINESSES**

Any business that has yet to complete a full annual accounting period should use whatever figures are available for the appropriate reporting period.

### **16) CONTRACTORS LOCATED OUTSIDE THE CITY**

#### **YES, YOU MUST FILE A RETURN IF:**

##### A. You are working in Newport **beyond July 1.**

1. If the amount of your payment at the time of application was \$75.00 or less, base the amount of fee on your total contract in Newport in 2017, minus the amount paid to subcontractors.
2. If the amount of payment at the time of application was more than \$75.00, calculate the amount of license fee based on your total contracts in Newport, minus the amounts paid to subcontractors. Then subtract the amount you paid at the beginning of your first job in Newport during the annual accounting period and pay the difference.

##### B. You are **not** working in Newport **beyond July 1, BUT** the total amount of your Newport contracts minus the amount paid to subcontractors **is greater than \$21,428.00** during the year. On form **CN-13\*** calculate the amount of license fee due based on your total contracts in Newport minus the amounts paid to subcontractors. Subtract the amount you paid at the beginning of your first job in Newport during the annual accounting period and pay the difference.

#### **NO, YOU DO NOT FILE A RETURN IF:**

You are **not** working in Newport beyond **July 1**, and the total gross of your contracts minus subcontractors is **less than \$21,428.00** during the year 2017.

**However**, please mark this information on the renewal form and return it to us.

**IMPORTANT:** Existing contractors that have a job, project or permit that exceeds \$50,000 must pre-pay the Occupational fee. This payment will be a credit toward the next year due.

**The City of Newport's Occupational License Ordinance provides that any person or company who begins work without first obtaining a business license shall pay a license fee that is double the amount that is ordinarily due.**

\*Forms can be downloaded at [www.newportky.gov/](http://www.newportky.gov/) City Government / Finance & Administration