

FOR OFFICIAL USE ONLY



LOUISVILLE METRO REVENUE COMMISSION

**FORM
OL-3**

OCCUPATIONAL LICENSE TAX RETURN

CHECK IF "FINAL RETURN" Date Operations Ceased: _____ (Required to close account.) CHECK IF "NO ACTIVITY" FOR YEAR

CHECK IF CHANGE IN ADDRESS IS BELOW CHECK IF AMENDED RETURN

Name _____ ACCOUNT NUMBER _____

Address _____ FOR YEAR ENDING _____

City _____ State _____ Zip _____ MM DD YY

Federal ID _____ Phone No. _____ Ext _____

*** THE QUESTIONS BELOW MUST BE ANSWERED ***

- A. Principal business activity: _____
- B. During the past year, did Federal Authorities change or propose to change net income reported for that year or any prior year? YES NO
If YES, which year(s) was adjusted? _____ (Attach statement of changes)
- C. Corporation's Principal Administrative Officer: _____ Social Security Number: _____
Address: _____
- D. Did you file a consolidated federal return? YES NO (If YES, see instructions.)
- E. Was there a change in ownership in the past year? YES NO (If YES, when did the change occur?) _____
Please write name and address of new owner: _____

YES NO Did you make payments in the sum of \$600.00 or more to any individual for services rendered in Louisville Metro, Kentucky, other than an employee? IF YES, YOU ARE REQUIRED TO FILE FORM 1099-SF.

*** PAGE 2 MUST BE COMPLETED PRIOR TO COMPLETING THIS NEXT SECTION ***

| 25. Enter Adjusted Net Profit (From Line 20 on back of form): | | | \$ |
|---|---------------------------|--|---|
| Occupational License Tax Computations | | COLUMN A Louisville Metro & Mass Transit Tax Rate = (.0145) | COLUMN B School Boards Tax Rate = (.0075) |
| 26. Enter Apportionment Factor from Line 24 | | ----- | IMPORTANT! DO NOT COMPLETE COLUMN B IF NON-RESIDENT INDIVIDUAL Please write your account number on your check or money order and make payable to: Louisville Metro Revenue Commission |
| 27. Net Profits Allocation (Line 25 x Line 26) Enter in Columns A & B | \$ | \$ | |
| 28. Enter result of Line 1(e) | \$ | \$ | |
| 29. Enter the sum of Line 27 + Line 28 or Line 28, whichever is greater | \$ | \$ | |
| 30. Tax Calculations – [Line 29, Column A x .0145] & [Line 29, Column B x .0075] Enter in proper column | \$ | \$ | |
| 31. TOTAL OCCUPATIONAL TAX DUE – Sum of Columns A & B of Line 30 (If Line 31 is greater than \$5,000.00, see Exhibit "A" under Specific Instructions.) | | | \$ |
| 32. Enter any credit due: | (a) Prepayment of tax: \$ | (b) Refund Due: \$ | (c) Credit to next year: \$ |
| 33. BALANCE OF OCCUPATIONAL LICENSE TAX DUE [Line 31 minus Line 32(a)]: | | | \$ |
| 34. PENALTY AND INTEREST (See Instructions): | | | \$ |
| 35. AMOUNT TO BE PAID (Add Lines 33 and 34): | | | \$ |

I hereby certify, under penalty of perjury, that the information provided and the attached supporting schedules are true, correct, and complete to the best of my knowledge.

Preparer's Signature (Return must be signed.) _____ Date _____ Signature of Licensee (Return must be signed.) _____ Date _____

Print Name _____ Federal ID _____ Print Name _____ Title _____

Address _____ Phone No. _____ Social Security Number _____

ATTENTION: Federal ID Numbers and Social Security Numbers must be supplied for both the Tax Preparer and the Licensee.

MAILING ADDRESS: P.O. BOX 35410 • LOUISVILLE, KENTUCKY 40232-5410

Telephone: (502) 574-4860 • www.metrorevenue.org • Fax: (502) 574-4818 • taxhelp@metrorevenue.org • TDD: (502) 574-4811

