

Business Privilege Tax – Frequently Asked Questions

Q – I received the 2003 Business Privilege Tax package and I am confused. Who can help me?

A – Please read these questions and answers in addition to the instructions in the 2003 Business Privilege Tax book that you received. The Department of Revenue also provides assistance in completing the Business Privilege Tax return at the Municipal Services Building location – Concourse level – 1401 John F. Kennedy Boulevard – weekdays between 9 AM and 3 PM. If you still need assistance, you may choose to retain a professional tax preparer.

Q – I made a 2003 Business Privilege Tax mandatory estimated payment in April 2003. Do I get credit for this payment when filing the 2003 Business Privilege Tax return?

A – Yes. On Line 6b of Page 1 or Page 3, report the amount of the 2003 Business Privilege Tax mandatory estimated payment that was made in April 2003.

Q – I just received a 2003 Business Privilege Tax return that is due by April 15, 2004. I filed an Actual 2002 Business Privilege Tax return in April 2003. Is this the correct form that I need to file?

A – Yes. The Business Privilege Tax regulations changed last year. The Business Privilege Tax is now based on actual activity. For calendar year taxpayers, the 2003 Business Privilege Tax return you received is based on your calendar 2003 activity and must be filed by April 15, 2004. For fiscal year taxpayers, the 2003 BPT return is based on the activity of the fiscal year that ended in 2003 (e.g., if your fiscal year ended June 30, 2003 the 2003 BPT is based on the activity from July 1, 2002 through June 30, 2003).

Q – The 2003 Business Privilege Tax book I received indicates that a mandatory estimate of 2004 Business Privilege Tax must be paid by April 15, 2004. I believe my tax liability for 2004 will be much less than 2003. Can I pay a smaller estimate?

A – A taxpayer may petition the Department of Revenue for the payment of less than 100% of the current year tax liability as an estimated tax for the next tax year. Such a petition may be granted in limited and specific cases where a unique and / or nonrecurring fact situation results in an unusually higher current year tax liability. This

petition is included in the 2003 BPT package mailed to you and it can also be downloaded from the tax form section of the Department's web site – www.phila.gov/revenue. The petition must be filed by March 20, 2004. If your petition is denied, you will be notified by April 10, 2004. If filed by March 20, 2004 and you have not received a denial notification by April 10, 2004, your petition was accepted.

Q – If I pay the mandatory estimate for 2004 Business Privilege Tax but next year my actual tax liability for 2004 is higher than the estimate. Will I be billed interest & penalty on the difference?

A – No. If you paid the mandatory 100% estimate and your 2004 Business Privilege Tax liability is greater than the 100% estimate, no I&P will be charged on the difference if it is paid by April 15, 2005.

Q – What if I choose not to pay the mandatory estimated payment for 2004 BPT that is due by April 15, 2004?

A – After your 2003 BPT return is processed, you will be billed for the 2004 mandatory estimated payment plus interest and penalty.

Q – I read the instructions on how to compute the loss carry-forward for the 2003 Business Privilege tax. They state that the income used when filing the original 2002 Business Privilege Tax return that was due in April 2002 is not to be used when computing the loss carry forward for the 2003 Business Privilege Tax. Is this correct?

A – The regulations state that the loss carry forward is based on the income from the last three (3) years of Business Privilege Tax. Since 2003 is now being filed, the incomes reported on the Actual 2002, 2001 and 2000 Business Privilege Tax returns are used to compute the 2003 Business Privilege Tax loss carry-forward.

Q – I terminated my business in 2003. What do I enter on Line 4, Page 1 or Page 3 of the 2003 BPT return?

A – You should enter “0” on Page 1 or Page 3, Line 4 and enter the termination date in the space provided above Line 1 on Page 1 or Page 3. You do not need to file a “Change Form” to notify the City of this termination.

Q – I terminated my business in 2003. I can't find the 2003 Termination Year Net Profits tax return in the Net Profits Tax booklet. How can I obtain this form?

A – The Termination Year Net Profit Tax return is no longer needed because of the Business Privilege Tax being filed on actual activity. If your unincorporated business terminated in 2003, you need to file the 2003 Business Privilege Tax return and the 2003 Net Profits Tax return by April 15, 2004.

Q – My business started in 2003 and I am a fiscal year filer. How should I file the 2003 BPT return since I don't have a full twelve month fiscal year that ends during 2003?

A – Enter zeroes on Lines 1, 2, 3, and 4 of Page 1 or Page 3 of the 2003 BPT return and then send in the return. The full fiscal year ending in calendar year 2004 will be reported on the 2004 Business Privilege Tax return due April 15, 2005.