

## FREQUENTLY ASKED QUESTIONS

**Question 1.** If I have incurred an overall loss, must I file a Net Profits Tax Return?

**Answer.** Yes. A return must be filed even if an overall loss is incurred. If no return is filed, non-filer penalties could be imposed.

**Question 2.** Can I send one check for the Net Profits Tax, Business Privilege Tax and estimated Net Profits Tax returns?

**Answer.** Yes, write your account number on the check and include the appropriate coupons in the postage paid envelope provided in your tax package.

**Question 3.** What is the Business Privilege Tax Credit?

**Answer.** Taxpayers who file and pay the Business Privilege Tax are entitled to take a credit against their Net Profits Tax liability, of an amount equal to 60% of the Business Privilege Tax paid on Net Income. This credit, however, may not exceed the amount of the Net Profits Tax liability. See Page 4, Worksheet K, to compute this credit.

**Question 4.** I maintain a Business Privilege License but I did not actively engage in business during 2001. Do I need to file anything?

**Answer.** You must complete the Change Form in this booklet and indicate that you are not in business. Do not file the Business Privilege or Net Profits Tax returns. If you begin a business again with the same Federal Identification or Social Security number, you should reinstate your Philadelphia tax account number. In this case, you will not have to pay for an additional Business Privilege license.

**Question 5.** I have filed for a Federal automatic extension but I do not believe I will owe any Net Profits Tax. Should I still file an extension coupon?

**Answer.** Yes, an extension coupon must be filed with "0" entered in the "Tax Due" box.

### Illustration for Reporting Losses on Pages 1 and 6, Lines 1 and 3

These schedules will be optically scanned. If an amount on Page 1, Line 1 or 3 or Page 6, Line 1 or 3 is a loss, darken the box provided. **DO NOT** use brackets, minus signs, or the word "LOSS". For example, if Line 1 is a \$100 loss...

**Correct presentation:**

Line 1  100

**Incorrect presentations:**

(100) -100 "LOSS"

### COMPUTATION OF INTEREST AND PENALTY

Month after Due Date	Returns Filed After Due Date	Interest	Penalty	Combined Interest & Penalty	Cumulative Interest & Penalty
1st	04/16/02 thru 05/15/02	1%	1%	2%	2%
2nd	05/16/02 thru 06/15/02	1%	1%	2%	4%
3rd	06/16/02 thru 07/15/02	1%	1%	2%	6%
4th	07/16/02 thru 08/15/02	1%	2%	3%	9%
5th	08/16/02 thru 09/15/02	1%	2%	3%	12%
6th	09/16/02 thru 10/15/02	1%	2%	3%	15%
7th	10/16/02 thru 11/15/02	1%	3%	4%	19%
8th	11/16/02 thru 12/15/02	1%	3%	4%	23%
9th	12/16/02 thru 01/15/03	1%	3%	4%	27%
10th	01/16/03 thru 02/15/03	1%	4%	5%	32%
11th	02/16/03 thru 03/15/03	1%	4%	5%	37%
12th	03/16/03 thru 04/15/03	1%	4%	5%	42%

For each additional month or fraction thereof, after the 12th month, add 1% for interest and 1¼% for penalty.

Note: Payments made with returns filed after the due date that do not include applicable interest and penalty will be automatically pro-rated between principal, interest and penalty. You will be subsequently billed for the remaining tax balance and associated interest and penalty.