| Lines 1(a) through 1(e). apply only to individuals with income reported on Federal Form W-2 from which no occupational taxes were withheld. | |
|---|------|
| 1(a). Gross salaries, wages, tips, etc. reported on the Federal Form W-2 from which no occupational taxes were withheld, plus deferred compensation from 401 (K), 403 (B) or 457 plans | 1(a) |
| 1(b). Related employee business expenses per Federal Form 2106 (Attach Form W-2 and Form 2106) | 1(b) |
| 1(c). Line 1(a) minus Line 1(b) | 1(c) |
| 1(d). If you did not own or operate a business during the year, compute the apportionment below for time spent in Louisville Metro, carrying calculation out five (5) decimal places. | |
| <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div> <div style="font-size: 24px;">÷</div> <div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div> <div style="font-size: 24px;">=</div> </div> <p style="text-align: center; margin-top: 5px;"> Total Days Worked in Louisville Metro Total Days Worked Everywhere </p> | 1(d) |
| 1(e). Multiply Line 1(c) by Line 1(d) and enter on Line 28, Columns A and B on the front page Note: If you are a non-resident of Louisville Metro, Kentucky, leave Line 28, Column B blank. | 1(e) |

COMPLETE THE APPLICABLE COLUMN AND ATTACH CORRESPONDING FEDERAL SCHEDULES

| | INDIVIDUAL | PARTNERSHIP | CORPORATION |
|--|------------|-------------|-------------|
| 2. Non-employee compensation as reported on Form 1099-Misc reported as "other income" on Federal Form 1040 (Attach Page 1 of Form 1040 and Form 1099) | 2) | | |
| 3. Net profit or (loss) per Federal Schedule C of Form 1040 (Attach Schedule C, Pages 1 and 2, Schedule C-EZ) | 3) | | |
| 4. Capital gain from Federal Form 4797 or Form 6252 reported on Schedule D of Form 1040 (Attach Form 4797, Pages 1 and 2 or Form 6252) | 4) | | |
| 5. Rental income or (loss) per Federal Schedule E of Form 1040 (Attach Schedule E) | 5) | | |
| 6. Net farm profit or (loss) per Federal Schedule F of Form 1040 (Attach Schedule F, pages 1 and 2) | 6) | | |
| 7. Ordinary gain or (loss) on the sale of property used in a trade or business per Federal Form 4797 (Attach Form 4797, Pages 1 and 2) | 7) | | |
| 8. Ordinary income or (loss) per Federal Form 1065 (Attach Form 1065, Pages 1, 2 and 3, Schedule of Other Deductions, and Rental Schedule(s), if applicable.) | | 8) | |
| 9. Taxable income or (loss) per Federal Form 1120 or 1120A or Ordinary income or (loss) per Federal Form 1120S (Attach Form 1120 or 1120A, Pages 1 and 2 or 1120S, Pages 1, 2 and 3, Schedule of other Deductions, and Rental Schedule(s), if applicable.) | | | 9) |
| 10. State Income Taxes and Occupational Taxes deducted on Federal Schedule C, E, F, or Form 1065, 1120, 1120A, or 1120S | 10) | 10) | 10) |
| 11. Additions from Schedule K of Form 1065 or Form 1120S (Attach Schedule K of Form 1065 or 1120S and Rental Schedule(s), if applicable) | | 11) | 11) |
| 12. Net Operating Loss deducted on Form 1120 | | | 12) |
| 13. Total Income - Add Lines 2 through Line 12 | 13) | 13) | 13) |
| 14. Subtractions from Schedule K of Form 1065 or Form 1120S (Attach Schedule K of Form 1065 or 1120S and Rental Schedule(s), if applicable) | | 14) | 14) |
| 15. Alcoholic Beverage Sales Deduction (Attach Computation Sheet) | 15) | 15) | 15) |
| 16. Other Adjustments (Attach Schedule) | 16) | 16) | 16) |
| 17. Non-Taxable Income (Attach Schedule) | | 17) | 17) |
| 18. Professional Expenses not reimbursed by the Partnership (Attach Schedule of Expenses) | | 18) | |
| 19. Total Deductions - Add Lines 14 through Line 18 | 19) | 19) | 19) |
| 20. Adjusted Net Profit - Subtract Line 19 from Line 13 Enter here and on Line 25 on the front page [Do not include the amount from Line 1(e)] | 20) | 20) | 20) |

