

February 18, 2021

Special regulation: Use & Occupancy Tax relief to restaurants and bars because of occupancy limitations due to COVID-19 emergency

Restaurants and bars allowed to reopen for indoor dining under the Mayor's orders, subject to specific occupancy limits, are subject to Use & Occupancy Tax. However, for restaurants or bars restricted by Philadelphia Health Department orders to limit capacity, the Use & Occupancy Tax liability on the dining room portion of the space is now based on the allowable occupancy percentage of the dining room. This emergency policy is only in effect while the Philadelphia Health Department limits occupancy for restaurants.

For example: Starting January 16, restaurants must operate their indoor dining rooms with 25% occupancy. For Use & Occupancy Tax purposes, 25% of the restaurant's indoor dining room space will be subject to Use & Occupancy Tax. Restaurants that qualify for higher occupancy rates, for example 50%, are subject to 50% Use & Occupancy Tax for the indoor dining room.

This emergency policy is directed at restaurants or bars subject to capacity limitation orders from the Philadelphia Health Department under specific NAICS codes and sub-codes listed under 722, including:

- **722511** Full-Service Restaurants
- **722513** Limited-Service Restaurants
- **722410** Drinking Places (Alcoholic Beverages)

Frank Breslin

City of Philadelphia Revenue Commissioner