

FORM RD-108 2018

City of Kansas City, Missouri - Revenue Division

PROFITS RETURN EARNINGS TAX

Phone: (816) 513-1120
E-file: kcmo.gov/quicktax



Legal Name: _____ Mailing Address: _____
 DBA Name: _____
 FEIN or SSN: _____ Business Address: _____
 Account ID: _____

Period From: _____ Period To: _____

1. Type of Business A. *Partnership (No. of partners: _____) B. Corporation C. Proprietorship D. Fiduciary
 (Check if informational) E. K-1 Source Income F. None of the Above

	2		DOLLARS	CENTS
2. Enter "X" if nonresident business	2			
3. KCMO Gross receipts only (See Instructions)	3	\$		.
4. Income from business or profession (IF LOSS ENTER 0) (from Schedule C, Y, Z)	4	\$		.
5. Other taxable earnings, not included in Schedule C (IF LOSS ENTER 0) (ATTACH SCHEDULES)	5	\$		.
6. Total taxable earnings (Line 4 plus Line 5)	6	\$		.
7. Tax Due (1% of Line 6)	7	\$		.
8. Profits tax paid with extension Form RD-111 and/or credit carried forward (DUE ON OR BEFORE FILING DATE)	8	\$		.
9. Profits tax paid to other city, not to exceed Line 7 (RESIDENT BUSINESS ONLY) (ATTACH EVIDENCE OF PAYMENT)	9	\$		.
10. Amount Due (Line 7 less Lines 8 and 9, not less than 0)	10	\$		.
11. Penalty (5% per month of Line 10, not to exceed 25%)	11	\$		.
12. Interest (1% per month of Line 10 until tax is paid in full)	12	\$		.
13. Total Amount Due (sum of Lines 10, 11 and 12)	13	\$		.
14. Overpayment to be credited (Lines 8 + 9 less Line 7)	14	\$		.
15. Overpayment to be refunded (Lines 8 + 9 less Line 7)	15	\$		.
16. Amount Paid	16	\$		.
17. "X" if amended	17			
18. If no longer conducting business in Kansas City, MO enter date closed DO NOT COMPLETE IF BUSINESS IS STILL OPERATING	18		/	/

Notes:

- * If Partnership is passing taxable income to partners, enter 0 on Line 4
- * Please attach a copy of Federal Tax Return and / or K-1.

MM DD YY

DO NOT SEND CASH. Make check payable to: KCMO City Treasurer

Mail to: City of Kansas City, Missouri, Revenue Division, PO Box 843322 Kansas City, MO 64184-3322

For changes to name, address or FEIN/SSN, please contact us at revenue@kcmo.org or (816) 513-1120.

I authorize the Commissioner of Revenue or delegate to discuss my return and attachments with my preparer.

Under penalties of perjury, I declare this return to be true, correct, and complete accounting for the taxable year stated.

Yes No

Print Name of Taxpayer _____ Signature _____ Title _____ Date _____ Phone _____

Preparer Name (if other than taxpayer) _____ Signature _____ Title _____ Date _____ Phone _____

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GENERAL INSTRUCTIONS FOR FILING FORM RD-108

1. Who must file:

- Every **resident** individual who derives income from an unincorporated business, association, profession, or other business activity.
- Every **nonresident** individual who derives income from an unincorporated business, association, profession, or other business activity **within the city**.
- Every **corporation and partnership** conducting business within the city or rendering or performing services within the city.
- K-1 source income for partnerships and LLCs must file a return with payment of tax due, and the partnership or LLC must file an information return or a partnership or LLC may file a return with payment of tax due, and must attach a summary of all recipient information and copies of K-1s.

2. Exceptions:

- File Form RD-109, Wage Earner Return - Earnings Tax, if entire earnings are from salaries, wages, commissions, or other taxable compensation from which **earnings tax has not been withheld**.
- Form RD-108, Profits Return - Earnings Tax, cannot be substituted for Form RD-109, Wage Earner Return - Earnings Tax.