| COMPUTATION OF APPORTIONMENT FACTORS | | | |
|--|----------------------------------|---|-------------------------------------|
| All licensees who conducted a business activity in Louisville Metro, Kentucky must complete this part, regardless of profit or loss. NOTE: All Factors in Column C should be carried out five (5) decimal places. | | | COLUMN C = Column A ÷ Column B |
| APPORTIONMENT CALCULATION | COLUMN A LOUISVILLE METRO, KY | COLUMN B TOTAL OPERATIONS EVERYWHERE | COLUMN C LOUISVILLE METRO FACTOR |
| 21. Gross receipts from sales made and/or services rendered | 21(a) \$ | 21(b) \$ | 21(c) |
| 22. Gross wages, salaries, and other compensation paid to all employees (See Instructions before completing) | 22(a) \$ | 22(b) \$ | 22(c) |
| 23. TOTAL APPORTIONMENT FACTOR for Louisville Metro, KY Add Lines (21c) and (22c) | | | 23(c) |
| 24. APPORTIONMENT FACTOR – [If both Lines 21(b) and 22(b) are greater than zero, divide entry on Line 23(c) by 2. Enter here and on Line 26 on the front page. If either Line 21(b) or Line 22(b) is zero, enter the amount from Line 23(c) here and on Line 26 on the front page.] | | | 24(c) |

INSTRUCTIONS

The Louisville Metro Revenue Commission (hereinafter referred to as the "**Revenue Commission**") collects **Occupational License Fees/Taxes** (hereinafter referred to as "**Occupational Taxes**") on all income resulting from transacting business within Louisville Metro, Kentucky. **There is no minimum earned income amount before you are liable for filing a tax return.** The occupational tax is imposed upon the privilege of engaging in a business, profession, occupation, or trade within Louisville Metro, Kentucky, regardless of the legal residence of the person so engaged. Louisville Metro includes the area within the boundaries of Jefferson County, Kentucky.

Who Must File an Occupational License Tax Return (Form OL-3):

1. Corporations, partnerships, sole proprietorships, estates and trusts, or other businesses engaged in an occupation, trade, or profession with a business nexus in Louisville Metro, Kentucky.
2. Individuals who receive wages, salaries, commissions, or other compensation for work done or services performed in Louisville Metro, Kentucky, from which the full amount of occupational taxes due have not been withheld by their employer and remitted to the Revenue Commission.

NOTE: Any payments that are received for work performed in Louisville Metro, Kentucky, are subject to occupational taxes. If the person you work for did not withhold the full amount of occupational tax, you must file a tax return.

3. Individuals having rental income:
 - (A) If the individual's gross receipts arising from rental of real property located within Louisville Metro, Kentucky, are greater than or equal to \$50,000 (or \$100,000.00 or more if both spouses have ownership in the real property generating gross receipts of more than \$50,000 each).

OR

- (B) If the property available for rental is a warehouse, apartment hotel, hotel building, office building, or other similar structure where payments typically are made both for the privilege of occupying the property and for services provided for the convenience of the occupant.

NOTE: Individuals who meet part (A) of the above test but not part (B) are permitted to challenge the presumption that their rentals constitute a "business activity" by filing appropriate evidence showing the "passive" nature of their receipts from the real property located in Louisville Metro, Kentucky.

The Revenue Commission and the Internal Revenue Service have entered into a coordination of tax administration agreement which allows the exchange of tax information between the two agencies pursuant to IRS Code Section 6103(d).

A Tax Form Must Be Filed Even If:

- Your business activity resulted in a loss for the tax year. Complete the tax form according to the instructions provided.
- You were not actively engaged in business during the tax year but do intend to resume operations at a future date. Check the box designated "**NO ACTIVITY**," sign, and mail/deliver the return to the Revenue Commission.
- Your business activity ceased prior to the beginning of the tax year, but you have not provided written notification that operations ceased. Check the boxes designated "**NO ACTIVITY**" and "**FINAL RETURN**," enter the date your activity ceased, sign, and mail/deliver the return to the Revenue Commission.
- Your business was operational for a portion of the tax year but ceased operation prior to the completion of the fiscal period. Complete the tax form according to the instructions provided. Check the box designated "**FINAL RETURN**," enter the date activity ceased, sign, and mail/deliver the return to the Revenue Commission.
- You applied for a tax number with the intention of starting a business but never transacted business within Louisville Metro, Kentucky, and do not intend to do so in the future. Check the boxes designated "**NO ACTIVITY**" and "**FINAL RETURN**," enter the date activity ceased, sign, and mail/deliver the return to the Revenue Commission.

When to File: Form OL-3 must be delivered or postmarked by the 15th day of the 4th month after the end of the fiscal year.

Form 1099-SF must be delivered or postmarked by **February 28th** following the close of the calendar year in which non-employee compensation payments were made. (See Instructions for Form 1099-SF.)

