

Business Privilege Tax – Frequently Asked Questions

Q – I received the 2004 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 2004 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 2004 Business Privilege Tax mandatory estimated payment in April 2004. Do I get credit for this payment when filing the 2004 Business Privilege Tax return?

A – Yes. On Line 6b of Page 1 or Page 3, report the amount of the 2004 Business Privilege Tax mandatory estimated payment that was made in April 2004.

Q – I just received a 2004 Business Privilege Tax return that is due by April 15, 2005. I filed a 2003 Business Privilege Tax return in April 2004. Is this the correct form that I need to file?

A – Yes. The Business Privilege Tax is now based on actual activity. For calendar year taxpayers, the 2004 Business Privilege Tax return you received is based on your calendar 2004 activity and must be filed by April 15, 2005. For fiscal year taxpayers, the 2004 BPT return is based on the activity of the fiscal year that ended in 2004 (e.g., if your fiscal year ended June 30, 2004 the 2004 BPT is based on the activity from July 1, 2003 through June 30, 2004.

Q – The 2004 Business Privilege Tax book I received indicates that a mandatory estimate of 2005 Business Privilege Tax must be paid by April 15, 2005. I believe my tax liability for 2005 will be much less than 2004. Can I pay a smaller estimate?

A – Taxpayers who believe their 2005 BPT liability will be less than their 2004 BPT liability may calculate their own estimated payment. No separate petition is required. Enter the estimate for 2005 BPT on Line 4 of the 2004 BPT return and pay this amount. However, if the amount due on the 2005 BPT return is higher than the estimate paid in 2004, you will be billed interest and penalty on the difference. By paying an

estimate less than the 2004 liability, you also waive the right to appeal the accelerated interest and penalty incurred on the estimated payment.

Q – If I pay the mandatory estimate for 2005 Business Privilege Tax but next year my actual tax liability for 2005 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 2005 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, 2006.

Q – What if I choose not to pay any estimated payment for 2005 BPT that is due by April 15, 2005?

A – After your 2004 BPT return is processed, you will be billed for the 2005 mandatory estimated payment plus interest and penalty.

Q – I read the instructions on how to compute the loss carry-forward for the 2004 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 2004 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 2004 is now being filed, the incomes reported on the 2003, Actual 2002, and 2001 Business Privilege Tax returns are used to compute the 2004 Business Privilege Tax loss carry-forward.

Q – I terminated my business in 2004. What do I enter on Line 4, Page 1 or Page 3 of the 2004 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 2004. I can’t find the 2004 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 2004, you need to file the

2004 Business Privilege Tax return and the 2004 Net Profits Tax return by April 15, 2005.

Q – My business started in 2004 and I am a fiscal year filer. How should I file the 2004 BPT return since I don't have a full twelve month fiscal year that ends during 2004?

A – Enter zeroes on Lines 1, 2, 3, and 4 of Page 1 or Page 3 of the 2004 BPT return and then send in the return. The full fiscal year ending in calendar year 2005 will be reported on the 2005 Business Privilege Tax return due April 15, 2006.