

2021 City of Philadelphia NET PROFITS TAX

CORPORATIONS ARE NOT SUBJECT TO THIS TAX. PROOF OF PRO RATA SHARE MUST BE ATTACHED (if applicable)

2021 NPT
DUE DATE: APRIL 18, 2022

PHTIN

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IF YOU ARE NOT ELIGIBLE FOR PA 40 SCHEDULE SP, YOU ARE NOT ELIGIBLE FOR INCOME-BASED TAXATION AND ARE NOT ELIGIBLE FOR LINES 3-4 OR LINES 8-9.

Entity Classification: Individual/ Sole Proprietor Partnership Estate Trust

Business Name

First Name MI Last Name Taxpayer E-mail Address

Street Address Apt / Suite City State Zip / Postal Code

Check Box If Applies:

Address Change
 Amended Return
 Final Return: (add Cease Date)

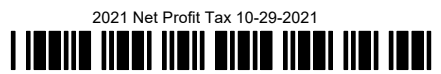
Enter Percentage from Page 3, Worksheet D, Line 3, if applicable. %

↓ Place "X" in box to indicate a loss

| | | |
|--|------|---|
| 1. Pro Rata Resident taxable income/loss NOT eligible for Income Based Rate from Page 2, Worksheet A, Line 5... | 1. | <input style="width: 100%; height: 15px;" type="text"/> |
| 2. Line 1 X .038398. If Line 1 is a loss, enter "0" | 2. | <input style="width: 100%; height: 15px;" type="text"/> |
| 3. Pro Rata Resident taxable income/loss eligible for Income Based Rate from Page 2, Worksheet A, Line 6..... | 3. | <input style="width: 100%; height: 15px;" type="text"/> |
| 4. Line 3 X .01500. If Line 3 is a loss, enter "0" | 4. | <input style="width: 100%; height: 15px;" type="text"/> |
| 5. Total Resident Tax Due (Line 2 plus Line 4)..... | 5. | <input style="width: 100%; height: 15px;" type="text"/> |
| 6. Pro Rata Non-Resident taxable income/loss NOT eligible for Income Based Rate from Page 2, Worksheet B, Line 7..... | 6. | <input style="width: 100%; height: 15px;" type="text"/> |
| 7. Line 6 X .034481. If Line 6 is a loss, enter "0" | 7. | <input style="width: 100%; height: 15px;" type="text"/> |
| 8. Pro Rata Non-Resident taxable income/loss eligible for Income Based Rate from Page 2, Worksheet B, Line 8... | 8. | <input style="width: 100%; height: 15px;" type="text"/> |
| 9. Line 8 X .01500. If Line 8 is a loss, enter "0" | 9. | <input style="width: 100%; height: 15px;" type="text"/> |
| 10. Total Non-Resident Tax Due (Line 7 plus Line 9)..... | 10. | <input style="width: 100%; height: 15px;" type="text"/> |
| 11. Total Tax Due (Line 5 plus Line 10)..... | 11. | <input style="width: 100%; height: 15px;" type="text"/> |
| 12. 60% BIRT credit from Page 3, Worksheet K, Line 4 or Worksheet D, Line 8..... | 12. | <input style="width: 100%; height: 15px;" type="text"/> |
| 13. Tax Due after 60% credit (Line 11 minus Line 12)..... | 13. | <input style="width: 100%; height: 15px;" type="text"/> |
| 14a. KOZ Credits | 14a. | <input style="width: 100%; height: 15px;" type="text"/> |
| 14b. Estimated payments and other credits from Page 3, Worksheet E, Line 4..... | 14b. | <input style="width: 100%; height: 15px;" type="text"/> |
| 14c. Total payments and credits (Line 14a plus Line 14b)..... | 14c. | <input style="width: 100%; height: 15px;" type="text"/> |
| 15. Net Tax Due: (Line 13 minus Line 14c). If less than 0 enter the difference on Line 18..... | 15. | <input style="width: 100%; height: 15px;" type="text"/> |
| 16. Interest and Penalty. Refer to web site for current percentage..... | 16. | <input style="width: 100%; height: 15px;" type="text"/> |
| 17. TOTAL DUE including Interest and Penalty (Line 15 plus Line 16). Use payment coupon. Make check payable to: "City of Philadelphia"..... | 17. | <input style="width: 100%; height: 15px;" type="text"/> |
| 18. Tax Overpaid. If Line 14c is greater than Line 13, enter difference here..... | 18. | <input style="width: 100%; height: 15px;" type="text"/> |
| 19. Enter 50% of Page 2, Worksheet C, Line 3. Do not use this line to remit estimated payments | 19. | <input style="width: 100%; height: 15px;" type="text"/> |
| 20. Balance Available: Line 18 minus Line 19. If greater than 0 proceed to Overpayment Options OVERPAYMENT OPTIONS Only available if Line 18 is greater than 0. Enter the amount to be: | 20. | <input style="width: 100%; height: 15px;" type="text"/> |
| 21a. Refunded. Do not file a separate Refund Petition | 21a. | <input style="width: 100%; height: 15px;" type="text"/> |
| 21b. Applied, up to the tax due, to the 2021 Business Income & Receipts Tax Return..... | 21b. | <input style="width: 100%; height: 15px;" type="text"/> |
| 21c. Applied to the 2022 Net Profits Tax..... | 21c. | <input style="width: 100%; height: 15px;" type="text"/> |