Where to File: All returns should be mailed to the **Louisville Metro Revenue Commission, P.O. Box 35410, Louisville, Kentucky 40232-5410**, or delivered to **617 West Jefferson Street, Louisville, Kentucky 40202**, along with your check made payable to the **Louisville Metro Revenue Commission**.

Signature: If the return is being filed by a corporation, it must be signed and dated by a corporate officer authorized to sign. If the return is being filed by a partnership, it must be signed by a general partner. If the return is being filed by a sole proprietor, it must be signed by that individual. Additionally, the licensee who signs the return must print his/her name in the area provided.

Extensions: If an extension of time for filing is required, a separate extension request to the Louisville Metro Revenue Commission is mandatory in all cases. You must file Form OL-3E or a copy of your federal extension application to request an automatic 6-month extension to file Form OL-3. All extension requests should include your Revenue Commission account number. The extension must be postmarked or hand-delivered to the Revenue Commission on or before the original due date. Any tax due must be paid by the 15th day of the fourth month following the close of the fiscal year end.

Estimated Tax: If an extension of time for the filing of a return has been granted, any balance of the occupational tax unpaid by the regular due date bears interest at the rate of twelve percent (12%) per annum. In addition, a late payment penalty of one percent (1%) per month, or fraction of a month, to a maximum of five percent (5%) is assessed against any occupational tax balance unpaid by the regular due date if the extension is for more than 30 days, unless estimated tax payments of at least 90% of the current year's total liability, as finally determined, has been submitted by the original due date of the return. **ATTENTION** - Taxpayers who may have a total tax obligation above \$5,000.00 in any tax year are required to submit quarterly estimated payments. This obligation includes taxes for Louisville Metro, Kentucky; TARC; and the School Boards. (See EXHIBIT "A" ACCELERATED PAYMENT OF OCCUPATIONAL TAX ON BUSINESS NET PROFIT)

Penalties:

- **Failure to File:** There is a five percent (5%) penalty per month or a fraction of a month to a maximum of twenty-five percent (25%) for failure to file a tax return by the regular or extended due date.
- **Failure to Pay:** There is a five percent (5%) penalty for late payment of the occupational tax if no extension was granted. If an extension was granted, see the instructions under "*Estimated Tax*" for further explanation.

Interest: Interest is computed at twelve percent (12%) per annum from the original due date until the date of payment. (See EXHIBIT "A", ACCELERATED PAYMENT OF OCCUPATIONAL TAX ON BUSINESS NET PROFIT regarding interest on late quarterly deposits.)

Refund Request: Claims for refund or credit must be submitted within one (1) year from the filing of the tax return or due date of the tax return, or one (1) year from payment, whichever is later.

State Exemptions: The following persons are exempt under Kentucky law from the net profits occupational tax and are not required to file a return:

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 the portion of their net profits derived from such manufacture and/or sale of alcoholic beverages on Line 15. See instructions for Line 15 for more detailed information).
3. Life insurance companies incorporating under the laws of and doing business in the State of Kentucky (See KRS 136.320 (4) (5)).
4. Banks, trust companies, combined bank and trust companies, combined trust, banking and title businesses, savings and loan associations (whether state or federally chartered).
5. Persons whose sole wages, salaries, commissions, or other compensations earned in Louisville Metro, Kentucky, are derived from service as members of the Kentucky National Guard for active duty training, unit training assemblies, and 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 in Louisville Metro, Kentucky, is the conducting of such race track and/or the operating or maintenance of pari-mutuel machines.

Special Provisions of Local Laws: The following entities are exempt under Louisville Metro, Kentucky, ordinances from the occupational tax and are not required to file a return: boards of trade, chambers of commerce, trade associations or unions, community chest funds or foundations, corporations or associations organized and operated exclusively for religious, charitable, scientific, literary, educational, or civic purposes, or for the prevention of cruelty to children or animals; clubs or fraternal organizations operated exclusively for social, literary, educational, or fraternal purposes where no part of the earnings, income, or receipts of any such units, groups, or associations inures to the benefits of any private shareholder or individual.

The following persons **are exempt** from the Louisville Metro, Kentucky, occupational tax rate of (.0125) and the Transit Authority of River City occupational tax rate of (.0020), but they **are subject** to the School Boards' occupational tax rate of (.0075):

1. Wages earned by domestic servants employed in private homes
2. Compensation received by duly ordained ministers of religion - A duly ordained minister of religion is defined as being a natural person who has been ordained in accordance with the ceremonial ritual or discipline of a recognized church, religious sect, or other religious organization to teach and preach its doctrines or to administer its rites in public worship, and who regularly performs one or more of those duties. The exemption does not apply to compensation for work done or services performed in Jefferson County in activities not connected with his or her regular duties as a minister of religion.

