

**How to Claim an Exemption of Income**  
**Under Public Law 86-272**

**The City of Philadelphia requires all taxpayers to report their net income on the Business Privilege and Net Profits tax returns and claim an exemption for income protected from taxation under P.L. 86-272 as follows:**

**A) Business Privilege Tax New Start Return**

- 1) Method I – Business Privilege Tax New Start Filers Claim an Income Exemption under P.L. 86-272 on Page 3, Schedule A, Line 4.**
- 2) Method II – Business Privilege Tax New Start Filers Claim An Income Exemption under P.L. 86-272 on Page 4, Schedule B, Line 2(E)**

**B) Net Profits Tax Return**

- 1) Unincorporated Businesses Claim Non-Resident Income Exemption under P.L. 86-272 on Page 2, Worksheet B, Line 2.**

**C) Business Privilege Tax Return – Same as “A” Above**

