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 Income & Receipts 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.

WORKSHEET A: Business Income (Loss) for Residents

1. Net Income (Loss) ................................................................. 1.  
2. Federal Form 1065, Schedule K-1 and other adjustments ................................................................. 2.  
3. Other taxable income ......................................................................................................................... 3.  
5. Taxable Pro Rata Resident portion of Net Income/Loss NOT eligible for Income-based rate. 
   Enter here and on Page 1, Line 1 ........................................................................................................ 5.  
6. Taxable Pro Rata Resident portion of Net Income/Loss eligible for Income-based rate. 
   Enter here and on Page 1, Line 3 ........................................................................................................ 6.  

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.  
2. Federal Form 1065, Schedule K-1 and other adjustments ........................................................................ 2.  
3. Other taxable income ...................................................................................................................................... 3.  
7. Taxable Pro Rata Nonresident portion of Net Income/Loss NOT eligible for Income-based rate. 
   Enter here and on Page 1, Line 6 .............................................................................................................. 7.  
8. Taxable Pro Rata Nonresident portion of Net Income/Loss eligible for Income-based rate. 
   Enter here and on Page 1, Line 8 .............................................................................................................. 8.  

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 15, 2016 and the second estimated tax payment is due June 15, 2016. Estimated tax payments are not required on September 15, 2016 or January 15, 2017.

1. Net Profits Tax Liability from Page 1, Line 11 ......................................................................................... 1.  
2. Business Income & Receipts Tax Credit from Page 1, Line 12a or Page 3, Worksheet D, Line 8 ........ 2.  
3. Estimated Payments Base (Line 1 minus Line 2) 
   If Line 2 is greater than Line 1, no Estimate coupon is needed .................................................................. 3.
WORKSHEET D: ALLOCATION OF BUSINESS INCOME & RECEIPTS 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 2015 Business Income & Receipts Tax has been paid, AND which represents the distributive shares of net income of ALL CORPORATE MEMBERS. ............. 1.

2. Enter the total taxable income of the taxpayer on which 2015 BIRT has been paid. ........................................ 2.

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.

5. Multiply the amount on Line 4 by the percentage on Line 3. ................................................................. 5.


7. Enter the amount from Page 1, Line 11. ......................................................................................... 7.

8. Business Income & Receipts Tax Credit allowed. Enter the lesser of Line 6 or Line 7 here and on Page 1, Line 12a. ................................................................. 8.

WORKSHEET E: Summary of Payments and Other Credits


3. Overpayment of 2015 Business Income & Receipts Tax or 2014 Net Profits Tax to be applied to this return .................................................................................. 3.

4. TOTAL of Lines 1 through 3. Enter here and on Page 1, Line 12b. ......................................................... 4.

WORKSHEET K: 60% Business Income and Receipts Tax Credit

1. Enter the amount from Page 1, Line 1 of the 2015 Business Income & Receipts Tax or BIRT-EZ return........................................................................................................... 1.

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.

3. Enter the amount from Page 1, Line 11 of the 2015 Net Profits Tax return............................................. 3.

4. Business Income & Receipts Tax credit allowed. Enter the lesser of Line 2 or Line 3 here and on Page 1, Line 12a. ................................................................. 4.

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). You must pay 100% of the estimated tax due by April 18, 2016. 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 2015 NET PROFITS tax due................................................................................ 1.

2. Other payments and credits you expect to report on the NPT return. ..................................................... 2.

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.
Computation of Apportionment Factors:

8A. Total average value of Philadelphia property from Column A, Line 6 above ..............................................8A. .00
8B. Total average value of property everywhere from Column B, Line 7 above ............................................... 8B. .00
8C. Philadelphia property factor (Line 8A divided by Line 8B) ........................................................................... 8C. .00
9A. Philadelphia Payroll .................................................................................................................................. 9A. .00
9B. Payroll Everywhere ................................................................................................................................... 9B. .00
9C. Philadelphia payroll factor (Line 9A divided by Line 9B) .............................................................................. 9C. .00
10A. Philadelphia receipts before BIR Statutory Exclusion ............................................................................... 10A. .00
10B. Gross receipts everywhere ......................................................................................................................... 10B. .00
10C. Philadelphia receipts factor (Line 10A divided by Line 10B) ....................................................................... 10C. .00
11. TOTAL FACTORS (Total of Lines 8C, 9C and 10C) ..................................................................................... 11. .00
12. Philadelphia apportionment factor (Line 11 divided by applicable number of factors) ............................. 12. .00

Enter factor here and 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.