The following persons **are subject** to the Louisville Metro, Kentucky, and Transit Authority of River City occupational tax rate of (.0145), but are **not subject** to the School Boards' occupational tax rate of (.0075):

1. An employee whose legal residence is not within Louisville Metro, Kentucky.
2. A sole proprietor whose legal residence is not within Louisville Metro, Kentucky.

Accounting Methods:

CONSOLIDATED RETURNS - Are not permitted in filing this return. If a corporation which is subject to the occupational license tax is included in a consolidated return, that corporation shall submit the following:

1. Form OL-3 based upon the taxable income (or loss) of the corporation subject to the occupational tax, not the consolidated taxable income.
2. A copy of the consolidated Form 1120 or its equivalent.
3. A computation sheet allocating all revenue and expense items on the consolidated Federal return to each corporation included in that consolidated return.

SEPARATE ACCOUNTING METHOD is not permitted in the filing of this return. Therefore, if any entity has operations both within and outside Louisville Metro, Kentucky, the total profit or loss per the Federal return of the entity should be reported on this return. The total profit or loss is to be multiplied by the apportionment factor of receipts and wages earned in Louisville Metro, Kentucky, as computed in the apportionment calculations (Lines 21-24), rather than reporting only the net profit or loss from those operations in Louisville Metro, Kentucky.

READ THE SPECIFIC INSTRUCTIONS BELOW **FOR THE ITEMS THAT MAY APPLY BEFORE COMPLETING FORM OL-3.**

The Occupational License Tax Return has been designed to accommodate the filing needs of individuals, sole proprietors, partnerships, and corporations. You should complete only those items that apply to your operation:

- W-2 - Employees receiving salaries, wages, tips, etc., from which the full amount of occupational tax was not withheld. (Complete Line 1(a) through Line 1(e), and Lines 28 through 35.)
- 1099 MISC - Individuals receiving payments for contract services (non-employee compensation) who are not claiming business expenses. (Complete Lines 2, 13, 20, 21, 24, and Lines 25 through 35 under the column marked "**INDIVIDUAL**" as applicable.)
- Schedule C, E, or F - Individuals receiving income from the operation of a trade, business or profession. (Complete Lines 3 through 35 under the column marked "**INDIVIDUAL**" as applicable.)
- Form 1065 – Partnerships (Complete Lines 8 through 35 under the column marked "**PARTNERSHIP**" as applicable.)
- Form 1120, 1120A, 1120S - Corporations (Complete Lines 9 through 35 under the column marked "**CORPORATION**" as applicable.)

Line 1(a): Enter the gross salaries, wages, tips, and other forms of compensation reported on Form W-2. (Note: Applies only to individuals who did not have the full amount of occupational tax withheld from their wages). Amounts deferred due to Section 401K, 403B, or 457 of the Internal Revenue Code must be included.

Line 1(b): Enter the related employee business expenses reported on Federal Form 2106. (**Attach** a copy of Form W-2 and Form 2106)

Line 1(c): Subtract Line 1(b) from Line 1(a).

Lines 1(d) and 1(e): Complete the apportionment computations on Lines 1(d) and 1(e) and enter the results on Line 28 Columns A and/or B, if applicable. Calculations should be carried out five (5) decimal places.

NOTE: If you had a loss from a business operation, you may not offset your loss against wages reported on Line 1(e).

Line 2: Enter the amount of non-employee compensation reported on Federal Form 1099 MISC or the amount of other income per Form 1040.

(NOTE: Line 2 should be completed only by individuals who received payments for contract services who are not claiming business expenses. Attach a copy of page 1 of Form 1040 and Form 1099 MISC). If you had no other type of income to report (i.e. you did not own or operate a business during the year), read the instructions for Lines 13, 20, 21, 24 and Lines 25 through 35 and complete the line items according to the instructions provided.

Line 3: Enter the net profit or loss as shown on Federal Schedule C. (**Attach** a copy of page 1 and 2 of Schedule C, or Schedule C-EZ)

Line 4: Enter 100% of the short term capital gains and long term capital gains carried over from Federal Form 4797 or Federal Form 6252 (installment sales) to Federal Schedule D representing gain from the sale of property used in your trade or business. (**Attach** a copy of Form 4797, pages 1 and 2, or Form 6252.)

