

## General information for 2024 School Income Tax (SIT)

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

The School District of Philadelphia imposes a tax on unearned income. Taxable forms of unearned income include: dividends, royalties, short-term rental income from a duplex or triplex which is the primary residence of the owner, cash lottery winnings from the Pennsylvania Lottery, and some types of interest.

**Who Should File:** Only Philadelphia residents with taxable unearned income. Review the instructions on Page 3 for a list of taxable unearned income. **Interest on bank savings accounts, checking accounts, and certificates of deposit issued by banks are not taxable.**

If you were a resident of Philadelphia for only a portion of 2024, indicate your period of residency in the space provided on the return. Certain taxable income should be pro-rated based on your period of residency. For example, if you owned a stock for the entire year and received a dividend of \$1,000, but moved to Philadelphia on July 1, 2024, only \$500 of the dividend would be taxable. If this was your only taxable dividend, you would enter \$500 on Line 1 of the tax return.

If income was realized on a specific date, your residency on that date will determine its taxability. In the above example, if you had a short-term capital gain (held six months or less) that was realized on June 1, 2024, none of that gain is taxable since you were not a Philadelphia resident on that date. For further

information, contact the Technical Tax Staff at [revenuetaxadvisors@phila.gov](mailto:revenuetaxadvisors@phila.gov).

**Filing Status:** A married couple may file a combined return. However, losses from one spouse cannot be offset against gains from the other spouse. When filing jointly, the name of the primary city account holder must be listed first on the form.

**Social Security Numbers:** You must complete the fields on the return for Social Security numbers. Disclosure of Social Security numbers is required pursuant to the provisions of Title 19 of the Philadelphia Code and regulations promulgated thereto. Social Security numbers are used to identify taxpayers and to ensure compliance of all City tax laws. Social Security numbers are treated as confidential, except for use in Department of Revenue official business.

**When and How to File:** The 2024 SIT is due by April 15, 2025. Failure to file and pay by this date will result in the imposition of interest and penalty.

File and pay SIT online at the Philadelphia Tax Center at [tax-services.phila.gov](http://tax-services.phila.gov). You will need to create a username and password to use the system. This process can take 10 days or more. After submitting the return, print the confirmation page for your records. Payments can be made without a username and password using eCheck (free!) or credit or debit card (fee). You can also print a paper payment voucher from the Tax Center to mail payments. Do not enclose payments with

your tax return. Paper returns are also available at **phila.gov/revenue**.

**Mail signed SIT returns to:**

City of Philadelphia  
Department of Revenue  
P.O. Box 389  
Philadelphia, PA 19105-0389

**Payment Information:** If the tax due on Line 14 of the SIT return is \$1 or more, you must remit a payment. Pay online at the Philadelphia Tax Center, **tax-services.phila.gov**, or by check. Make checks payable to "City of Philadelphia". Do not remit tax due if it is less than \$1.

**Mail SIT payments to:**

City of Philadelphia  
Department of Revenue  
P.O. Box 389  
Philadelphia, PA 19105

**Payments can be made in person** in the Concourse area of the Municipal Services Building (1401 John F. Kennedy Blvd.)

**Interest, Penalties and Costs**

All Philadelphia taxes (except Real Estate) bear simple interest. The annual rate is the Federal Short-Term Rate, effective January 1 of each calendar year (26 § USCA 6621 et. seq.), plus five (5) percentage points. Penalty is at the rate of 1¼% of the unpaid tax for each month or fraction thereof. For current interest rates, see **phila.gov/revenue**.

**Instructions for Preparing the Paper School Income Tax Return**

Read these instructions carefully to determine if you have income subject to the tax. Income from Federal Schedule "C" business income and W-2 income should

**How to Update Your Account Information:**

If your information has changed, update your information using the Change Form found at **phila.gov/tax-change**.

**If you no longer have income subject to SIT**

use the Philadelphia Tax Center, **tax-services.phila.gov**, to close your account or send a completed Change Form by mail to indicate the termination of SIT filing responsibility. If your responsibility to file SIT ended prior to 2024, mail a Change Form indicating the date of termination and **do not** complete and mail the 2024 School Income Tax return. Find a Change Form at **phila.gov/tax-change**.

For more on filing the SIT Return go to **bit.ly/sitvideo**. Contact **revenue@phila.gov** or call **215-686-6600** with questions.

