

WHEN AND WHERE TO FILE

The 2007 Net Profits Tax return is due by April 15, 2008. Failure to file a return by the due date could result in the imposition of fines and legal costs. Taxpayers unable to pay the tax due with the return must file the return and contact the Taxpayer Services Unit, Public Service Concourse, Municipal Services Building, 1401 John F. Kennedy Boulevard, Philadelphia, PA 19102, or call 215-686-6600 to discuss entering into a payment agreement. **A return must be filed even if an overall loss is incurred. If a return is not filed, non-filer penalties may be imposed.**

TAX PAYMENTS

Payment of tax **MUST** be made separately from the filing of the tax return. **Payment of tax due is to be made with a payment coupon.** Preprinted coupons and a postage paid envelope are contained in the tax booklets mailed to all active business accounts. **Failure to use the provided coupon may result in delays in processing your payment.** Make a check or money order payable to the City of Philadelphia and mail to:

City of Philadelphia
Department of Revenue
P.O. Box 1393
Philadelphia, PA 19105-9731

If Net Profits Tax estimated payments are required, two payments are due. The 1st estimated tax payment is due April 15, 2008 and the 2nd estimated tax payment is due June 15, 2008. **Estimated tax payments are not required on September 15, 2008 or January 15, 2009.**

ACH Debits and Credits are accepted for payment of tax. For more information or to register for this program go to phila.gov/revenue in the "Electronic Filing" section under "Electronic Payments", or call 215-686-6628, 6459 or 2694.

TAX RETURNS

Remove both perforated labels from the envelope flap and choose the label that applies to either of the following situations.

A. If requesting a refund, use the label marked "Refund Due" and mail the return to:

Refund Due
City of Philadelphia
Department of Revenue
P.O. Box 1137
Philadelphia, PA 19105-1137

B. If you are not requesting a refund, mail the return to:

City of Philadelphia
Department of Revenue
P.O. Box 1660
Philadelphia, PA 19105-1660

Important! Do not use P.O. Box 1660 to remit tax payments; this box is used only for tax returns.

COMPUTATION OF INTEREST AND PENALTY

Month after Due Date	Returns Filed After Due Date	Interest	Penalty	Combined Interest & Penalty	Cumulative Interest & Penalty
1st	04/16/08 thru 05/15/08	1%	1%	2%	2%
2nd	05/16/08 thru 06/15/08	1%	1%	2%	4%
3rd	06/16/08 thru 07/15/08	1%	1%	2%	6%
4th	07/16/08 thru 08/15/08	1%	2%	3%	9%
5th	08/16/08 thru 09/15/08	1%	2%	3%	12%
6th	09/16/08 thru 10/15/08	1%	2%	3%	15%
7th	10/16/08 thru 11/15/08	1%	3%	4%	19%
8th	11/16/08 thru 12/15/08	1%	3%	4%	23%
9th	12/16/08 thru 01/15/09	1%	3%	4%	27%
10th	01/16/09 thru 02/15/09	1%	4%	5%	32%
11th	02/16/09 thru 03/15/09	1%	4%	5%	37%
12th	03/16/09 thru 04/15/09	1%	4%	5%	42%

For each additional month or fraction thereof, after the 12th month, add 1% for interest and 1¼% for penalty.

Note: Payments made with returns filed after the due date that do not include applicable interest and penalty will be automatically pro-rated between principal, interest and penalty. You will be subsequently billed for the remaining tax balance and associated interest and penalty.

CITY OF PHILADELPHIA DEPARTMENT OF REVENUE

2007 Net Profits Tax Return

General Information

Who must file -- Every individual **residing** in Philadelphia during 2007 and operating a business or other activity within or outside of Philadelphia and **non-residents** of Philadelphia, if engaged in such activities within Philadelphia, are subject to the Net Profits Tax.

Every partnership, limited partnership, limited liability company filing with the IRS as a partnership, association, or other group of two or more persons operating a business within Philadelphia, whether residents or non-residents of Philadelphia, is subject to the Net Profits Tax. The City of Philadelphia follows the Federal tax treatment for LLC's. If the LLC chose corporate tax treatment, it would not be liable for Net Profits. If the LLC chose to be treated as a partnership or as a disregarded entity, treated for federal filing purposes as an individual, it would be liable for Net Profits Tax.

Every estate or trust is subject to the Net Profits Tax if the estate or trust is engaged in any business which is subject to the Net Profits Tax per Income Regulation 220(A)(3).

Corporations are not subject to the Net Profits Tax. A partnership comprised solely of corporate partners must file a Net Profits Tax return even if no tax liability exists.

A return must be filed even if an overall loss is incurred. If a return is not filed, non-filer penalties could be imposed.

Do not staple or fold the tax return. Do not submit photocopies of the tax return.

Change Form -- If your business has terminated or changed address, use the enclosed Change Form. If you did not actively engage in business during 2007, you must complete the Change Form in this booklet and indicate that you are not in business. **Do not file the 2007 Net Profits Tax return.** If you begin a business again you should reinstate your Philadelphia tax account number.

Contact Information -- Call 215-686-6600 or send e-mail to revenue@phila.gov.

Page 1: Summary Page for the Net Profits Tax Return

Page 2: Worksheet A - Used by Philadelphia residents to calculate the taxable income (loss) from a business

Worksheet B - Used by non-residents to calculate the taxable income (loss) from a business

Worksheet C - Used to calculate whether estimated tax payments for the 2008 Net Profits Tax are needed

Page 3: Worksheet D - Used to allocate the Business Privilege Tax credit for partnerships with corporate members.
Partnerships which do not have any CORPORATE partners do not complete Worksheet D

Worksheet E - Used to summarize Net Profits tax payments and other credits

Worksheet K - Used to calculate the Business Privilege Tax credit which is applied to the 2007 Net Profit Tax
Extension Worksheet

Page 4: Worksheet NR-3 - Used to compute apportionment factors for certain non-residents

Change Form

Online Filing Information

The 2006 and 2007 BPT-EZ and NPT returns can be filed online. Go to phila.gov/revenue then click on "Online Services".

Business Privilege Tax Regular returns or years prior to 2006 cannot be filed online.

You are not required to submit copies of federal tax returns for BPT-EZ and NPT returns filed online.

Payment of tax due for returns filed online can be made with the preprinted coupons mailed to you or by credit card. A convenience fee of 2.49% is added to credit card payments.

You will receive an e-mail containing a confirmation number that indicates your online return was successfully filed.