

# **2014 Business Income & Receipts and Net Profits Taxes General Information**

Tax regulations and forms are available at [www.phila.gov/revenue](http://www.phila.gov/revenue).

**When and Where to File** - The 2014 Business Income and Receipts and Net Profits taxes are due by April 15, 2015. A return must be filed even if an overall loss is incurred. Failure to file a return by the due date could result in the imposition of fines, legal costs and non-filer penalties. Payment of tax must be made using the preprinted coupons and postage paid envelope provided to existing taxpayers. Do not enclose payments with your tax return.

**Mail payments to:**

City of Philadelphia  
Department of Revenue  
P.O. Box 1393  
Philadelphia, PA 19105-1393

**Mail returns requesting a refund to:**

City of Philadelphia  
Department of Revenue  
P.O. Box 1137  
Philadelphia, PA 19105-1137

**Mail returns not requesting a refund to:**

City of Philadelphia  
Department of Revenue  
P.O. Box 1660  
Philadelphia, PA 19105-1660

**Internet Filing** - The 2014 Business Income and Receipts and NPT returns can be filed online. After submitting the return you must print the resulting confirmation page for your records. Payment of tax due for returns filed online should be made with the preprinted coupons mailed to you, by e-check, credit card or debit card. A user fee is added when paying electronically.

ACH Debits and Credits are accepted for payment of Business Income and Receipts Tax. For more information or to enroll in this program go to [www.phila.gov/revenue](http://www.phila.gov/revenue) and click "Payments & E-File" then select "Pay Taxes". Contact the Electronic Government Unit at 215-686-6582, 6579 or 6628 or e-mail [egovservices@phila.gov](mailto:egovservices@phila.gov).

**Returned Checks**. If your check is returned unpaid for insufficient or uncollected funds, (1) you authorize The City of Philadelphia or its agent to make a one-time electronic funds transfer from your account to collect a fee of \$20; and (2) The City of Philadelphia or its agent may re-present your check electronically to your depository institution for payment.

**Change Form** - If your business terminated, changed organization or entity, complete a Change Form. If you maintain a Commercial Activity license but did not actively engage in business during 2014, complete a Change Form to indicate that you are not in business. **Do not file the 2014 Business Income and Receipts and/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 scenario, you will not have to pay for an additional commercial activity license. If there was a change of business entity (e.g., individual proprietorship to corporation), you need a new Philadelphia Tax Account Number and commercial activity license. Register online for a tax account number at [www.phila.gov/revenue](http://www.phila.gov/revenue) and select "E-File/E-Pay". A single Change Form can be used for all tax types.

To report a change of address, check the box on Page 1 of the return.

**A mandatory estimated tax payment towards the 2015 Business Income and Receipts Tax is required for all businesses operating in Philadelphia. This estimate is equal to 100% of the 2014 tax liability prior to the application of any tax credits as indicated on Line 3 of the return. Enter the amount of Line 3 on Line 4 of the return. If you enter an amount on Line 4 less than the amount on Line 3, you may be billed additional interest and penalty.**

**Take credit for any 2014 BIRT or NPT payments previously made as a result of estimated payments, applied overpayments or extension payments.**

**Neatly print or type all information. Do not staple, fold or submit photocopies of the tax return. Do not submit copies of Federal Returns. File only required schedules.**

**If your business started in 2014 and has been approved as a New Business as defined under Philadelphia Code 19-3800 and has subsequently met the employment requirements, then use Worksheet N to complete the Business Income and Receipts tax return. It can be downloaded from the forms section at [www.phila.gov/revenue](http://www.phila.gov/revenue) in the "Tax Returns" section .**

## **2014 Business Income and Receipts Tax**

If all business is conducted and/or located within Philadelphia, only the BIRT-EZ Pages 1 and 2 should be completed and filed.

If business is conducted and/or located both in and out of Philadelphia, only the BIRT Summary Page and the appropriate combination of Schedules A through E should be completed and filed.

Taxpayers must use the same method (Schedule A, Method I or Schedule B, Method II) that they elected on the first Business Income and Receipts Tax return filed. Only Schedule A (Form 0714) or Schedule B (Form 0414) should be completed and filed.

You must complete Schedule C-1 (Form 0514) if you are apportioning your income. Failure to include this schedule with the return may result in the disallowance of your apportionment and you may be billed. If Line 12 of Schedule C-1 is equal to 100%, the BIRT-EZ return must be filed instead. Schedule C-1 should not be completed or filed if the BIRT-EZ return is filed.

**If your business started in 2014 and has been approved as a New Business as defined under Philadelphia Code 19-3800 and has subsequently met the employment requirements, then use Worksheet N to complete the Business Income and Receipts and Net Profits tax returns. Worksheet N can be downloaded from [www.phila.gov/revenue](http://www.phila.gov/revenue) in the "Tax Returns" section.**

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## **2014 Net Profits Tax**

**Every individual residing in Philadelphia during 2014 and operating a business or other activity within or outside of Philadelphia and non-residents of Philadelphia, if engaged in such activities within Philadelphia, are subject to the Net Profits Tax. Corporations are not subject to the Net Profits Tax.**

Every partnership, limited partnership, limited liability company filing with the IRS as a partnership, association, or other group of two or more persons operating a business within Philadelphia, whether residents or non-residents of Philadelphia, is subject to the Net Profits Tax. A partnership comprised solely of corporate partners must file a Net Profits Tax return even if no tax liability exists. The City of Philadelphia follows the Federal tax treatment for LLCs. If the LLC chose corporate tax treatment, it would not be liable for Net Profits Tax. If the LLC chose to be treated as a partnership or as a disregarded entity, treated for federal filing purposes as an individual, it would be liable for Net Profits Tax.

Every estate or trust is subject to the Net Profits Tax if the estate or trust is engaged in any business which is subject to the Net Profits Tax per Income Regulation 220(A)(3).

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## **Interest, Penalties and Costs**

Effective January 1, 2014 - All taxes (except Real Estate) bear simple interest. The annual rate shall be the Federal Short-Term Rate effective January 1 of such calendar year (26 § USCA 6621 et. seq.) plus five (5) percentage points.

Penalty will be at the rate of 1¼% of the unpaid tax for each month or fraction thereof.

See the Department of Revenue web site for current interest rate.