

Net Profits Tax

The Net Profits Tax is levied on the net profits from the operation of a trade, business, profession, enterprise or other activity conducted by individuals, partnerships, associations or estates and trusts. (The rental of property, in most cases, is considered the operation of a business.)

The tax is imposed on the entire net profit of any self-employed person who is a resident of Philadelphia regardless of the location of the business. It is also imposed on businesses conducted in Philadelphia by non-residents.

Corporations are exempt from this tax.

A return must be filed even if a loss is incurred.

If no return is filed, non-filer penalties are imposed.

The annual return and payment of the tax must be transmitted on or before the following due dates:

- (1) Calendar Year Returns - the 15th day of April following the tax year.
- (2) Fiscal Year Returns - within 105 days from the end of the fiscal year.

The current year estimated Net Profits Tax is payable in two estimated payments. Each estimated payment must be equal to 25% of the Net Profits Tax computed from the prior taxable year. For calendar year taxpayers, the 1st installment is due by April 15 and the 2nd installment is due by June 15.

