

WORKSHEETS A, B and C
2011 NET PROFITS TAX RETURN

These are worksheets only.
Do not file these worksheets with your return.

Instructions for Worksheets A and B

Enter on Line 1 the net income or loss from the appropriate Federal Tax return(s) or if applicable, the Profit and Loss Statement.

Examples of Line 2 adjustments (not all inclusive): Federal Form 1040, Schedule "C" filers - add back to net income any taxes based on net income which have been deducted in arriving at reported net income, e.g., prior year Net Profits Tax (**the Business Privilege Tax paid is deductible**). Federal Form 1065 filers - add back to net income any taxes based on net income, capital gains, and guaranteed payments to partners; deduct from net income IRC section 179 expense. Nonresidents may take an income exclusion for Public Law 86-272 activity.

Line 3 includes taxable income from the sale of business capital assets, income from estates or trusts, and income from patents and royalties.

WORKSHEET A: Business Income (Loss) for Residents

1. Net Income (Loss).....	1.	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	<input type="text"/>	.	0	0
2. Federal Form 1065, Schedule K-1 and other adjustments.....	2.	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	<input type="text"/>	.	0	0
3. Other taxable income.....	3.	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	<input type="text"/>	.	0	0
4. Taxable Resident Net Income (Loss). Add Lines 1 through 3 and enter on Page 1, Line 1.....	4.	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	<input type="text"/>	.	0	0

WORKSHEET B: Business Income (Loss) for Nonresidents

Nonresidents of Philadelphia may apportion all or part of their net income to their places of business located outside of Philadelphia on Line 5, using **Worksheet NR-3** on Page 4. The apportionment is based on a **three factor** formula consisting of an average of the property owned, the salaries and wages paid, and the receipts earned during the tax year.

1. Net Income (Loss).....	1.	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	<input type="text"/>	.	0	0
2. Federal Form 1065, Schedule K-1 and other adjustments.....	2.	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	<input type="text"/>	.	0	0
3. Other taxable income.....	3.	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	<input type="text"/>	.	0	0
4. Total Net Income (Loss). Add Lines 1 through 3.....	4.	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	<input type="text"/>	.	0	0
5. Philadelphia apportionment factor from Page 4, Worksheet NR-3, Line 12.....	5.	. <input type="text"/>										
6. Taxable Nonresident Net Income (Loss). (Line 4 times Line 5) Enter here and on Page 1, Line 3	6.	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	<input type="text"/>	.	0	0

WORKSHEET C: Computation of Estimated Tax Base

If the amount on Line 3 is \$100 or less, estimated payments are not required. If the amount on Line 3 is greater than \$100, enter 25% of the amount on Line 3 on the first estimated coupon (ENP-1), Line 1 and the second estimated coupon (ENP-2), Line 1. If Net Profits Tax estimated payments are required, there are two payments due. The first estimated tax payment is due April 17, 2012 and the second estimated tax payment is due June 15, 2012. **Estimated tax payments are not required on September 15, 2012 or January 15, 2013.**

1. Net Profits Tax Liability from Page 1, Line 5.....	1.	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	<input type="text"/>	.	0	0
2. Business Privilege Tax Credit from Page 1, Line 6a or Page 3, Worksheet D, Line 8.....	2.	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	<input type="text"/>	.	0	0
3. Estimated Payments Base (Line 1 minus Line 2).....	3.	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	<input type="text"/>	.	0	0

**WORKSHEETS D, E, K and EXTENSION
2011 NET PROFITS TAX RETURN**

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WORKSHEET D: ALLOCATION OF BUSINESS PRIVILEGE TAX CREDIT FOR PARTNERSHIPS, ETC., WITH CORPORATE MEMBERS (THIS SCHEDULE IS TO BE USED ONLY BY PARTNERSHIPS, JOINT VENTURES AND ASSOCIATIONS WHICH ARE COMPOSED OF ONE OR MORE CORPORATE PARTNERS, CORPORATE JOINT VENTURES, OR CORPORATE ASSOCIATES.)

1. Enter the portion of taxable income on which 2011 Business Privilege Tax has been paid, AND which represents the distributive shares of net income of ALL CORPORATE MEMBERS.....1. , , . 0 0
2. Enter the total taxable income of the taxpayer on which 2011 Business Privilege Tax has been paid.....2. , , . 0 0
3. Divide Line 1 by Line 2 and enter the percentage here and on Page 1 of the return.....3. %
4. Enter the amount from Worksheet K, Line 2.....4. , , . 0 0
5. Multiply the amount on Line 4 by the percentage on Line 3.....5. , , . 0 0
6. Subtract Line 5 from Line 4.....6. , , . 0 0
7. Enter the amount from Page 1, Line 5.....7. , , . 0 0
8. **Business Privilege Tax Credit allowed.** Enter the lesser of Line 6 or Line 7 here and on Page 1, Line 6a.....8. , , . 0 0