3. When and where to file:

- This return is due on or before April 15 of each year unless your annual accounting period is on a fiscal year basis in which case it is due 105 days from the end of your fiscal year. In the event a corporation or partnership ceases to engage in any business activity in the city, the income from which is taxable in whole or in part, a final return shall be due within 105 days from the date such business activity is terminated. Mail completed returns to the City of Kansas City, Missouri, Revenue Division, PO Box 843322 Kansas City, MO 64184-3322. **To avoid delays in processing use forms approved by the Revenue Division of the City of Kansas City, Missouri.**
- **Extension** -- An extension of time to file the City of Kansas City, Mo. Profits Return - Earnings Tax (Form RD-108) may be obtained **by filing Form RD-111, Extension - Profits Return Earnings Tax, with PAYMENT of the estimated tax due, on or before the original due date. AN EXTENSION IS GRANTED FOR A PERIOD OF SIX MONTHS.**

Complete Form RD-108B before completing Form RD-108.

FORM RD-108
2018

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EARNINGS TAX**

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KANSAS CITY
MISSOURI

GENERAL INSTRUCTIONS FOR FILING FORM RD-108 (continued)

- Line 1. Indicate type of business.
- Line 2. Check if nonresident business (not located in Kansas City, Missouri)
- Line 3. Enter gross receipts amount shown on Form RD-108B Line 1 of Schedule C (non-allocating) or Line 24B of Schedule Y (if allocating)
- Line 4. Enter total taxable net profit from business or profession shown on RD-108B, Line 20 (Schedule C) or Line 27 (Schedule Y). **ATTACH SUPPORTING SCHEDULES. IF A LOSS, ENTER "0". IF PARTNERSHIP OR FLOW-THROUGH ENTITY, PLEASE NOTE ADDITIONAL INSTRUCTIONS UNDER SCHEDULE Z FOR FILING OPTIONS.**
- Line 5. Enter any other taxable earnings or profits and **ATTACH SCHEDULE** showing computation of this amount including partnership income. **IF LOSS, ENTER "0".**
- Line 6. Total taxable earnings (Line 4 plus Line 5).
- Line 7. Multiply Line 6 by .01 (1%) and enter on this line.
- Line 8. Enter estimated profits tax paid with extension plus any profits tax credits carried forward from prior periods. The balance of the tax is due with the filing of the return together with interest at 12% per annum from the date the return was originally due. If the return is not filed and the balance of the tax due is NOT paid within the period as extended, penalty of 5% per month up to but not exceeding 25% shall be computed in addition to the interest charges. **Extension payment must be 90% of the tax due to avoid penalty and interest.**
- Line 9. **Only residents are allowed a credit for earnings tax or income tax paid to another city.** This credit is to be applied only to the extent of the tax imposed by Kansas City (1% rate) upon amounts earned in other cities where the tax is paid. The credit may not exceed the amount of tax due on Line 7. **ATTACH DOCUMENTATION OF TAX PAYMENT.**
- Line 10. Line 7 minus the sum of Lines 8 and 9.
- Line 11. If the return is delinquent, compute **penalty on the amount in Line 10 from the due date to date of payment at 5% per month** or portion thereof and enter on this line.
- Line 12. If return is delinquent, compute **interest on the amount in Line 10 from the due date to date of payment at .01 (1%) per month** or portion thereof and enter on this line.
- Line 13. Total amount due (sum of Lines 10, 11 and 12).
- Line 14. If the sum of Lines 8 and 9 is greater than Line 7, enter the difference on Line 14 to receive **CREDIT**;
OR
- Line 15. Enter the difference on Line 15 to receive a **REFUND**. Overpayments of less than \$1.00 will not be refunded.
- Line 16. Enter amount paid.
- Line 17. "X" if this is an amended return.
- Line 18. Enter date business stopped operating inside Kansas City, Missouri or closed.

