

INSTRUCTIONS

General Information

Any Employer paying compensation to employees working, or otherwise providing services, in the City of Owensboro and/or Daviess County during any calendar year is required, by February 28th of the following year, to file the Employers' Annual Reconciliation of License Fee Withheld, (Form REC).

The employer must attach copies of all federal form W-2's, including federal form W-3, or an equivalent listing for all employees that had, or should have had, the license fee withheld from their compensation. The W-2's or equivalent listing must identify, by employee, the tax withheld for each jurisdiction. The employer choosing to submit W-2's must provide a separate employee listing identifying employee elections made under a Section 125 "Cafeteria Plan", plus elections made to any other subject welfare, fringe and benefit plan, if such elections are not included in Box 1 compensation on the W-2 or otherwise separately identified on the W-2. In addition, the W-3 or equivalent listing must include group totals for employees wages and withholdings for each jurisdiction.

If an employee listing is submitted in lieu of W-2's, the listing must include the employee's name, address, social security number, total gross wages, social security wages, medicare wages, federal taxable wages, local wages for each jurisdiction and the amount of license fee withheld for each jurisdiction. The employee listing must also separately identify employee elections made under a Section 125 "Cafeteria Plan", plus elections made to any other subject welfare, fringe and benefit plans, including deferred compensation plans.

Form REC, Employers' Annual Reconciliation of License Fee Withheld, must be signed by the person preparing the return.

Please note that the Employers' Annual Reconciliation of License Fee Withheld titled Daviess County Fiscal Court should include only information on employee's compensation earned in Daviess County, occurring outside the corporate city limits of Owensboro. Likewise, the Employers' Annual Reconciliation of License Fee Withheld titled City of Owensboro should include only information on employee's compensation earned inside the city limits of Owensboro.

Part I – Withholding Payment Schedule

Indicate the payments made for each month or quarter based on the filing frequency required in reporting license fee payments during the calendar year. Next, add together the amounts entered for each applicable period and insert sum as Total Payments. Also, include the total number of employees having information reported on this reconciliation.

Part II – License Fee Computation

- Line 1** Enter Total Wages, Tips and other Compensation from Box 1 of Federal Form W-2 or W-3.
- Line 2** Enter any employee compensations contributed to a deferred compensation plan, including any amounts contributed by an employee to any retirement, profit sharing, or deferred compensation plan, which are deferred for federal income tax purposes, including but not limited to salary reduction arrangements under Section 401(a), 401(k), 402(e), 403(a), 403(b), 408, 414(h), or 457 of the Internal Revenue Code.

- Line 3** Enter any employee compensations contributed to any welfare benefit, fringe benefit, or other benefit plan made by salary reduction or other payment method which permits employees to elect to reduce federal taxable compensation under the Internal Revenue Code, including but not limited to Section 125 and 132 of the Internal Revenue Code.
- Line 4** Add Lines 1, 2 and 3 to arrive at Total Gross Compensation.
- Line 5** Enter the amount included in Line 4 which represents payment for services performed:
- Outside the corporate city limits of Owensboro when completing the **City Of Owensboro** Annual Reconciliation of License Fee Withheld.
 - Outside Daviess County when completing the **Daviess County** Annual Reconciliation of License Fee Withheld. Include compensation earned in the corporate city limits of Owensboro as being earned outside of Daviess County.
 - Also include on Line 5 any other Exempt Compensation.
- Line 6** Subtract Line 5 from Line 4 to determine Taxable Compensation.
- Line 7** Multiply Line 6 by:
- City of Owensboro – 1.33%**
- Daviess County - .35%**
- Line 8** Enter the Total Employee License Fee Remitted during the Year as reported in Part I of the Annual Reconciliation.
- Line 9** If the amount from Line 7 is greater than Line 8; enter the difference as **license fee due**. Remittance of the underpayment of license fee due is not required if the amount is \$5.00 or less and is the result of fractional and rounding variations. (**Attach separate sheet identifying the applicable period(s) underpayment occurred; otherwise the Occupational Tax Administrator will determine the applicable rate of penalty and interest that applies to the underpayment**)
- Line 10** Applicable percentage of penalty multiplied by Line 9. Any employer who fails to file and/or pay the license fee by the due date shall pay penalty at the rate of 5% per calendar month, not to exceed 25% of the total license fee due, however the penalty will always be a minimum of \$25. The due date for calculation of the penalty is the original due date the license fee should have been remitted.
- Line 11** Applicable percentage of interest multiplied by Line 9. Any employer who fails to pay the license fee by the due date shall pay interest at the rate of 1% per calendar month, or fraction thereof, of any license fee due. The due date for calculation of the interest is the original due date the license fee should have been remitted.
- Line 12** Add Lines 9, 10 and 11 to determine the additional license fee, penalty and interest due with the Annual Reconciliation.
- Line 13** If the amount from Line 8 is greater than Line 7, enter the difference as Overpayment. **Amended Return must be filed for any periods in error to claim a refund of any amount(s) overpaid.**