WORKSHEET E: Summary of Payments and Other Credits

1. 2011 Estimated Net Profits Tax Payments.....1. , , . 0 0
2. Payments of 2011 Net Profits Tax made with Application for Extension of Time to File.....2. , , . 0 0
3. Overpayment of 2011 Business Privilege Tax or 2010 Net Profits Tax to be applied to this return.....3. , , . 0 0
4. TOTAL of Lines 1 through 3. Enter here and on Page 1, Line 6b.....4. , , . 0 0

WORKSHEET K: 60% Business Privilege Tax Credit

1. Enter the amount from Page 1, Line 1 of the 2011 BPT-EZ return or the Summary Page, Line 1 of the 2011 Business Privilege Tax return.....1. , , . 0 0
2. Enter 60% of the amount on Line 1. If your entity has corporate members, **STOP HERE** and enter this amount on Worksheet D, Line 4.....2. , , . 0 0
3. Enter the amount from Page 1, Line 5 of the 2011 Net Profits Tax return.....3. , , . 0 0
4. Business Privilege Tax credit allowed. Enter the lesser of Line 2 or Line 3 here and on Page 1, Line 6a.....4. , , . 0 0

EXTENSION WORKSHEET

This is an extension worksheet to be used when figuring the amount of Net Profits tax you owe. You must file an actual return by the extension due date to satisfy your filing requirements. If an extension of time has been obtained from the Internal Revenue Service for filing your corporate, partnership or individual tax returns, the corresponding returns are due on or before the due date of the federal extension(s) or 6/17/2012, whichever is later. **You must pay 100% of the estimated tax due by April 17, 2012. Filing an extension coupon does not extend the time to pay the tax.** Interest and penalty shall be added to the amount of tax not paid by the statutory due date. You will not receive written confirmation of your extension request. **NOTE: If you have filed for an automatic federal extension but do not believe you will owe any tax, you do not need to file an extension coupon.**

1. 100% of estimated **2011 NET PROFITS** tax due.....1. , , . 0 0
2. Other payments and credits you expect to report on the NPT return.....2. , , . 0 0
3. **Tax Balance Due** (Line 1 minus Line 2). **Enter on the Extension Coupon.**
If Line 2 is greater than Line 1, no extension coupon is needed.....3. , , . 0 0

Calculation of Average Values of Real and Tangible Property Used in Business:

	COLUMN A PHILADELPHIA	COLUMN B TOTAL EVERYWHERE
1. Inventories of Raw Materials, Work in Process and Finished Goods.....	1.	
2. Land and Buildings Owned (at average original cost).....	2.	
3. Machinery and Equipment Owned (at average original cost).....	3.	
4. Other Tangible Assets Owned (at average original cost).....	4.	
5. Rented Property (at 8 times the net annual rental).....	5.	
6. Total average value of Property used WITHIN PHILADELPHIA	6.	XXXXXXXXXX
7. Total average value of Property used EVERYWHERE	7.	XXXXXXXXXX

Computation of Apportionment Factors:

8A. Total average value of Philadelphia property from Column A, Line 6 above.....8A.	<input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . 0 0
8B. Total average value of property everywhere from Column B, Line 7 above.....8B.	<input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . 0 0
8C. Philadelphia property factor (Line 8A divided by Line 8B).....8C.	<input type="text"/> . <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
9A. Philadelphia Payroll.....9A.	<input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . 0 0
9B. Payroll Everywhere.....9B.	<input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . 0 0
9C. Philadelphia payroll factor (Line 9A divided by Line 9B).....9C.	<input type="text"/> . <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
10A. Philadelphia receipts.....10A.	<input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . 0 0
10B. Gross receipts everywhere.....10B.	<input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . 0 0
10C. Philadelphia receipts factor (Line 10A divided by Line 10B).....10C.	<input type="text"/> . <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
11. TOTAL FACTORS (Total of Lines 8C, 9C and 10C).....11.	<input type="text"/> . <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
12. Philadelphia apportionment factor (Line 11 divided by applicable number of factors).....12.	<input type="text"/> . <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

Enter factor on Page 2, Worksheet B, Line 5.

Allocation versus Apportionment of a Nonresident's Net Profits

A nonresident individual, partnership, association or other unincorporated entity conducting or carrying on any business, profession, trade, enterprise or other activity is required to pay the Net Profits Tax (NPT) on the entire net profits of the business if **all** activity is conducted within the City of Philadelphia. This is true despite the absence of a Philadelphia office or business location.

Where a nonresident maintains **both** Philadelphia and non-Philadelphia branch offices, the taxpayer **may allocate** net profits between or among the Philadelphia and non-Philadelphia branch locations. The taxpayer must be prepared to show the Revenue Department that each branch office or location is self-sustaining and established. This is a question of fact, depending on the particular circumstances in each case. One factor (of many) used by the Department to support a branch office is the presence of separate branch accounting books and records to support the allocation of the net profits between or among the various branch offices. In the absence of separate accounting records, the nonresident taxpayer **must apportion** their net profits using the three-factor apportionment formula. **Refer to Income Tax Regulation 222 at www.phila.gov/revenue.**