

Jack Rose
Mayor



City of Murray



INFORMATION LETTER ISSUE DATE 11-2017

Occupational License Tax

TO: ALL EMPLOYERS / EMPLOYEES / INDIVIDUALS SUBJECT TO OCCUPATIONAL LICENSE TAX

In accordance with City of Murray Ordinance 2017-1743, Chapter 75, the City of Murray has assessed a 1.0% occupational license tax (payroll tax) effective January 1, 2018 on all gross earnings earned by an employee for work performed and services rendered in the limits of the city of Murray. For any employees who work both inside the city and outside the city, wages should be properly apportioned to withhold only from the wages earned for services rendered in the city. **Wages earned for services rendered outside the city are not subject to this withholding.** This applies to every resident and non-resident who works in Murray and is issued a W2 regardless of where the employer office is located. Travel outside the City for attending seminars, training sessions, business meetings, conferences and for similar purposes, including vacation and sick time, when done as an incident to full-time employment within the City, shall not be subtracted from the gross salary as work outside the City.

Beginning with wages paid on or after January 1, 2018, unless exempt, employers are required to withhold this payroll tax and file and remit the withholding on a quarterly or monthly basis. If the total quarterly occupational license tax withheld is \$500 or more, employers are required to file monthly and remit payment. If less than \$500 per quarter, the return and payment is to be submitted quarterly. Also required is an annual reconciliation that must be filed by February 28th of the following year.

The City of Murray does not require a Gross Receipts or a Net Profits return.

This packet contains the *Occupational License Tax (payroll tax) application* form OCC 1, *Filing and Remittance Return* OCC 2 and *Annual Reconciliation* form OCC 3. Please make additional copies as needed for your use. No other forms will be mailed. Please forward these forms to your accountant or payroll administrator. The forms will be available online at <http://murrayky.gov/forms/>.

A "zero" form must still be filed even when no payroll tax was withheld or due for the required period. If no form is filed, your account will appear delinquent on our records.

The City of Murray will no longer be requiring the purchase of a city sticker for those working in the city as of June 1, 2018. The business license requirement for anyone who operates a business or performs work within the Murray city limits remains in effect. This includes all temporary or permanent business unless exempted per the city ordinance. The business license period remains June 1 through May 31. Any business without a current business license should contact the Customer Service Center at City Hall at 270-762-0300 to obtain a license.

We will do everything possible to minimize your time and effort. Thank you for your cooperation and patience during this initial process. If you have any questions, please contact the Accounting Manager or Finance Director in the Finance Department at (270) 762-0300 or write to us at PO Box 1056, Murray, KY 42071.

TELEPHONE (270) 762-0300
FAX (270) 762-0306

P.O. BOX 1056
Murray, Kentucky 42071

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Website: www.murrayky.gov



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Occupational License Tax

Forms, Requirements and Due Dates

Occupational License Tax (payroll tax) application

Please complete the *Occupational License Tax (payroll tax) application* (enclosed) and remit **payment of \$25 (payable to City of Murray) for the one-time application fee by January 22, 2018**. See below for payment instructions. As per the ordinance, upon acceptance of the application the city will issue to the licensee an Occupational License Certificate, which shall contain an identifying number for tax reporting purposes. **The certificate will be emailed to the licensee email address contained on the application, unless otherwise requested to be mailed.**

Filing and Remittance Return

The due date for **monthly** returns is the fifteenth of the following month. The due date for **quarterly** returns is the last day of the following month. A "zero" form must still be filed even if no payroll tax was due for the required period. If no form is submitted to the city, your account will appear delinquent on our records.

