

Business Privilege Tax – Frequently Asked Questions

Q – I received the 2006 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 2006 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 2006 Business Privilege Tax mandatory estimated payment in April 2006. How do I claim this credit when filing the 2006 Business Privilege Tax return?

A – Report your estimated 2006 BPT estimated payment on Line 6b of Page 1 or Line 6b of the Summary Page.

Q – What federal tax return is used as the basis for filing my 2006 BPT return?

A – The Business Privilege Tax is based on actual activity. For calendar year taxpayers, the 2006 Business Privilege Tax return you received is based on your calendar 2006 activity and must be filed by April 16, 2007. For fiscal year taxpayers, the 2006 BPT return is based on the activity of the fiscal year that ended in 2006 (e.g., if your fiscal year ended June 30, 2006 the 2006 BPT is based on the activity from July 1, 2005 through June 30, 2006.

Q – The 2006 Business Privilege Tax book I received indicates that a mandatory estimate of 2007 Business Privilege Tax must be paid by April 16, 2007. I believe my tax liability for 2007 will be much less than 2006. Can I pay a smaller estimate?

A – Taxpayers who believe their 2007 BPT liability will be less than their 2006 BPT liability may calculate their own estimated payment. ***No separate petition is required.*** Enter the estimate for 2007 BPT on Line 4 of the 2006 BPT return and pay this amount. However, if the amount due on the 2007 BPT return is higher than the estimate paid for 2006, you will be billed interest and penalty on the difference. By paying an estimate less than the 2006 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 2007 Business Privilege Tax but next year my actual tax liability for 2007 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 2007 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, 2008.

Q – What if I choose not to pay any estimated payment for 2007 BPT that is due by April 16, 2007?

A – After your 2006 BPT return is processed, you will be billed for the 2007 mandatory estimated payment plus interest and penalty. Do NOT put “0” on Line 4 if you are still in business during 2007.

Q – I terminated my business in 2006. What do I enter on Page 1, Line 4 or on the Summary Page, Line 4 of the 2006 BPT return?

A – You should enter “0” on Page 1 or the Summary Page, Line 4 and enter the termination date in the space provided above Line 1. You do not need to file a “Change Form” to notify the City of this termination.

Q – I terminated my business in 2006. I can’t find the 2006 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 2006, you need to file the 2006 Business Privilege Tax return and the 2006 Net Profits Tax return by April 16, 2007.

Q – My business started in 2006 and I am a fiscal year filer. How should I file the 2006 BPT return since I don’t have a full twelve month fiscal year that ends during 2006?

A – Enter zeroes on Lines 1, 2, 3, and 4 of Page 1 or the Summary Page of the 2006 BPT return and then send in the return. The full fiscal year ending in calendar year 2007 will be reported on the 2007 Business Privilege Tax return due April 15, 2008.