Line 5: Enter the total rental income or loss per Federal Schedule E. (**Attach** a copy of Federal Schedule E of Form 1040.)

NOTE: Rental income or loss should be reported on Line 5 only if the rental property constitutes an activity. For tax years beginning on or after July 1, 1986, activity is defined as one of the following:

(A) The individual's gross receipts arising from rental of real property located within Louisville Metro, Kentucky are greater than or equal to \$50,000; or

(B) The property available for rental is a warehouse, apartment hotel, hotel building, office building or other similar structure where payments typically are made both for the privilege of occupying the property and for services provided for the convenience of the occupant.

* Individuals who meet part (A) of the above test, but not part (B), are permitted to challenge the presumption that their rentals constitute a "business activity" by filing appropriate evidence showing the "passive" nature of their receipts from the rental of real property located in Louisville Metro, Kentucky. This evidence must be submitted on or before the due date of the tax return.

Line 6: Enter the net farm profit or loss per Federal Schedule F. (**Attach** a copy of Federal Schedule F). **NOTE:** Farm profit or losses should be reported only if the farm is located in Louisville Metro, Kentucky. Farm losses for farms located in Louisville Metro, Kentucky are subject to the hobby loss rules (U.S. Department of Treasury Regulations 1.183.1(c) and 1.183.2(b)).

Line 7: Enter the net gain or loss from the sale of property used in your trade or business per Federal Form 4797. (**Attach** a copy of Form 4797, pages 1 and 2)

Line 8: Enter the Ordinary Income or Loss per Federal Form 1065. (**Attach** a copy of Federal Form 1065, Pages 1, 2 and 3, Schedule of Other Deductions, and Rental Schedule(s) if applicable, or its equivalent.)

Line 9: Enter the Taxable Income or Loss after special deductions and net operating loss per Federal Form 1120, 1120A, or the Ordinary Income or Loss per Federal Form 1120S. (**Attach** a copy of Federal Form 1120 or 1120A, Pages 1 and 2, or 1120S, Pages 1, 2 and 3, Schedule of Other Deductions, and Rental Schedule(s) if applicable, or its equivalent.)

Line 10: Enter any deduction taken for occupational taxes by an individual on Schedule C, E, or F, by a partnership on Form 1065, or by a corporation on Form 1120, 1120A, or 1120S, or for state taxes based on income on Form 1120.

Line 11: Enter the total of the income items listed below which are allocated to the partners or shareholders and are not included as income on Federal Form 1065 or 1120S. (**Attach** a copy of Schedule K, or its equivalent, and Rental Schedules, if applicable.)

- Net income from rental real-estate activities
- Net income from other rental activities
- Portfolio income
- Interest income
- Dividend income
- Royalty income
- Net short-term capital gain
- Net long-term capital gain
- Other portfolio income
- Guaranteed payments to partners
- Net gain under Section 1231 (other than due to casualty or theft)

Line 12: Enter the amount of any net operating loss, if taken as a deduction on Federal Form 1120. (This amount is to be added to taxable income.)

Line 13: Enter the total of Lines 2 through 12, as applicable.

Line 14: Enter the total of the items listed below that are allocated to the partners or shareholders which are not included as losses or expenses on Federal Form 1065 or Form 1120S, as they are allowed as deductions for occupational tax purposes. (**Attach** a copy of Schedule K or its equivalent and Rental Schedules, if applicable.)

- Net loss from rental real-estate activities
- Net loss from other rental activities
- Portfolio loss
- Net short-term capital loss
- Net long-term capital loss
- Net loss under Section 1231 (other than due to casualty or theft)
- Charitable Contributions
- Expense deductions for recovery property (Section 179)
- Deductions related to portfolio income

NOTE: Contributions to KEOGH Plans, Simplified Employee Pension Plans, and Medical Insurance Premiums on behalf of partners or shareholders are not deductible on Form OL-3.

Line 15: Follow the instructions below for computing the alcoholic beverage deduction and attach a copy of the computation sheet to the tax form. Kentucky alcoholic beverage sales divided by total sales equals the alcoholic beverage percentage. **NOTE:** A deduction may be taken only if the business engaged in the selling of alcoholic beverages had a profit.