FORM RD-108B

2018

City of Kansas City, Missouri - Revenue Division

PROFITS RETURN - EARNINGS TAX

Schedule C, Y, Z



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SCHEDULE C - PROFIT (OR LOSS) FROM BUSINESS OR PROFESSION

		DOLLARS	CENTS
1. Gross receipts or gross sales, fees, or commissions less returns and allowances			.
2. Cost of goods sold:		DOLLARS	CENTS
A. Inventory at beginning of year	2A	.	.
B. Purchases	2B	.	.
C. Wages	2C	.	.
D. Other costs (attach worksheet)	2D	.	.
E. Total (Lines 2A through 2D)	2E	.	.
F. Less inventory at end of year	2F	.	.
G. Net cost of goods sold (Line 2E less Line 2F)		2G	.
3. Gross profit (Line 1 less Line 2G)		3	.
4. Other business income (specify)		4	.
5. Total business income before deductions (Line 3 plus Line 4)		5	.
6. Officer Compensation	.	12. Interest	12
7. Salaries	.	13. Depreciation	13
8. Repairs & maintenance	.	14. Depletion	14
9. Bad debts	.	15. Advertising	15
10. Rents	.	16. Pension, profit-sharing	16
11. Taxes (Federal, state and local taxes are NOT deductible)	.	17. Employee benefit programs	17
		18. Other deductions (Special deductions are NOT deductible)	18
19. Total business deductions (Line 6 through Line 18)		19	.
20. Net profit or loss (Line 5 less Line 19, enter on Line 4, Form RD-108 or use Line 27, Schedule Y)		20	.

SCHEDULE Y - BUSINESS ALLOCATION FORMULA

		DOLLARS	CENTS
21. Total net profit (from Schedule C, Line 20)		21	.
		A: Everywhere	B: In KCMO
		DOLLARS	CENTS
		DOLLARS	CENTS
		C: B divided by A	
22. Original cost of real and tangible personal property located	22	.	%
23. Total wages, salaries, commissions, and other compensation of all employees	23	.	%
24. Gross receipts from sales, work or services performed	24	.	%
25. Total percentage (Line 22C through Line 24C)		25	%
26. Allocation percentage (divide total percentage from Line 25 by the number of percentages used)		26	%
27. Taxable net profit (Line 21 multiplied by percentage from Line 26, enter amount on Line 4, Form RD-108) (Partnerships report as shown in Schedule Z)		27	.

SCHEDULE Z - DISTRIBUTIVE SHARES OF K-1 SOURCE INCOME FOR PARTNERSHIPS, LIMITED LIABILITY COMPANIES, AND FIDUCIARIES

Name and address of each taxpayer (attach additional sheets if necessary)	Distributive Percentage	Social Security or Federal ID Number	Resident (Yes / No)	Taxable Distributive Shares Amount
1.				.
2.				.
3.				.
4.				.
	100%	Total, Enter on Line 4, Form RD-108		.

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Schedule C, Y, Z

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INSTRUCTIONS FOR COMPLETING SCHEDULES C, Y, Z

THIS FORM MUST BE SUBMITTED WITH FORM RD-108 EVEN IF THERE IS A LOSS

1. Schedule C -- Profit (or Loss) from Business or Profession

From total net profits, deduct profits exempted, excluded, or not earned. The remainder shall be deemed "Net Profits Earned". Exemptions and exclusions are cited in 92.220 RSMo and Section 68-385 of the Municipal Ordinances of the City of Kansas City, MO.

Common Examples of Income not Earned: capital gains, interest (excluding financial institutions), dividends (excluding financial institutions) and partnerships (KCMO sourced income should be reported on Line 5 on Form RD-108). **The nature of the company's business operations determines whether or not income is earned.** The Commissioner of Revenue upon review can determine if income is considered earned or unearned for City tax purposes.

