

**WORKSHEETS A, B and C  
2004 NET PROFITS TAX RETURN**

**These are worksheets only.  
Do not file these worksheets with your return.**

**Instructions for Worksheets A and B**  
**See Depreciation Decoupling explanation on Page 5.**

Enter on Line 1 the net income or loss from the appropriate Federal Tax return(s) or if applicable, the Profit and Loss Statement.

Examples of Line 2 adjustments (not all inclusive): Federal Form 1040, Schedule "C" filers - add back to net income any taxes based on net income which have been deducted in arriving at reported net income, e.g., prior year Net Profits Tax (**the Business Privilege Tax paid is deductible**). Federal Form 1065 filers - add back to net income any taxes based on net income, capital gains, and guaranteed payments to partners; deduct from net income IRC section 179 expense. Non-residents may take an income exclusion for Public Law 86-272 activity.

Line 3 includes taxable income from the sale of business capital assets, income from estates or trusts, and income from patents and royalties.

**WORKSHEET A: Business Income (Loss) for Residents**

1. Net Income (Loss).....1.		
2. Federal Form 1065, Schedule K-1 and other adjustments.....2.		
3. Other taxable income .....3.		
4. Taxable Resident Net Income (Loss). Add Lines 1 through 3 and enter here and on Page 1, Line 1.....4.		

**WORKSHEET B: Business Income (Loss) for Non-Residents**

Non-residents of Philadelphia may apportion all or part of their net income to their places of business located outside of Philadelphia on Line 5, using **Worksheet NR-3** on Page 4. The apportionment is based on a **three factor** formula consisting of an average of the property owned, the salaries and wages paid, and the receipts earned during the tax year. Include on Line 5 a corporate partner's share of the net income of the partnership, joint venture or association.

1. Net Income (Loss).....1.		
2. Federal Form 1065, Schedule K-1 and other adjustments.....2.		
3. Other taxable income .....3.		
4. Total Net Income (Loss) (Total of Lines 1 through 3).....4.		
5. Net Income apportioned outside Philadelphia from Page 4, Line 14, Worksheet NR-3.....5.		
6. Taxable Non-Residents Net Income (Loss). Subtract Line 5 from Line 4. Enter here and on Page 1, Line 3.....6.		

**WORKSHEET C: COMPUTATION OF ESTIMATED TAX BASE**

If the amount on Line 3 is \$100 or less, estimated payments are not required. If the amount on Line 3 is greater than \$100, enter 25% of the amount on Line 3 on the first estimated coupon (ENP-1), Line 1 and the second estimated coupon (ENP-2), Line 1. If Net Profits Tax estimated payments are required, there are two payments due. The 1st estimated tax payment is due April 15, 2005 and the 2nd estimated tax payment is due June 15, 2005. **Estimated tax payments are not required on September 15, 2005 or January 15, 2006.**

1. Net Profits Liability from Page 1, Line 5.....1.		
2. Business Privilege Tax Credit from Page 1, Line 6a or Page 3, Worksheet D, Line 8.....2.		
3. Estimated Payments Base (Line 1 less Line 2).....3.		