



CITY OF KENT
BUSINESS & OCCUPATION TAX RETURN

2024 QUARTERLY

MAIL TAX RETURNS TO:

City of Kent
Attn: Customer Service
220 4th Avenue South
Kent, WA 98032-5895
Please make checks payable to the City of Kent

| WA Unified Business Identifier (UBI) | Kent Tax ID Number | Tax Reporting Period (Quarter/Year) | Due Date |
|--------------------------------------|--------------------|-------------------------------------|----------|
| | | | |

Business Changes Check all applicable boxes.

Mailing Address Changes - Enter your new mailing address on the right

Check here if this is your final return:

No longer doing business in Kent.
 Business closed, sold, or entity changed.
 Close account effective: Date _____
 Name or UBI of new entity (if applicable): _____

Entity Name: _____

Trade Name (DBA): _____

Mailing Address: _____

City/State/Zip: _____

Kent Address: _____
 (If more than one, list only one location)

SECTION I: Gross Receipts Tax

| Line No. | Tax Classification | Gross Amount | Less Deductions from Schedule B | Taxable Amount | Tax Rate | Tax Due | |
|----------|--|---|---------------------------------|----------------|----------|---------|--|
| 1 | Manufacturing | | | | 0.001 | | |
| 2 | Wholesaling | | | | 0.002 | | |
| 3 | Retailing | | | | 0.001 | | |
| 4 | Retail Service | | | | 0.002 | | |
| 5 | Service & Other Activities | | | | 0.002 | | |
| 6 | Service & Other Activities (Apportionment) | Carryover from Schedule A ▶ ▶ ▶ | | | 0.002 | | |
| 7 | Processing for Hire or Extracting for Hire | | | | 0.001 | | |
| 8 | Printing or Publishing | | | | 0.001 | | |
| 9 | Extracting | | | | 0.002 | | |
| 10 | Less Multiple Activities Tax Credit | Carryover from Schedule C ▶ ▶ ▶ ▶ | | | | | |
| 11 | Subtotal Gross Receipts Tax | Add lines 1 thru 10 | | | | | |
| 12 | Less Gross Receipts Tax Credit | Carryover from Schedule D ▶ ▶ ▶ ▶ ▶ ▶ ▶ ▶ ▶ ▶ ▶ ▶ | | | | | |
| 13 | Total Gross Receipts Tax | Add lines 11 & 12 | | | | | |

SECTION II: Square Footage Tax

If the square footage changed during the reporting period, check this box and use the workpaper on the back to calculate the square footage tax due.

| Line No. | Square Footage Classification | Total Sq Feet | Non-Taxable Sq Feet | Taxable Sq Feet | Tax Rate | Tax Due | |
|----------|---------------------------------|---|---------------------|-----------------|----------|---------|--|
| 14 | Business Warehouse Floor Space | | | | \$0.09 | | |
| 15 | Other Business Floor Space | | | | \$0.02 | | |
| 16 | Outdoor Warehouse Space | | | | \$0.09 | | |
| 17 | Total Square Footage Tax | Add lines 14, 15 & 16 OR carry over from page 2 | | | | | |

Name _____

Phone # _____

Email _____

SECTION III: Total Amount Due

| | |
|--|--|
| Total Tax Due Enter greater of Line 13 or Line 17 | |
| Penalty (See Instructions) | |
| Interest (Tax Due * Days Late * (6%/365)) | |
| Total Due | |

I hereby swear, under penalty of perjury, that the statements and information provided on this tax return are true and complete to the best of my knowledge.

Signature _____

General Instructions for the City of Kent Business and Occupation Tax Return

General Information: Descriptions of the various tax classifications, deductions, and administrative provisions are provided in Kent City Code (KCC) Chapters 3.28 and 3.29. In addition, the City publishes a "Guide to Kent's Business and Occupation Tax" with general filing information. If you have questions or would like to request a copy of the guide, please visit us at KentWA.gov or contact the Tax Division at **253-856-6266**.