- Individuals - Multiply the alcoholic beverage percentage by the net profit of the business engaged in the sale of alcoholic beverages as reported on Line 3.
- Partnerships - Multiply the alcoholic beverage percentage by Line 13, minus the sum of Lines 14, 16, 17, and 18.
- Corporations - Multiply the alcoholic beverage percentage by Line 13, minus the sum of Lines 14, 16, and 17.

Line 16: Adjustments can be made on Form OL-3 if any sum is elected by the licensee as a credit against its federal income tax liability in lieu of a deduction for business expenses otherwise available to the licensee. Included in this list are the following:

- (1) If wage and salary expense is being reduced as a result of the work opportunity credit.
- (2) If the depreciable basis of an asset was reduced by the amount of investment credit claimed, ACRS depreciation may be taken on that basis reduced over the life of the asset.

Line 17: Corporate taxpayers may deduct, if substantiation is provided by including a completed copy of Schedule C of the Federal Form 1120, the following amounts (net of the deductions properly allocated thereto) without proof of non-unitary source:

- Foreign dividend income
- Foreign rental income
- Interest earned on U.S. Obligations
- Ordinary income or loss from other partnerships or S corporations which is included in income on Line 8 or Line 9 of Form OL-3. (Please note the occupational number of the account under which the income is being reported.)
- Foreign royalty income
- Foreign capital gains

Line 18: Enter the amount of professional expenses claimed by the partners on their individual Form 1040 which are related to, but not reimbursed by, the partnership. (Include a schedule listing partners name(s), the type of deduction, and the amount of each deduction.)

Line 19: Enter the total of Lines 14 through 18, as applicable.

Line 20: Subtract Line 19 from Line 13. This entry represents your **"Adjusted Net Profit"** which is also entered on Line 25.

Lines 21-24: Businesses whose total gross receipts and payroll were confined solely to Louisville Metro, Kentucky, are to skip Lines 21-24 and proceed to Line 25. Businesses whose total gross receipts and payroll were not confined solely to Louisville Metro, Kentucky, must complete Lines 21-24. All factors should be carried out five (5) decimal places. Gross figures must be used when completing Lines 21 and 22.

Line 21(a): "Gross Receipts - Louisville Metro, KY" - Enter total gross receipts from sales made or services performed in Louisville Metro, Kentucky.

Line 21(b): "Gross Receipts - Total Operations Everywhere" - Enter total gross receipts (less returns and allowances) from sales made or services performed everywhere for your total operation per the Federal return.

Line 21(c): "Louisville Metro Gross Receipts Factor" - Divide the entry in Column A of Line 21, by the entry in Column B of Line 21. Enter the resulting factor on Line 21, Column C. The factor should be carried out five (5) decimal places.

Line 22(a): "Gross Wages - Louisville Metro, KY" - Enter total gross wages paid to employees for work performed within Louisville Metro, Kentucky. **NOTE:** This does include compensation of officers, but not contract or sub-contract labor.

Line 22(b): "Gross Wages - Total Operations Everywhere" - Enter total gross wages paid to employees everywhere per the Federal return. **NOTE:** This does include compensation of officers, but not contract or sub-contract labor.

Line 22(c): "Louisville Metro Gross Wage Factor" - Divide Line 22, Column A by Line 22, Column B and enter the result. The factor should be carried out five (5) decimal places.

Line 23: "Total Apportionment Factor for Louisville Metro, Kentucky"- Add Line 21, Column C to Line 22, Column C and enter the result. The factor should be carried out five (5) decimal places.

Line 24: "Apportionment Factor" - If both Lines 21(b) and 22(b) are greater than zero, divide the entry on Line 23(c) by 2, and enter the result on Line 24(c), and Line 26, Column A of the front page. If the business had either receipts greater than zero [Line 21(b)], or wages greater than zero, [Line 22(b)], but not both, then the entry in Line 23(c) should be transferred to Line 24(c) and Line 26, Column A of the front page. The factor should be carried out five (5) decimal places.

Line 25: Enter the **Adjusted Net Profit** figure from Line 20.

Line 26: Insert the factor from Line 24. Enter 1.00000 in Column A if taxpayer's total business operations are in Louisville Metro, Kentucky. The factor should be carried out five (5) decimal places.

Line 27: Multiply the entry on Line 25 by the factor on Line 26, Column A, and enter the result in Columns A and B.

Line 28: Enter the amount of wages from Line 1(e) earned while working in Louisville Metro, Kentucky, in Columns A and B. Louisville Metro includes the area within the boundaries of Jefferson County, Kentucky. If you had other sources of income from which occupational taxes were not withheld, you are required to complete Lines 2 through 20. **NOTE:** Non-residents of Louisville Metro, Kentucky, should not complete Line 28, Column B).