Under penalties of perjury, as set forth in 18 PA C.S. §§ 4902-4903 as amended, I swear that I have reviewed this return and accompanying statements and schedules, and to the best of my knowledge and belief, they are true and complete.

Taxpayer Signature _____ Date _____ Phone # _____
 Preparer Signature _____ Date _____ Phone # _____



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 18, 2022 and the second estimated tax payment is due June 15, 2022. **Estimated tax payments are not required on September 15, 2022 or January 15, 2023.**

| | | | |
|---|----|----------------------|-----|
| 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 12 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
2021 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 2021 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 2021 BIRT has been paid..... | 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 14b..... | 8. | <input type="text"/> | .00 |

WORKSHEET E: Summary of Payments and Other Credits

| | | | |
|---|----|----------------------|-----|
| 1. 2021 Estimated Net Profits Tax Payments..... | 1. | <input type="text"/> | .00 |
| 2. Payments of 2021 Net Profits Tax made with Application for Extension of Time to File..... | 2. | <input type="text"/> | .00 |
| 3. Overpayment of 2021 Business Income & Receipts Tax or 2021 Net Profits Tax to be applied to this return..... | 3. | <input type="text"/> | .00 |
| 4. TOTAL of Lines 1 through 3. Enter here and on Page 1, Line 14b..... | 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 2021 Business Income & Receipts Tax or BIRT-EZ return..... | 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 2021 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 18, 2022. 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 2021 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. | <input type="text"/> | <input type="text"/> |
| 2. Land and Buildings Owned (at average original cost)..... 2. | <input type="text"/> | <input type="text"/> |
| 3. Machinery and Equipment Owned (at average original cost)..... 3. | <input type="text"/> | <input type="text"/> |
| 4. Other Tangible Assets Owned (at average original cost)..... 4. | <input type="text"/> | <input type="text"/> |
| 5. Rented Property (at 8 times the net annual rental)..... 5. | <input type="text"/> | <input type="text"/> |
| 6. Total average value of Property used WITHIN PHILADELPHIA 6. | <input type="text"/> | XXXXXXXXXX |
| 7. Total average value of Property used EVERYWHERE 7. | XXXXXXXXXX | <input type="text"/> |

Computation of Apportionment Factors:

| | | |
|--|---|-----|
| 8A. Total average value of Philadelphia property from Column A, Line 6 above..... 8A. | <input type="text"/> | .00 |
| 8B. Total average value of property everywhere from Column B, Line 7 above..... 8B. | <input type="text"/> | .00 |
| 8C. Philadelphia property factor (Line 8A divided by Line 8B)..... 8C. | <input type="text"/> ÷ <input type="text"/> | |
| 9A. Philadelphia Payroll..... 9A. | <input type="text"/> | .00 |
| 9B. Payroll Everywhere..... 9B. | <input type="text"/> | .00 |
| 9C. Philadelphia payroll factor (Line 9A divided by Line 9B)..... 9C. | <input type="text"/> ÷ <input type="text"/> | |
| 10A. Philadelphia receipts before BIRT Statutory Exclusion..... 10A. | <input type="text"/> | .00 |
| 10B. Gross receipts everywhere..... 10B. | <input type="text"/> | .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.tax-services.phila.gov.**