**Returned Checks:** If your check is returned unpaid for insufficient or uncollected funds, you authorize the City of Philadelphia, or its agent: (1) to make a one-time electronic funds transfer from your account to collect a fee of \$20; and (2) to re-present your check electronically to your bank for payment.

not be reported on the School Income Tax return. Proceeds from the Pennsylvania Lottery are now taxable.

Any net losses on Lines 1 through 8 of the return should be entered as "0". Losses may not be used to offset other types of income.

Print your numbers legibly and boldly within the spaces provided to ensure efficient and accurate processing of your return.

**Photocopies of this return are not acceptable.**

**Line 1.** All dividends are taxable unless they are a return of capital on a life insurance policy, from common stock of a National Bank, or from United States government obligations. **All other dividends are taxable regardless of the source. You cannot reduce this income by reinvested dividends.**

**Line 2.** Interest income on the federal or state tax return may be included. Examples of taxable interest include, but are not limited to: interest income from securities, mortgages, private loans, insurance policies, bank notes, repurchase agreements, Fannie and Ginnie Mae obligations, and other sources.

**The following are examples of interest income that is NOT subject to the SIT:**

- Direct obligations of the Federal Government
- Bonds or debt obligations of Pennsylvania or its political subdivisions

- Interest on savings, checking, escrow and money market savings accounts that are deposited in:
  - Private banks or credit unions
  - Building and Loan Associations
  - Savings and Loan Associations
  - Savings Banks
  - Bank and Trust Company or Trust Companies

**Line 3.** The distribution from the 'S' Corporation Accumulated Adjustment Account. For more information see Worksheet "S" on the School Income Tax service page at [phila.gov/revenue](http://phila.gov/revenue).

**Line 4.** The pro rata share of any limited partnership income not otherwise subject to Philadelphia Net Profits Tax is taxable. If this is a net loss, enter "0".

**Line 5.** Income from estates and trusts is taxable only if it is received by or credited to the beneficiary and is the type of income that would normally be subject to this tax. For example, if the income from a trust consists of interest and dividends, the amount taxable would be determined as in Lines 1 and 2 above.

**Line 6.** Net gains and losses are taxable from the sale of tangible and intangible personal property and real property held for six months or less.

**Note: This holding period differs from the 12 months or less period used by the Federal Government to identify short-term capital gains.**

If this is a net gain, enter the gain on Line 6. If this is a net loss, enter "0".

**Line 7.** Net rental income received from the ownership of real or personal property is taxable unless the income is subject to Philadelphia Business Income & Receipts and/or Net Profits taxes. If this is a net loss, enter "0". For School Income Tax purposes, report the net rental activity from a property which meets all of the following three criteria:

1. It is the principal residence of the owner
2. It is totally residential
3. It consists of 3 rental units or less

If the activity does not meet these criteria, you must file Business Income & Receipts and/or Net Profits tax returns.

Owners of properties with 4 or more rental units must file the Business Income & Receipts and/or Net Profits tax returns. Rental units do not include the unit occupied by the owner. (See BIRT Regulations Section 101 D. 8.).

**Line 8.** Report the following income:

- royalty or copyright
- an award of punitive damages
- the monetary value of any prize or award
- income from any annuity under a policy of insurance unless payable

from a contract of employment as a part of retirement or pension plan, and

- net proceeds from gambling (including Pennsylvania Lottery Cash Prizes).

If this is a net loss, enter "0".

**Line 9.** Add Lines 1 through 8.

**Line 10.** You may include all reasonable expenses directly incurred in the production of taxable income if they were paid solely for the production of that income. **NOTE: Line 10 cannot exceed Line 9.** Examples of allowable expenses are:

- safe deposit box rentals
- margin account interest, and
- any fee paid in 2024 for the preparation of the SIT return

**Line 11.** Subtract Line 10 from Line 9.

**Line 12.** Gross Tax Due. Multiply Line 11 by 3.75%.

**Line 13.** Enter here any credits from prior years and/or tax previously paid.

**Line 14.** TAX DUE. If Line 12 is greater than Line 13, enter the tax due on Line 14.

**Line 15A.** If Line 13 is greater than Line 12, enter the amount of tax overpaid to be REFUNDED OR;

**Line 15B.** If Line 13 is greater than Line 12, enter the amount of tax overpaid to be APPLIED to the 2025 School Income Tax.