

Instructions for Form 228-S, Net Profits Occupational License Tax Return

Section 1: Calculation of License Tax Liability

- Line 1:** Enter the adjusted net business income from Line 11 of Worksheet I, Line 10 of Worksheet P, Line 11 of Worksheet C on the reverse side of Form 228-S. This worksheet must be completed in order to determine your adjusted net business income.
- Line 2:** Enter the average allocation percentage from Section 2, Column C, Line 4.
- Line 3:** Multiply Line 1 by Line 2 and enter the result on Line 3.
- Line 4:** Multiply Line 3 by the license tax rate of .005 and enter the result on Line 4.
- Line 5:** Enter any credits due and attach documentation indicating whether the credit is an estimate or a carryover from prior tax year.
- Line 6:** Deduct Line 5 from Line 4 and enter on Line 6. This is the amount of license tax due. If Line 6 is less than zero, go to Line 10.
- Line 7:** If the license tax is not paid by the due date of the return, interest will be assessed at the rate of twelve (12) percent per annum. Multiply the license tax due on Line 6 by the appropriate percentage and enter the result on Line 7.
- Line 8:** If the license tax due is not paid by the due date of the return, penalty is assessed at the rate of five (5) percent per month or portion thereof, not to exceed 25%. Minimum due is \$25. Multiply the license tax due on Line 6 by the appropriate percentage and enter the result on Line 8.
- Line 9:** Add Lines 6 through 8. This is the balance due.
- Line 10:** If Line 6 is less than zero, enter the amount on Line 10. You must indicate if you desire to have the overpayment refunded or applied as a credit to future returns.

Section 2: Calculation of Allocation Percentage

This section must be completed by all licensees with business receipts and/or payroll within and without Fayette County. Completion of the schedule allocates to the Fayette County Public Schools the proportionate part of the licensee's total business activity attributable to Fayette County.

Sales factor

- Line 1, Column A:** Enter the gross sales received from all Fayette County sources during the period covered by the Net Profits Occupational License Tax Return.
- Line 1, Column B:** Enter the gross sales received from all sources including Fayette County during the period covered by the Net Profits Occupational License Tax Return.
- Line 1, Column C:** Divide Column A by Column B and enter the result on Line 1, Column C. Carry out to at least six decimal places.

Payroll factor

- Line 2, Column A:** Enter the total compensation (before the deduction of any pre-taxed items) paid for work done or services rendered in Fayette County by residents of Fayette County during the period covered by the Net Profits Occupational License Tax Return.
- Line 2, Column B:** Enter the total compensation (before the deduction of any pre-taxed items) paid for work done or services rendered in all business locations during the period covered by the Net Profits Occupational License Tax Return.
- Line 2, Column C:** Divide Column A by Column B and enter the result on Line 2, Column C. Carry out to at least six decimal places.

Average allocation percentage

- Line 3, Column C:** Add Column C, Lines 1 and 2; then enter the result on Line 3, Column C.
- Line 4, Column C:** Divide Line 3, Column C by the number of percents used on Lines 1 and 2, Column C. Enter the result on Line 4, Column C and Line 2, Section 1.

Note: If one of the factors (sales or payroll) is missing, the remaining factor is the average allocation percentage. A factor is considered missing if:

1. With regard to the sales factor, a licensee's entire business operation did not have any sales. (i.e. Section 2, Line 1, Columns A and B both equal zero)
2. With regard to the payroll factor, a licensee's entire business operation did not incur any expenditure for payroll (i.e. Section 2, Line 2, Columns A and B both equal zero).