

2016 Business Income & Receipts and Net Profits Taxes General

Tax regulations and forms are available at www.phila.gov/revenue.

When and Where to File - The 2016 Business Income and Receipts and Net Profits taxes are due by April 18, 2017. 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.

Important Mailing Information! If requesting a refund on either the BIRT or NPT return, both returns **must** be mailed together to P.O. Box 1137 to receive proper credit and to enable prompt processing of your refund request. If both returns are not mailed together your refund request may be denied.

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 2016 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 payment coupons, by e-check, credit card or debit card. A user fee is added when paying by credit card.

E-CHECK IS FREE.

ACH Debits and Credits are accepted for payment of tax. For more information or to enroll in this program go to <https://alpha.phila.gov/services/payments-assistance-taxes/paying-city-taxes/>. Contact the Electronic Government Unit at 215-686-6582, 6579 or 6628 or e-mail 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 2016, complete a Change Form to indicate that you are not in business. **Do not file the 2016 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.

To report a change of address, check the box on Page 1 of the return and file a Change Form.

A mandatory estimated tax payment towards the 2017 Business Income and Receipts Tax is required for all businesses operating in Philadelphia. This estimate is equal to 100% of the 2016 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 2016 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 2016 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 in the "Tax Returns" section .

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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 Page 1 of the BIRT return 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 24715) or Schedule B (Form 24415) should be completed and filed.

You must complete Schedule C-1 (Form 24515) 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 3 of Schedule C-1 is equal to 100%, the BIRT-EZ return must be filed instead. An exception to the required use of the BIRT-EZ return (for a taxpayer whose business activity is 100% within the City of Philadelphia) is in the case of a manufacturer, wholesaler and/or retailer reporting the receipts base tax using the Alternate Receipts Tax Computation. The Alternative Receipts Tax Computation is calculated on BIRT Schedule E which would require the taxpayer to use 2016 BIRT (i.e. long form) with Schedule C-1 calculated to 100%. Schedule C-1 should not be completed or filed if the BIRT-EZ return is filed.

If your business started in 2016 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 in the "Tax Returns" section.

2016 Net Profits Tax

Every individual residing in Philadelphia during 2016 and operating a business or other activity inside 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).

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.