



Revenue Division of the Finance Department

City Hall, second floor
414 E. 12th St.
Kansas City, MO 64106



The Revenues



Revenue Division

July 2008

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Earnings tax: What is it?

The City of Kansas City, Mo., earnings tax is a 1 percent tax on gross earned income, including:

- Wages
- Profits
- Commissions
- Tips
- Other compensation



The earnings tax applies to gross compensation for individual employees and business' net profits. The tax applies to all Kansas City, Mo., residents regardless of where they work, and to non-residents working within city limits. Businesses pay on net profits earned as a result of work conducted or services performed in the city. The Revenue Division is responsible for collecting this tax.

Kansas City, Mo., residents benefit greatly from the earnings tax. The Revenue Division collects 49 percent of the City's budgeted income, which funds such services as fire and police protection,

capital improvement programs, trash service, snow removal and health and medical care.

The filing due date for individual wage earners is April 15 of each year. Businesses may file either on April 15 of each year or 105 days after the end of the company's fiscal year end. Individuals who are fully withheld by their employers

should not file a return.

To obtain forms, access the free online filing system for wage earners or get more information about City taxes, visit the Revenue Division's Web site, www.kcmo.org/revenue.

Code Of Ordinances, City of Kansas City, Missouri: Chapter 68, Article VI, Section 381-401

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The Revenues

Name of business/organization

Contact person

Telephone number

Address

City

State

ZIP Code

E-mail address

Number of copies needed _____

Mail to the attention of: Cherie Howard, City Hall, second floor, 414 E. 12th St., Kansas City, MO 64106 or call (816) 513-1087.

If you would like "The Revenues" mailed directly to your business or organization, submit this form to get signed up. "The Revenues" is a quarterly publication provided by the City of Kansas City, Mo., Finance Department's Revenue Division. Its purpose is to educate, inform and provide a service to the taxpayers and residents of Kansas City, Mo., and surrounding areas.

2008 Convention and tourism presentation

The Revenue Division recently presented information regarding the convention and tourism tax and downtown arena fee to members of the Hotel and Lodging Association of the Greater Kansas City and Convention and Visitors Association. The presentation focused on various topics, such as the completion of forms, common errors, exemptions and online filing.

	Convention and tourism tax	Downtown arena fee
Form(s)	RD-106, RD-106A (online filing is available)	RD-206
Filing dates	<ul style="list-style-type: none"> Estimated payments are due the third working day at the end of the period Monthly payments are due the 20th of the month or the 31st at quarter end Quarterly payments are due the last day of the month following period end Annual payments are due Jan. 31 of the following year 	<ul style="list-style-type: none"> First quarter payment due April 20 Second quarter payment due July 20 Third quarter payment due Oct. 20 Fourth quarter payment due Jan. 20
Penalty	5 percent, plus 5 percent per month up to 25 percent per year	10 percent, plus 2 percent each month thereafter; not to exceed 30 percent
Interest	Rate determined each October by the State of Missouri and is based on the prime rate. Rate is reset each January.	N/A
Exemptions	<ul style="list-style-type: none"> Non-transient guests - guest occupying a room more than 31 days Non-room related charges - telephone, internet, pay-per-view, etc. Tax exempt organizations - religious, charitable, non-profit, government officials Complimentary rooms - promotional prizes, marketing related, charitable 	<ul style="list-style-type: none"> Rooms donated to families of patients receiving medical care; or for raffles, auctions or similar fundraising events to benefit charitable, educational, religious or other tax-exempt organizations. Rooms provided without charge to meeting or convention planners during a pre-event site inspection; representatives of businesses making an evaluation the area for relocation or other business; or employees or management.
Current tax rate	7.5 percent	\$1.50 per occupied room
Tips for filling	<ul style="list-style-type: none"> Double check account period and numbers Do not cross through mistakes, use a new form Use the appropriate form Write separate checks for hotel and restaurant taxes 	<ul style="list-style-type: none"> Taxpayers have 60 days to file an amended return

To view the presentation in its entirety, visit the Revenue Division's Web site at www.kcmo.org/revenue, click "Hotel and Arena presentation" under 2008 Convention and Tourism Presentation. For more information, visit our Web site or contact Taxpayer Services at (816) 513-1120.