For 2018 the due dates are as follows:

<u>Period</u>	<u>Due date</u>	<u>Period</u>	<u>Due date</u>
January 2018	February 15, 2018	July 2018	August 15, 2018
February 2018	March 15, 2018	August 2018	September 15, 2018
March 2018	April 15, 2018	September 2018	October 15, 2018
April 2018	May 15, 2018	October 2018	November 15, 2018
May 2018	June 15, 2018	November 2018	December 15, 2018
June 2018	July 15, 2018	December 2018	January 15, 2019
Qtr. 1 (Jan-Mar)	April 30, 2018	Qtr. 2 (Apr-Jun)	July 31, 2018
Qtr. 3 (Jul-Sep)	October 31, 2018	Qtr. 4 (Oct-Dec)	January 31, 2019

Payments can be mailed to:
City of Murray
P.O. Box 1056
Murray, KY 42071

Or delivered in person to:
City Hall
500 Main Street
Murray, KY

City Hall hours:
Monday - Friday
7:30 am - 4:30 pm

Annual Reconciliation

The Occupational License Tax Annual Reconciliation of license fee withheld, is to be filed by February 28th for the previous year or with final payment upon completion of your work. Instructions are on the form. Please include copies of the W-2 forms and W-3 form, transmittal of wage and tax statements, or a detailed employee listing with the required equivalent information.

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Occupational License Tax

Non Payroll Deduction Employee Requirements

Federal Employees

Federal employees, including US Postal Service and US Forest Service, are required to file their own occupational license fees quarterly. The US Postal Service and US Forest Service do not withhold the fee. The due date for the quarterly return is the last day of the month following the end of the quarter. Only the *Filing and Remittance form* (OCC 2) must be filed with the payment. Individuals must submit a copy of their W-2 with their final payment for the year. The annual reconciliation is not required.

Completion of the enclosed *Occupational License Tax (payroll tax) application* (OCC 1) Section 2 is required and must be returned to the address above by January 22, 2018.

A “zero” form must still be filed even when no payroll tax was due for the required period. If no form is filed, your account will appear delinquent on our records.

Individuals

Individuals are required to file their own occupational license fees quarterly for services rendered in the City of Murray where the tax was not withheld by the employer. The due date for the quarterly return is the last day of the month following the end of the quarter. Only the *Filing and Remittance form* (OCC 2) must be filed with the payment. Individuals must submit a copy of their W-2 with their final payment for the year. The annual reconciliation is not required.

Completion of the enclosed *Occupational License Tax (payroll tax) application* (OCC 1) Section 2 is required and must be returned to the address above by January 22, 2018.

A “zero” form must still be filed even when no payroll tax was due for the required period. If no form is filed, your account will appear delinquent on our records.

1099 “non-employees”

Every employer who has “non-employees” (contract labor, 1099 workers, etc.) working in the jurisdictional limits of the City of Murray must provide the name, address, social security number, and gross wages paid in the calendar year to the non-employee. Copies of Misc. 1099 forms should be provided with the Statement of Non-Employee Compensation Form 1099-SF, provided by the city, and should be filed no later than February 28 of each year. If no Misc. 1099 form is required by the IRS due to payment amounts, then such amounts paid should be written on the city form. The amount of compensation attributable to work performed in the City of Murray is to be documented on the city form. Employers are not required to withhold the occupational tax on this compensation.

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City of Murray

Occupational License Tax

FORM OCC 2 INSTRUCTIONS FILING MONTHLY or QUARTERLY PAYROLL TAX

First Column:

Enter Tax Year and Due Date of return

Enter Occupational License Tax number assigned by the City

Enter Business Name

Check Amended Return box ONLY when submitting an amended return.

Circle the filing period for this return (Return Type) – Quarterly or Monthly.

L1 - If quarterly, enter the quarter number for this return on L1.

L2 - If monthly, enter the month for this return on L2.

L3 - Enter total number of employees with wages earned in the city (Local) for this return.

L4 - Enter total gross amount for all wages paid / received during the period for this return.

L5 - Enter total gross amount of all wages paid / received which are to be excluded for work outside City of Murray.

L6 - Enter taxable earnings. Subtract L5 from L4 and enter total.

L7 - Enter the amount of tax due for the period. Multiply L6 x 1% (0.01) tax rate.

L8 - Enter the amount of interest due if payment is not received by the due date. Multiply L7 x 1% (0.01) per month after due date.

L9 – Enter total tax due and paid with this return. Sum lines L7 + L8.

Second Column:

Enter any updates or corrections from the Occupational License Tax application previously submitted as needed.

Review this return for completeness and accuracy, then complete the signature section at the bottom.

Submit this return and payment of license fee due by the proper due date.