Due Dates: B&O tax returns are generally due in quarterly installments by the last day of the month following the end of the quarter. Businesses may alternatively request an annual filing frequency or an active non-reporting status subject to approval by the department.

| Reporting Period | Tax Period | Due Date | Late Return Penalty |
|------------------|-------------------------------|------------|-------------------------------------|
| Quarter 1 | January - February - March | April 30 | 9% - First day after the due date |
| Quarter 2 | April - May - June | July 31 | 19% - One month after the due date |
| Quarter 3 | July - August - September | October 31 | 29% - Two months after the due date |
| Quarter 4 | October - November - December | January 31 | |
| Annual | January through December | April 30 | |

Section I - Gross Receipts Tax: The tax classification that applies depends on the type of business activity engaged in. Businesses conducting several types of activities may need to report in more than one tax classification.

Column 2: Enter the gross income of the business, gross proceeds of sales, and value of products manufactured or extracted in Kent.

Column 3: Enter applicable deductions as allowed by KCC 3.28.100. **All deductions must be itemized on Schedule B.**

Column 4: Subtract the amount in Column 3 from the amount in Column 2.

▶ If the sum of all amounts in Column 4 equals **less than \$62,500**, then enter zero tax due on Line 13 and skip the rest of Section 1.

Column 6: Multiply the amount in Column 4 by the tax rate. Add the total tax due after claiming applicable credits from Schedule C and/or Schedule D.

Section II - Square Footage Tax: Classifications and Minimum Thresholds:

- **Business Warehouse Floor Space – 4,000 taxable square feet**
- **Outdoor Warehouse Space – 261,360 taxable square feet**
- **Other Business Floor Space – 12,000 taxable square feet**

Column 2: Enter separate amounts for each, as applicable, the total Business Warehouse Floor Space, Outdoor Warehouse Space, and Other Business Floor Space within the City, as defined in KCC 3.28.050(B). If the taxable square footage changed during the reporting period, then skip Lines 14 through 16 and use the worksheet below to compute the pro-rated square footage tax due.

Column 3: Enter any non-taxable square footage as outlined in KCC 3.28.050(B). Examples include stairs, elevator shafts, and janitor closets.

Column 4: Subtract the amount in Column 3 from the amount in Column 2.

Column 6: Multiply the amount in Column 4 by the tax rate and add the totals OR enter the pro-rated square footage tax due from the workpaper below.

- If the amount in Column 4 on Line 16 does not exceed the threshold for outdoor warehouse space, then enter zero tax due on Line 16.
- If the amounts in Column 4 on Line 14 and Line 15 BOTH do not exceed the thresholds for business warehouse floor space and other business floor space, then enter zero tax due on Lines 14 and 15.

If the taxable square footage changed during the reporting period, use the worksheet below to calculate the pro-rated square footage tax due. Multiply the taxable square footage by the daily tax rate by the number of days, based on a 90-day calendar quarter (30 days per month).

Provide an explanation in the space provided. Enter the total square footage tax due on Page 1, Section II, Line 17.

| Line No. | Sq Footage Classification | Total Sq Feet | Non-taxable Sq Ft | Taxable Sq Ft | Daily Tax Rate | No. of Days | Tax Due |
|---|---------------------------------|---------------|-------------------|---------------|----------------------------------|-------------|---------|
| A | Business Warehouse Floor Space | | | | 0.001 | | |
| B | Outdoor Warehouse Space | | | | 0.001 | | |
| C | Other Business Floor Space | | | | 0.000222222 | | |
| D | Business Warehouse Space | | | | 0.001 | | |
| E | Outdoor Warehouse Space | | | | 0.001 | | |
| F | Other Business Floor Space | | | | 0.000222222 | | |
| G | Total Square Footage Tax | | | | Carryover to Section II, Line 17 | | |
| Explanation for Pro-rating Square Footage Tax: | | | | | | | |

Amended Returns: To amend a previously filed return, write "AMENDED" on the front of the form and enter the correct amounts. Mail the amended return to the address provided on Page 1 and include payment if additional tax is due. If you are requesting a refund, include an explanation for the adjustments. If no additional tax is owed, you may email the amended return to Business-Occupation@KentWA.gov.