Convention & Tourism Tax, Code of Ordinances, City of Kansas City, Missouri: Chapter 68, Article IX Sections 551 – 576, State of Missouri Statutes, RsMo 92.325-340, RsMo 144.030. Downtown Arena Fee, Code of Ordinances, City of Kansas City, Missouri: Chapter 40, Article II, Section 111, State of Missouri Statutes, RsMo 71.610-630

NOTE: Convention and Tourism tax is in lieu of the business license fee.



Revenue Division Speakers Bureau available to meet with residents

Educating the public is key to our success. The Revenue Division is committed to educating taxpayers and residents about the earnings tax.

If you would like for us to come and talk with your business or organization and answer any questions you may have regarding the taxes collected by the Revenue Division, call Cherie Howard, public information officer, (816) 513-1087.

"Did you know?"

A section for questions and helpful information

Convention and tourism tax revenue is segmented into four areas:

- 50 percent is utilized to fund citywide operating and capital expenses
- 32.5 percent is used to fund the Convention and Visitors Association. This agency promotes the city as a convention and visitors destination
- 10 percent is set-a-side in the Neighborhood Tourism Development fund to promote cultural, social, ethnic, historic, educational and recreational activities at the neighborhood level
- 7.5 percent is used to fund operational expenses at Barney Allis Plaza, Bartle Hall, Municipal Auditorium and the Truman Sports Complex.



Monthly and quarterly filing due dates (July to September 2008)

Monthly

Convention and tourism
(Food and room)

<u>Month</u>	<u>Due date</u>
June	July 31
July	Aug. 20
August	Sept. 20
September	Oct. 31

Withholding

<u>Month</u>	<u>Due date</u>
June	July 30
July	Aug. 15
August	Sept. 15
September	Oct. 31

Quarterly

Convention and tourism
Withholding

<u>Quarter</u>	<u>Due date</u>
April 1 to June 30	July 31
July 1 to Sept. 30	Oct. 31

Downtown arena
(Car and hotel/motel)

<u>Quarter</u>	<u>Due date</u>
April 1 to June 30	July 20
July 1 to Sept. 30	Oct. 20

Quarter-monthly

Convention and tourism
Withholding

<u>Period</u>	<u>Due date</u>
June 23-30	July 3
July 1-7	July 10
July 8-15	July 18
July 16-22	July 25
July 23-31	Aug. 5
Aug. 1-7	Aug. 12
Aug. 8-15	Aug. 20
Aug. 16-22	Aug. 27
Aug. 23-30	Sept. 4
Sept. 1-7	Sept. 10
Sept. 8-15	Sept. 18
Sept. 16-22	Sept. 25
Sept. 23-30	Oct. 3



Frequently asked questions

Who is required to pay the 1 percent earnings and profits tax?

- All City of Kansas City, Mo., residents are required to pay the earnings tax, even if they work outside of the city.
- Non-residents are required to pay the earnings tax on income earned within city limits.

What are the earnings and profits taxes?

- The earnings tax is a 1 percent tax on an individual's earned income such as salaries, wages, commissions, tips and other compensation.
- The profits tax is a 1 percent tax on a business' net profits.

Why were these taxes established?

- The earnings and profits taxes are the single largest revenue sources for services such as fire and police protection, capital improvement programs, trash service, snow removal and health and medical care.

How and when do I file?

- Forms are available on the City's Web site (www.kcmo.org), at City Hall, at the City's public libraries and by mail.
- E-filing is available for taxpayers at www.kcmo.org by clicking on "E-Services."
- Individuals who are fully withheld by their employers should not file a return.
- Individuals whose taxes are not withheld by their employers must file and pay on or before April 15 of each year.
- Businesses either pay their profits tax on April 15 or 105 days after the end of their fiscal year.

Helpful telephone numbers

Finance Department

Audit
(816) 513-1281

Business License
(816) 513-1135

Refund
(816) 513-1120

Taxpayer Services
(816) 513-1120

3-1-1 Action Center
311 or (816) 513-1313

Fire Department
(816) 784-9200

Health Department
(816) 513-6247

Human Resources Department
(816) 513-1929

Municipal Court
(816) 513-2700

Neighborhood and Community
Services Department
(816) 513-3200

Parks and Recreation Department
(816) 513-7500

Police Department
(816) 234-5000 (non-emergency)

Regulated Industries
(816) 784-9000

Water Services Department
(816) 513-0271