

**CITY OF PHILADELPHIA
BUSINESS PRIVILEGE TAX REGULATIONS**

Section 101 of the Business Privilege Tax regulations is amended to read as follows:

SECTION 101. DEFINITIONS.

The following words and phrases, when used in these Regulations, have the meanings ascribed to them in this section, except where the contents clearly indicate another or a different meaning.

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D. "Business." Carrying on or exercising for gain or profit within Philadelphia any trade, business, including financial business as hereinafter defined, profession, vocation or commercial activity or making sales to persons within the City of Philadelphia. "Business" shall not include the following:

1. Those activities conducted by a nonprofit corporation or association organized for religious, charitable or educational purposes, if such activities are directly related to its religious, charitable or educational purposes. **Unrelated business activities of a nonprofit organization fall under the definition of Business and the income derived from such activities is subject to the BPT. The organization is deemed to generate unrelated business income if 1) it conducts a trade or business, 2) the trade or business is not substantially related to the nonprofit purpose of the organization and 3) the trade or business is pursued in a manner similar to competing nonexempt organizations. An activity does not need to produce a profit to fall under the definition of Business. Also, income from unrelated trade or business used exclusively for carrying on the nonprofit organization's purpose is still considered unrelated business income for the purpose of the BPT. For the purpose of this tax, income generated by a nonprofit organization from rental of any residential or commercial real estate is deemed income derived from unrelated business activity.**
2. The business of any political subdivision, or of any authority created and organized under and pursuant to law of this Commonwealth.

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Signature _____

Date _____