

FREQUENTLY ASKED QUESTIONS

Question 1. I maintain a Business Privilege license but I did not actively engage in business during 2001. Do I need to file anything?

Answer. You must complete the Change Form in this booklet and indicate that you are not in business. Do not file the 2002 Business Privilege or 2001 Net Profits Tax returns. If you begin a business again with the same Federal Identification or Social Security number, you should reinstate your Philadelphia tax account number. In this scenario, you will not have to pay for an additional Business Privilege Tax license.

Question 2. I have filed for an automatic federal extension but I do not believe I will owe any Business Privilege Tax. Should I file an extension coupon?

Answer. Yes, you must file an extension coupon indicating "0" tax due.

Question 3. Can I make a voluntary prepayment on my 2003 Business Privilege Tax account?

Answer. Yes, there is an estimated 2003 Business Privilege Tax coupon in the package that was mailed to you.

Question 4: Are Limited Liability Companies (LLC's) subject to the Net Profits Tax?

Answer: 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 a disregarded entity treated for federal filing purposes as an individual, it would be liable for Net Profits Tax.

Question 5: If my business terminates and I have an unused loss carry forward, am I entitled to a refund?

Answer: Any unused loss carry forward would expire when your business terminates and there would be no refund.

Question 6: An individual, as a sole proprietor, owns two separate businesses in Philadelphia. Can a loss from one of the businesses be offset against a gain from the other business? Is a separate Philadelphia business tax account number needed for each business?

Answer: Under these circumstances, losses can be offset against gains. A separate account number is not needed.

APPORTIONMENT FACTOR ILLUSTRATION

ENTER APPORTIONMENT FACTORS FOR SCHEDULE A, PAGE 7, LINE 6; SCHEDULE B, PAGE 4, LINE 6; AND SCHEDULE C-1, PAGE 5, LINES 8C, 9C, 10C, 10D, 11 AND 12 AS ILLUSTRATED IN THE EXAMPLES BELOW.

Examples: 100% (Schedule C-1 only)	1	.	0	0	0	0	0	0
98.7654% =		.	9	8	7	6	5	4
96.5% =		.	9	6	5	0	0	0
6.75% =		.	0	6	7	5	0	0

NOTE: IF OPERATING ENTIRELY (100%) IN PHILADELPHIA, USE THE BUSINESS PRIVILEGE TAX - NSEZ RETURN, PAGES 1 AND 2 OF THIS BOOKLET.