Line 29: Add the entries on Lines 27 and 28, and enter the greater of the total of Line 27 plus Line 28, or Line 28. **[NOTE:** Line 29 cannot be less than Line 28. If you had a loss from a business operation, you may not offset your loss against wages reported on Line 1(e).]

Line 30: "Tax Calculations" - Multiply Line 29, Column A, by the Louisville Metro and Mass Transit tax rate of .0145 and Line 29, Column B, by the School Boards tax rate of .0075 and enter the results in the appropriate columns. (See "Special Provisions of Local Laws" under General Instructions if you are a minister, a domestic employee, or a non-resident of Louisville Metro, Kentucky.)

Line 31: Total Occupational Tax Due - Add entries on Line 30, Columns A and B, and enter the result.

Line 32: Enter any credit due from prepayments of estimated tax for the tax year in Line 32(a).

Line 33: Balance of Occupational Tax Due - Subtract Line 32 from Line 31, and enter the result.

Line 34: Penalty and interest charges resulting from late filing or late payment of the occupational tax should be entered on Line 34. (See "Penalty and Interest" on page 2 of the Instructions)

Line 35: Amount To Be Paid - Add Lines 33 and 34 and enter the result. The amount on this line reflects the total liability for the tax year. Payment of the total tax liability including, penalty and interest charges, should accompany the return as filed.

Records supporting the amounts reported as taxable to Louisville Metro, Kentucky, should be retained five (5) years and must be presented upon request.

EXHIBIT "A"
ACCELERATED PAYMENT OF OCCUPATIONAL TAX ON BUSINESS NET PROFIT

Businesses whose aggregate net profit occupational tax liability due to Louisville Metro, TARC, and the School Boards exceeds \$5,000 for any fiscal year will be required to submit advance estimated payments of their occupational tax liability each quarter.

Classification I. Taxpayers whose current year occupational tax liability is more than \$5,000, but whose occupational tax liability for each of the preceding three (3) tax years was \$20,000 or less, will be required to submit estimated payments equal to the lesser of:

A. **90% of current** year occupational tax liability submitted in four (4) equal payments (22-1/2% per payment).

OR

B. **100% of the prior** whole year (12 months) occupational tax liability submitted in four (4) equal payments (25% per payment).

Classification II. Taxpayers whose current year occupational tax liability is more than \$5,000, and who have had a occupational tax liability of more than \$20,000 for any one of the preceding three (3) whole tax years will be required to submit estimated payments equal to the lesser of:

A. **90% of current year** occupational tax liability submitted in four (4) equal payments (22-1/2% per payment).

OR

B. **The greater of:**

(1.) 100% of the prior year (12 months) occupational tax liability submitted in four (4) equal payments (25% per payment) or

(2.) 100% of the average occupational tax liability for the past three (3) whole (12 months) tax years submitted in four (4) equal payments (25% per payment).

**SCHEDULE FOR QUARTERLY NET
PROFIT OCCUPATIONAL TAX PAYMENTS**

| FOR FISCAL YEARS ENDING | 1ST DEPOSIT DUE | 2ND DEPOSIT DUE | 3RD DEPOSIT DUE | 4TH DEPOSIT DUE |
|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| December 31 | April 15 | June 15 | September 15 | December 15 |
| January 31 | May 15 | July 15 | October 15 | January 15 |
| February 28 | June 15 | August 15 | November 15 | February 15 |
| March 31 | July 15 | September 15 | December 15 | March 15 |
| April 30 | August 15 | October 15 | January 15 | April 15 |
| May 31 | September 15 | November 15 | February 15 | May 15 |
| June 30 | October 15 | December 15 | March 15 | June 15 |
| July 31 | November 15 | January 15 | April 15 | July 15 |
| August 31 | December 15 | February 15 | May 15 | August 15 |
| September 30 | January 15 | March 15 | June 15 | September 15 |
| October 31 | February 15 | April 15 | July 15 | October 15 |
| November 30 | March 15 | May 15 | August 15 | November 15 |

**FAILURE TO SUBMIT
QUARTERLY ESTIMATED PAYMENTS**

Interest of 12% per annum will be assessed against the amount of any estimated deposit which is not paid by the date the quarterly deposit was due. The interest will run from the deposit due date until payment satisfying the deposit requirement is received, or the due date of the annual net profit occupational tax return, whichever comes first.