CITY OF KENT
SCHEDULE A - SERVICE & OTHER ACTIVITIES INCOME APPORTIONMENT

2024 QUARTERLY

ATTACH TO BUSINESS & OCCUPATION TAX RETURN AND MAIL TO:

City of Kent
 Attn: Customer Service
 220 4th Avenue South
 Kent, WA 98032-5895

| WA Unified Business Identifier (UBI) | Kent Tax ID Number | Tax Reporting Period (Quarter/Year) | Due Date |
|--------------------------------------|--------------------|-------------------------------------|----------|
| | | | |

| Line No. | | Amount |
|---|--|--------|
| Section 1. Apportionable Income | | |
| 1a | Companywide gross service income | |
| 1b | Less companywide deductions allowed in Kent City Code 3.28.100 (itemize deductions on Schedule B) | |
| 1c | Apportionable income (subtract Line 1b from Line 1a) | |
| Section 2. Payroll Factor* | | |
| 2a | Total Kent payroll costs (from workpaper below) | |
| 2b | Total companywide payroll costs | |
| 2c | Payroll factor (divide Line 2a by Line 2b) | |
| Section 3. Service Income Factor | | |
| 3a | Gross Kent service income (from workpaper below) | |
| 3b | Companywide gross service income (from Line 1a) minus excluded income (from workpaper below) | |
| 3c | Service income factor (divide Line 3a by Line 3b) | |
| Section 4. Kent Taxable Service Income | | |
| 4a | Sum of payroll factor and service income factor (add Line 2c and Line 3c) | |
| 4b | Apportionment factor - Fraction of apportionable income subject to tax (divide Line 4a by the number 2)* | |
| 4c | Income subject to Service and Other Activities B&O tax in Kent (multiply Line 1c by Line 4b) Enter amount on Section 1, Line 6, Column 4 | |

*If a business has no employees in any location, then the apportionment reverts to a single factor formula using the service income factor only. In this case, the apportionment factor equals the service income factor (divide Line 4a by the number 1).

| Payroll Factor Worksheet* | |
|--|---------------|
| Enter the Employee Compensation Attributable to Kent | Payroll Costs |
| a. Compensation paid to employee(s) primarily assigned in the City of Kent for the tax period. | |
| b. Compensation paid to employee(s) not primarily assigned to any place of business for the tax period and the employee performs fifty percent or more of his or her service for the tax period in the City of Kent. | |
| c. Compensation paid to employee(s) not primarily assigned to any place of business for the tax period, the employee does not perform fifty percent or more of his or her service in any city, and the employee resides in the City of Kent. | |

| Service Income Factor Worksheet | |
|---|----------------|
| Enter the Gross Service Income Attributable to Kent | Service Income |
| a. Gross service income from customers located in Kent | |
| b. Gross service income attributable to cities or unincorporated counties in which the taxpayer is not taxable and at least a portion of the service is performed in Kent (excluded income) | |

Instructions for Schedule A - Service and Other Activities Income Apportionment

General Information: This schedule is used to calculate the amount of service income subject to tax in Kent using the two-factor apportionment method described in Kent City Code (KCC) 3.28.077. This apportionment method is generally required by every person who does business inside and outside of Kent and derives income that is subject to tax under the Service and Other Activities tax classification.

This schedule does not apply to income that is subject to tax under another tax classification (such as retailing or wholesaling) or that is subject to an alternative apportionment method prescribed by law or by department rule. For additional information, please contact the Tax Division at **253-856-6266** or email us at **Business-Occupation@KentWA.gov**.

Apportionment Formula: Service income is apportioned to Kent using the following formula.

$$\text{Kent Taxable Service Income} = \text{Apportionable Income} \times \text{Apportionment Factor}$$

The apportionment factor is a fraction, the numerator of which is the sum of the payroll factor and service income factor, and the denominator of which is two (2). If the business has no payroll, then the apportionment factor is equal to the service income factor.

$$\text{Apportionment Factor} = (\text{Payroll Factor} + \text{Service Income Factor}) / 2$$

$$\text{Payroll Factor} = \text{Total Compensation Paid in Kent} / \text{Total Compensation Paid Companywide}$$

$$\text{Service Income Factor} = \text{Gross Service Income in Kent} / (\text{Gross Service Income Companywide} - \text{Excluded Income})$$

Definitions: The following definitions apply to this schedule, as provided in KCC 3.28.077.

