

Tax Alert!
Payments to Vendors of Goods and Services to the
City of Philadelphia

The City Controller's Office will not release payments to vendors who do not have an active Philadelphia Business Tax Account number or have not obtained an exemption letter from the Revenue Department Technical Advisory Staff.

The City of Philadelphia "City" requires a commercial / for profit entity performing **services** within the "City" to obtain a Business Privilege License and file an annual Business Privilege Tax return and if applicable a Net Profits Tax return (i.e. unincorporated entities). The entity performing services within the City does **not** need to have a **physical** location within the City to be subject to taxation.

A commercial entity selling and delivering **tangible personal property** to the City through a Procurement Department contract (or through any other bid process) will need a Business Privilege License (BPL) and required to file all appropriate taxes. The commercial entity does **not** need a physical location within the City be subject to license and taxation.

Not-for-profit corporations or associations performing services or selling goods within the City of Philadelphia will be **exempt** from the Business Privilege Tax and License **so long as** the sale of the goods or the performance of services is within the scope of the organization's charitable, religious, educational or other tax-exempt purpose.

Both commercial and non-for-profit entities must secure a Philadelphia Business Tax Account number and withhold and remit Wage Tax for their employees rendering services within the City.

To register for a Philadelphia Tax Account number contact the Department of Revenue at 215-686-6600 or apply on-line at www.phila.gov/revenue.

If you feel that your entity is not subject to licensing or city taxation due to the "City's" failure to have jurisdiction (i.e. nexus) or the organization's "not-for profit" status, you must contact the Department of Revenue's Technical Advisory Staff to obtain the Department's approval of your tax-exempt status. The Technical Advisory Staff will need the following information:

- The specific contract services to be performed for the City.
- The location where the contract services will be performed.
- The work location of the employees performing the contract services.
- Whether **any other** services are performed within the City - not necessarily those for the City.
- The goods to be sold.

- Whether the goods were sold through the bid/contract process or by purchase order.
- The location and method of delivery of the goods.
- A copy of the organization's not-for-profit charter and the Federal Tax exemption letter approved by the IRS.

The Technical Advisory Staff may request additional information deemed necessary to make its determination of a vendor's tax status. Phone calls may be directed to 215.686.6434. Vendors must submit letters and information by fax to 215.686.6537 or mail to:

City of Philadelphia – Department of Revenue
Technical Advisory Staff
Attn: Robert O'Donnell
Municipal Services Building Room 630
1401 John F. Kennedy Blvd.
Philadelphia, Pennsylvania 19102-1697