

WORKSHEETS A, B and C
2017 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 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. | <input type="text"/> | .00 |
| 2. Federal Form 1065, Schedule K-1 and other adjustments.....2. | <input type="text"/> | .00 |
| 3. Other taxable income.....3. | <input type="text"/> | .00 |
| 4. Taxable Resident Net Income (Loss). Add Lines 1 through 3..... 4. | <input type="text"/> | .00 |
| 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. | <input type="text"/> | .00 |
| 6. Taxable Pro Rata Resident portion of Net Income/Loss eligible for Income-based rate. Enter here and on Page 1, Line 3..... 6. | <input type="text"/> | .00 |

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"/> | .00 |
| 2. Federal Form 1065, Schedule K-1 and other adjustments..... 2. | <input type="text"/> | .00 |
| 3. Other taxable income..... 3. | <input type="text"/> | .00 |
| 4. Total Net Income (Loss). Add Lines 1 through 3..... 4. | <input type="text"/> | .00 |
| 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)..... 6. | <input type="text"/> | .00 |
| 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. | <input type="text"/> | .00 |
| 8. Taxable Pro Rata Nonresident portion of Net Income/Loss eligible for Income-based rate. Enter here and on Page 1, Line 8..... 8. | <input type="text"/> | .00 |

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 the first and second estimated coupon. If Net Profits Tax estimated payments are required, there are two payments due. The first estimated tax payment is due April 17, 2018 and the second estimated tax payment is due June 15, 2018. **Estimated tax payments are not required on September 15, 2018 or January 15, 2019.**

| | | |
|--|----------------------|-----|
| 1. Net Profits Tax Liability from Page 1, Line 11.....1. | <input type="text"/> | .00 |
| 2. Business Income & Receipts Tax Credit from Page 1, Line 12a or Page 3, Worksheet D, Line 8..... 2. | <input type="text"/> | .00 |
| 3. Estimated Payments Base (Line 1 minus Line 2) If Line 2 is greater than Line 1, no Estimate coupon is needed..... 3. | <input type="text"/> | .00 |

**WORKSHEETS D, E, K and EXTENSION
2017 NET PROFITS TAX RETURN****These are worksheets only.
Do not file these worksheets with your return.**

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 2017 Business Income & Receipts Tax has been paid, AND which represents the distributive shares of net income of ALL CORPORATE MEMBERS..... | 1. | <input type="text"/> | .00 |
| 2. Enter the total taxable income of the taxpayer on which 2017 BIRT has been | 2. | <input type="text"/> | .00 |
| 3. Divide Line 1 by Line 2 and enter the percentage here and on Page 1 of the return..... | 3. | <input type="text"/> | % |
| 4. Enter the amount from Worksheet K, Line 2..... | 4. | <input type="text"/> | .00 |
| 5. Multiply the amount on Line 4 by the percentage on Line 3..... | 5. | <input type="text"/> | .00 |
| 6. Subtract Line 5 from Line 4..... | 6. | <input type="text"/> | .00 |
| 7. Enter the amount from Page 1, Line 11..... | 7. | <input type="text"/> | .00 |
| 8. Business Income & Receipts Tax Credit allowed. Enter the lesser of Line 6 or Line 7 here and on Page 1, Line 12a..... | 8. | <input type="text"/> | .00 |

WORKSHEET E: Summary of Payments and Other Credits

| | | | |
|---|----|----------------------|-----|
| 1. 2017 Estimated Net Profits Tax Payments..... | 1. | <input type="text"/> | .00 |
| 2. Payments of 2017 Net Profits Tax made with Application for Extension of Time to | 2. | <input type="text"/> | .00 |
| 3. Overpayment of 2017 Business Income & Receipts Tax or 2016 Net Profits Tax to be applied to this | 3. | <input type="text"/> | .00 |
| 4. TOTAL of Lines 1 through 3. Enter here and on Page 1, Line 12b..... | 4. | <input type="text"/> | .00 |

WORKSHEET K: 60% Business Income and Receipts Tax Credit

| | | | |
|--|----|----------------------|-----|
| 1. Enter the amount from Page 1, Line 1 of the 2017 Business Income & Receipts Tax or BIRT-EZ | 1. | <input type="text"/> | .00 |
| 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. | <input type="text"/> | .00 |
| 3. Enter the amount from Page 1, Line 11 of the 2017 Net Profits Tax return..... | 3. | <input type="text"/> | .00 |
| 4. Business Income & Receipts Tax credit allowed. Enter the lesser of Line 2 or Line 3 here and on Page 1, Line 12a..... | 4. | <input type="text"/> | .00 |

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 17, 2018. 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 2017 NET PROFITS tax due..... | 1. | <input type="text"/> | .00 |
| 2. Other payments and credits you expect to report on the NPT return..... | 2. | <input type="text"/> | .00 |
| 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. | <input type="text"/> | .00 |

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 PHILADELPHIA6. | | XXXXXXXXXX |
| 7. Total average value of Property used EVERYWHERE7. | XXXXXXXXXX | |

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. | <input type="text"/> ÷ <input type="text"/> | |
| 9A. Philadelphia Payroll.....9A. | | .00 |
| 9B. Payroll Everywhere.....9B. | | .00 |
| 9C. Philadelphia payroll factor (Line 9A divided by Line 9B).....9C. | <input type="text"/> ÷ <input type="text"/> | |
| 10A. Philadelphia receipts before BIRT Statutory.....10A. | | .00 |
| 10B. Gross receipts everywhere.....10B. | | .00 |
| 10C. Philadelphia receipts factor (Line 10A divided by Line 10B).....10C. | <input type="text"/> ÷ <input type="text"/> | |
| 11. TOTAL FACTORS (Total of Lines 8C, 9C and 10C).....11. | <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"/> | |

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.**