Apportionable income means the gross income of the business taxable under the service classifications of a city's gross receipts tax, including income received from activities outside the city if the income would be taxable under the service classification if received from activities within the city, less any exemptions or deductions available.

Business activities tax means a tax measured by the amount of, or economic results of, business activity conducted in a city or county within the United States or within a foreign country. The term includes taxes measured in whole or in part on net income or gross income or receipts. "Business activities tax" does not include a sales tax, use tax, or a similar transaction tax, imposed on the sale or acquisition of goods or services, whether or not denominated as a gross receipts tax or a tax imposed on the privilege of doing business.

Compensation means wages, salaries, commissions, and any other form of remuneration paid to individuals for personal services that are or would be included in the individual's gross income under the federal internal revenue code.

Customer means a person or entity to whom the taxpayer makes a sale or renders services or from whom the taxpayer otherwise receives gross income of the business.

Customer Location means the following:

- (i) For a customer not engaged in business, if the service requires the customer to be physically present, where the service is performed.
- (ii) For a customer not engaged in business, if the service does not require the customer to be physically present:
 - (A) The customer's residence; or
 - (B) If the customer's residence is not known, the customer's billing/ mailing address.
- iii) For a customer engaged in business:
 - (A) Where the services are ordered from; or
 - (B) At the customer's billing/ mailing address if the location from which the services are ordered is not known; or
 - (C) At the Customer's commercial domicile if none of the above are known.

The customer location of a customer under (ii) and (iii) is determined based on a cascading method or series of steps. Only if the first step is unknown may the taxpayer move to the next step and so forth. Primarily assigned means the business location of the taxpayer where the employee performs his or her duties.

Individual means any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee of that taxpayer.

Not Taxable means that the taxpayer is not subject to a business activities tax by that city or county within the United States or by that foreign country, except that a taxpayer is taxable in a city or county within the United States or in a foreign country in which it would be deemed to have a substantial nexus with the city or county within the United States or with the foreign country under the standards in RCW 35.102.050 regardless of whether that city or county within the United States or that foreign country imposes such a tax.

Primarily assigned means the business location of the taxpayer where the individual performs his or her duties.

Service-taxable income or service income means gross income of the business subject to tax under either the service or royalty classification.

Tax period means the calendar year during which tax liability is accrued. If taxes are reported by a taxpayer on a basis more frequent than once per year, taxpayers shall calculate the factors for the previous calendar year for reporting in the current calendar year and correct the reporting for the previous year when the factors are calculated for that year, but not later than the end of the first quarter of the following year.



CITY OF KENT
SCHEDULE B - DEDUCTION DETAIL

MAIL TAX RETURNS TO:
 City of Kent
 Attn: Customer Service
 220 4th Avenue South
 Kent, WA 98032-5895
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|--------------------------------------|--------------------|-------------------------------------|----------|
| | | | |

| Line No. | Column 1 Tax Classification | Column 2 Sales Delivered Outside of Kent | Column 3 Returns, Discounts | Column 4 Bad Debts / Credit Losses | Column 5 Other (specify below*) | Column 6 Total Deductions |
|----------|--|---|--------------------------------|---------------------------------------|------------------------------------|------------------------------|
| 1 | Manufacturing | | | | | |
| 2 | Wholesaling | | | | | |
| 3 | Retailing | | | | | |
| 4 | Retail Service | | | | | |
| 5 | Service & Other Activities | | | | | |
| 6 | Service & Other Activities (Apportionment) | | | | | |
| 7 | Processing for Hire or Extracting for Hire | | | | | |
| 8 | Printing or Publishing | | | | | |
| 9 | Extracting | | | | | |

*Explanation for other deduction(s):

Instructions for Schedule B - Deduction Detail

For each tax classification, enter the total deductions from Column 7 onto the main form of the B&O tax return (Section I, Column 3).

Only the most common deductions have been listed on this schedule. For a complete list of allowable deductions, refer to Kent City Code (KCC) 3.28.100. Any deductions not specifically listed should be entered in the 'Other' deduction category with an explanation in the space provided. The department will disallow any 'Other' deductions that lack adequate explanation.

Sales Delivered Outside of Kent: This deduction category applies only to the Retailing, Wholesaling, and Retail Service classifications. In computing the gross receipts tax, deductions may be claimed for the sale, lease, or rental of tangible personal property delivered to the buyer or buyer's representative outside of Kent, and for retail or wholesale services performed outside of Kent.

