

**CITY OF SMITHS GROVE
P.O.BOX 114
SMITHS GROVE, KY 42171
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12/4/2019

Dear Business Operator:

In March 2019, Kentucky lawmakers changed statutes pertaining to cities with population of less than 1000 to allow those cities to implement Occupational License Taxes based on business income percentages versus the prior flat fee tax. In October 2019, the City of Smiths Grove passed Ordinance 2019-003 which institutes an Occupational License Tax on businesses as follows:

All businesses within the city limits must pay either an annual business license or quarterly occupational tax (based on whether you have employees or not), AND a Net Profit Tax.

BUSINESSES WITH NO EMPLOYEES:

- A business license is \$25.00 per year due on the start of business and then due each year by July 1, beginning 2020.
- Net Profit is 1% on your annual net profit due April 15 each year, beginning with 2021.

OR

BUSINESSES WITH EMPLOYEES:

- The occupational tax is 1% of gross wages paid quarterly, beginning 2020. Due 30 days after each quarter ends. A Reconciliation of Payroll Tax Withheld for the year is due April 15 each year.
- Net Profit is 1% on your annual net profit due April 15 each year, beginning 2021. Therefore, each business, conducting business within the city of Smiths Grove, falls into one of these two categories; with employees or without employees.

Please fill out the included application to register your business with the City of Smiths Grove and return it by January 31, 2020. The entire Ordinance 2019-003 Amended Occupational License Tax for the City of Smiths Grove and the corresponding forms needed to comply with the ordinance can be found of our www.smithsgrove.org website, under the section labeled PERMITS-LICENSES.

Please call if you have any questions.

Regards,

The City of Smiths Grove