

## **General information for 2021 Business Income & Receipts Tax (BIRT) and Net Profits Tax (NPT)**

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

**STOP!** Do you have less than or equal to \$100,000 in Philadelphia taxable gross receipts? If yes, you are **not** required to file the BIRT return. Instead, visit [www.tax-services.phila.gov](http://www.tax-services.phila.gov) to file a “Not Tax Liability” or NTL form. You will need to create a username and password to use the system. You may still be liable for the NPT return.

**When and where to file** – The 2021 BIRT and NPT taxes are due by April 18, 2022. A return or NTL must be filed even if an overall loss is incurred. Failure to file a return by the due date could result in fines, legal costs, and non-filer penalties. Visit [tax-services.phila.gov](http://tax-services.phila.gov) to file and pay these taxes. You will need to create a username and password to use the system. But payments can be made without a username and password. Payments can be made using eCheck (free!) or credit or debit card (fee). Paper returns are also available. Do not enclose payments with your tax return.

**Please 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.**

**For tax due greater than \$5,000:** Beginning January 1, 2018, taxpayers with BIRT or NPT due of \$5,000 or greater must pay electronically. Visit [www.tax-services.phila.gov](http://www.tax-services.phila.gov) to create a username and password to file and pay. Electronic payments can be made without a username and password. **eCHECK IS FREE.**

**Important mailing information:** If requesting a refund for either BIRT or NPT, 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

**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 bank for payment.

**How to update your account information:** If your business closed, changed organization or entity, or have updated information, complete a Change Form found at [www.phila.gov/revenue/tax-change](http://www.phila.gov/revenue/tax-change). If you maintain a Commercial Activity License but did not actively engage in business during the year, complete a Change Form to indicate you are no longer in business. **Do not file a BIRT and/or NPT returns.** If you begin a business again with the same Federal Identification or Social Security number you can reinstate your account. If there was a change of business entity (e.g., individual proprietorship to corporation), you need a new tax account number and Commercial Activity License.

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

### **Estimate Instructions**

**Jump Start Philly participants:** All business that have been approved as a “new business” as defined under Philadelphia Code 19-3800 and has subsequently met or will meet the employment requirements, use Worksheet N to complete the BIRT and NPT returns.

**All other new businesses starting after January 1, 2019 (that do not qualify for Jump Start Philly):** When filing and paying your *first* BIRT return (for the first year of business), no estimated tax payments are required toward your second-year return. Pay the actual tax (Line 3) for 2021 by April 18, 2022. The second year of filing, taxpayers have the option to make four quarterly estimated payments toward the third-year return. For the third year BIRT filing and tax years thereafter, 100% estimated payments are due with the current year’s return.

**For all other businesses started before 2019:** you must pay an estimate tax payment toward the 2022 BIRT for all businesses operating in Philadelphia. This estimate is equal to 100% of the 2021 tax liability found on Line 3, prior to the application of any tax credits. If you enter an amount on line 6 less than the amount of Line 3, you may be billed additional interest in penalty if you owe additional tax when filing.

## **2021 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 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 2021 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 2021 and has been approved as a New Business as defined under Philadelphia Code 19-3800 and has subsequently met or will meet 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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## **2021 Net Profits Tax**

**Every individual residing in Philadelphia during 2021 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).

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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.

For current interest rates, see the Department of Revenue's website at [www.tax-services.phila.gov](http://www.tax-services.phila.gov).