Returns, Discounts: In computing the gross receipts tax, a deduction may be claimed from the measure of tax if the buyer returns purchased goods within the guaranty period for a refund or credit, or if the seller grants bona fide discounts from the selling price. Cash discounts may also be deducted, except for amounts reported under the manufacturing or extracting classification that have been computed according to the "value of product" provisions.

Bad Debts/Credit Losses: In computing the gross receipts tax, taxpayers whose regular books of account are kept up on an accrual basis may claim a deduction for the amount of bad debts/credit losses actually sustained by the taxpayer.

Other: All other deductions are outlined in KCC 3.28.100. Explain the deduction(s) in the space provided. If multiple types of deductions are claimed on the same tax classification, provide the dollar amount and description for each.



CITY OF KENT
SCHEDULE C - MULTIPLE ACTIVITIES TAX CREDIT

2024 QUARTERLY

MAIL TAX RETURNS TO:

City of Kent Attn: Customer Service
 220 4th Avenue South
 Kent, WA 98032-5895
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| | | | |

External Credits (B&O Taxes Paid to Other Cities)

| Column 1 | Column 2 | Column 3 | Column 4 | Column 5 | |
|---|--|-----------------------------------|--------------------|----------|--------|
| Line No. | Activity which results in a credit | Taxable Amount (after deductions) | Gross Receipts Tax | | Credit |
| | | | Kent | Non-Kent | |
| 1 | Wholesaling in Kent of products extracted, manufactured, or printed outside of Kent | | | | |
| 2 | Retailing in Kent of products extracted, manufactured, or printed outside of Kent | | | | |
| 3 | Manufacturing in Kent using ingredients extracted outside of Kent | | | | |
| Total External Multiple Activities Tax Credit (add Lines 1 thru 3) | | | | | |

Internal Credits (B&O Taxes Paid to the City of Kent)

| Column 1 | Column 2 | Column 3 | Column 4 | Column 5 | Column 6 | Column 7 | |
|--|--|-----------------------------------|----------------------------|------------------------------|--|-----------------------------|--------|
| Line No. | Activity which results in a credit | Taxable Amount (after deductions) | Gross Receipts Tax | | | | Credit |
| | | | Retailing (tax rate 0.001) | Wholesaling (tax rate 0.002) | Manufacturing or Printing (tax rate 0.001) | Extracting (tax rate 0.002) | |
| 4 | Manufacturing: Wholesaling in Kent of products manufactured in Kent | | | | | | |
| 5 | Manufacturing: Retailing in Kent of products manufactured in Kent | | | | | | |
| 6 | Manufacturing: Manufacturing in Kent of products extracted in Kent | | | | | | |
| 7 | Extracting: Wholesaling in Kent of products extracted in Kent | | | | | | |
| 8 | Extracting: Retailing in Kent of products extracted in Kent | | | | | | |
| 9 | Printing: Wholesaling in Kent of products printed in Kent | | | | | | |
| 10 | Printing: Retailing in Kent of products printed in Kent | | | | | | |
| Total Internal Multiple Activities Tax Credit (add Lines 4 thru 10) | | | | | | | |

Total External and Internal Credits (enter amount on Section 1, Line 10)

Instructions for Schedule C - Multiple Activities Tax Credit

General Information: The purpose of the Multiple Activities Tax Credit (MATC) is to ensure that city B&O tax is not paid by the same business more than once on the same amount. The MATC applies to businesses engaged in activities that are subject to tax in Kent under two or more classifications. The MATC also applies to businesses who have paid an eligible gross receipts tax to another local jurisdiction on the same amount reported to Kent.

“Eligible gross receipts tax” means a tax which:

1. Is imposed on the act or privilege of engaging in business activities within Kent City Code 3.28.050; and
2. Is measured by the gross volume of the business, in terms of gross receipts, and is not an income tax or value added tax;
3. Is not, pursuant to law or custom, separately stated from the sales price; and
4. Is not a sales or use tax, business license fee, franchise fee, royalty, or severance tax measured by volume or weight, or concession charge, or payment for the use and enjoyment of property, property right, or a privilege; and
5. Is a tax imposed by a local jurisdiction, whether within or without the state of Washington, and not by a country, state, province, or any other nonlocal jurisdiction above the county level.