Common Examples of Nondeductible Expenses: capital losses, IRS §179 expense deducted above corporate limitations, qualified retirement/health insurance/life insurance plans paid on behalf of owner(s) of non C-corporation business, expenses incurred from the generation of unearned income, Domestic Production Activities Deduction, federal/state/local income taxes and net operating losses.

Each corporation must file a return. **Per Section 1.387(a)(3)(A) of the Earnings and Profits Tax Regulations, consolidated returns will not be accepted.** A net loss may not be carried forward or back to another year. A net loss may not be deducted against salaries, wages, or other compensation earned.

Proprietorships, partnerships, and corporations should submit a Balance Sheet and a reconciliation of federal taxable income to city taxable income.

2. Schedule Y--Business Allocation Formula

The business allocation formula is to be used only by:

1. Corporations;
2. Nonresident individuals who derive profits from any unincorporated business, partnership, or association provided that the business activity consists of conducting business or performing services **both** within and outside the city.

In determining the allocation percentage (Line 26), add the percentage determined and shown on Lines 22, 23, and 24 or the percentages applicable to your business and divide the total by the number of percentages used (calculate to seven digits). A percentage shall not be excluded from the computation merely because the factor is found to be allocable entirely outside the city. A factor and its resulting "0" percentage is excludable only when it does not exist anywhere.

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3. Schedule Z--K1 Source Income for Partnerships, Limited Liability Companies, or Fiduciaries

Each pass-through entity listed above must file a separate Form RD-108 and Form RD-108B. Schedules C & Z must be completed on Form RD-108B, and whenever one or more of the K-1 recipients are nonresidents, Schedule Y must be completed. The K-1 recipients will determine their portion of the taxable distribution as follows:

Resident K-1 Recipients -- Resident K-1 recipients will determine the taxable share of the pass-through entity's net profits by multiplying Line 20 (Schedule C) by the K-1 recipient's distributive percentage as shown in Column 2 (Distributive Percentage) and enter the amount as the taxable distributive share in Column 5 (Taxable Distributive Shares Amount). Guaranteed payments received by the recipient will need to be included with the Taxable Distributive Shares Amount and the total entered in Column 5.

Nonresident K-1 Recipients -- Nonresident K-1 recipients will determine the taxable share of the pass-through entity's net profits by multiplying Line 27 (Schedule Y) plus guaranteed payments received by the K-1 recipient's distributive percentage as shown in Column 2 (Distributive Percentage) and enter the taxable distributive share in Column 5 (Taxable Distributive Shares Amount).

Guaranteed Payments -- If the guaranteed payments paid by the pass-through entity were not deducted as an expense on Schedule C or are reflected in the net profit value; do not add the amounts to each K-1 recipient's Taxable Distributive Shares Amount.

Payment -- Any pass-through entity may remit payment with the return on the total taxable distributive shares as shown in Schedule Z, and must attach a summary of all recipient information or copies of K-1s.

Partnerships and other flow-through entities (excluding S-corp) have two different filing options.

Option 1: The partnership or flow-through entity **may** file an information return. An informational return **must** report zero taxable income on Line 4 on Form RD-108 and must complete Form RD-108B to determine the company's net profit derived from Kansas City, Missouri and each partner's taxable distributive share. Each partner is then required to file a Profits Return - Earnings Tax (Form RD-108) reporting and paying the tax due based on the taxable distribution received from the partnership or flow-through entity.

Option 2: The partnership or flow-through entity **may** pay the taxes due on behalf of all their partners. This option does not require the partners to file a Profits Return - Earnings Tax (Form RD-108). The partnership and other flow-through entities must compute the taxable earnings (Line 4, Form RD-108) by adding together all of the partners' Taxable Distributive Shares Amount, per Schedule Z.

File completed Form RD-108B with your completed Form RD-108 on or before the due date.
City of Kansas City, Missouri, Revenue Division, PO Box 843322 Kansas City, MO 64184-3322

Visit our website at kcmo.gov/kctax for more forms and instructions