

August 19, 2020

Use & Occupancy Tax guidance during the Modified Green Phase of COVID-19 coronavirus reopening of non-essential businesses

Clarification of which businesses are subject to Use & Occupancy Tax during the Modified Green Phase.

For background, businesses ordered to close beginning March 17, 2020 as a result of safety measures enacted by the Mayor of Philadelphia were not subject to the Use & Occupancy (U&O) Tax while occupancy of their place of business was prohibited. Visit www.phila.gov/covid-19-tax-relief for the Department of Revenue's previous guidance.

Modified Green Phase

As ordered by the Mayor during the Modified Green Phase, as it was during the Yellow Phase, those businesses that have been able to operate remotely **must** continue to operate remotely. Any business that must operate entirely remotely is not subject to the U&O Tax.

If a business has some functions that must be performed in-person, the Mayor's order allows the business to begin working on-site during the Modified Green Phase, as was the case during the Yellow Phase. Note that the [Mayor's executive order for Green Phase of Reopening](#) provides for the resumption of certain activities and businesses, subject to all applicable guidelines and requirements of the Commonwealth and City of Philadelphia.

Businesses allowed to open their offices in the Modified Green Phase, whether they choose to do so or not, are subject to U&O Tax. Businesses that continued operations, businesses that have employees on-site, or businesses that maintained employee occupancy to their place of business throughout the Mayor's order, are also subject to U&O Tax. Landlords should file and remit the U&O Tax collected from the tenants of the property still using their space for business purposes.

The Philadelphia Department of Revenue has not changed its Use & Occupancy Tax regulations. Due dates to pay the tax remain the same.

Taxpayers can find definitions of nonessential businesses from [Mayor Kenney's "Safer at Home" Yellow Phase Executive Order](#).