To take a credit, a taxpayer must be able to document that the amount of tax sought to be credited was paid upon the same gross receipts used in computing the tax against which the credit is applied and that the taxpayer paid the amount of tax sought to be credited.

Instructions:

External Credits (B&O Taxes Paid to Other Cities)

Column 2: Enter the taxable amount attributable to products sold or manufactured in Kent using ingredients that were manufactured, printed, or extracted outside of Kent and on which an eligible gross receipts tax was paid by the taxpayer to another local jurisdiction. Enter the taxable amount after deductions.

Column 3: Enter the Kent B&O tax due on the amount in Column 2. (Use tax rates as shown on the B&O tax return.)

Column 4: Enter the amount of eligible gross receipts tax paid to another local jurisdiction with respect to the manufacturing, printing, or extracting of the products.

Column 5: Enter the lesser of the amounts in Columns 3 and 4.

Internal Credits (B&O Taxes Paid to the City of Kent)

Column 2: Enter the taxable amount attributable to products that were both sold in Kent and manufactured, printed, or extracted in Kent; and/or the value of products manufactured in Kent that were extracted in Kent.

Columns 3-6: Multiply the amount in Column 2 by each applicable tax rate.

Column 7: Enter the lesser of the amounts in Columns 3 through 6.

Carry over the total credits to Section I, Line 10 of the B&O tax return.



CITY OF KENT
SCHEDULE D - GROSS RECEIPTS TAX CREDIT

2024 QUARTERLY

MAIL TAX RETURNS TO:

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 220 4th Avenue South
 Kent, WA 98032-5895
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| | | | |

| Line No. | Column 1 | Column 2 Taxable Amount (Section 1, Column 4) | Column 3 Less Taxable Amount for Internal MATC (Schedule C, Lines 4-10) | Column 4 Net Taxable Amount | Column 5 Proportion of Total Taxable Amount | Column 6 Taxable Amount for Credit | Column 7 Tax Rate | Column 8 Credit Amount |
|----------|--------------------------------------|--|--|--------------------------------|--|---|----------------------|---------------------------|
| 1 | Amounts subject to tax rate of 0.001 | | | | | \$62,500.00 | 0.001 | |
| 2 | Amounts subject to tax rate of 0.002 | | | | | \$62,500.00 | 0.002 | |
| 3 | Totals | Total Taxable Amount* | | | | Total Credit Amount* (enter on Section 1, Line 12) | | |

Instructions for Schedule D - Gross Receipts Tax Credit

Every person subject to the gross receipts tax is eligible to receive a credit equal to the amount of tax that would otherwise be due on gross income, gross proceeds of sales, or value of products of up to \$62,500 per quarter. When multiple tax rates apply, the credit is applied proportionally. The amount of credit may not exceed the actual gross receipt tax liability arising for the reporting period.

Column 2: Enter the taxable amount after deductions (from Section 1, Column 4).

Line 1: Enter the sum of the taxable amounts for Manufacturing, Retailing, Processing for Hire/Extracting for Hire, and Printing/Publishing.

Line 2: Enter the sum of the taxable amounts for Retail Service, Service and Other Activities, Extracting, and Wholesaling.

Column 3: *If applicable*, enter the taxable amount for which an *internal* multiple activities tax credit (MATC) was claimed on Schedule C.

Line 1: Enter the sum of the taxable amounts entered on Schedule C, Column 2, Lines 4, 5, 6, 8, 9, and 10. Do *not* include Line 7.

Line 2: Enter the taxable amount entered on Schedule C, Column 2, Line 7.

Column 4: Subtract the amount in Column 3 from the amount in Column 2. Add the totals and enter on Line 3.

Column 5: Divide the amount in Column 4 by the total taxable amount from Line 3.

Column 8: Multiply Column 5 by Column 6 by Column 7. Add the total credit amount and enter on Section I, Line 12.

***Carry over the total credit amount to Section I, Line 12 of the B&O tax return. The total credit claimed may not exceed the subtotal gross receipts tax due on Section 1, Line 11 of the return.**