



CITY OF PHILADELPHIA  
DEPARTMENT OF REVENUE

BUSINESS FULL NAME  
ADDRESS LINE 1 UNIT  
CITY STATE ZIP CODE

## NOTICE: Important Updates to Philadelphia Business Taxes

[DATE]

Dear Philadelphia Business Owner,

We hope this message finds you well. We are reaching out with important information about changes to the **Business Income & Receipts Tax (BIRT)** and **Use & Occupancy Tax (U&O)** that may impact your Philadelphia tax obligations for 2025.

These changes have been made in response to a legal challenge concerning our business tax policies. We encourage all businesses to take advantage of the City's resources designed to support you through this transition and beyond. For more information, visit [phila.gov/commerce](https://phila.gov/commerce).

### What's changing?

1. **Elimination of BIRT Exemption:** Effective for the Tax Year 2025, the \$100,000 BIRT exemption will be removed. All businesses are now required to file an annual City of Philadelphia tax return by April 15, 2026, even if your gross receipts are below \$100,000.
2. **Removal of U&O Exemption:** The annual **Use and Occupancy Tax (U&O)** exemption of \$2,000 will also be eliminated starting in 2026. The first U&O tax payment without this exemption will be due on January 25, 2026, with subsequent payments due on the 25th of each month.

### What this means for you

- All businesses must file a BIRT return annually, regardless of earnings.
- Businesses that were previously exempt from filing BIRT may now incur tax liabilities and obligations. If you own a commercial or industrial property in Philadelphia, your monthly U&O Tax worksheet will reflect a revised "maximum tax" amount starting in January 2026.



## What you should do

- **Plan Ahead:** Start preparing for potential BIRT and U&O tax liabilities due next year. If applicable, create new accounts as needed (e.g., BIRT account if you previously only had a Net Profit Tax account).
- **Register Online:** Create a username and password on the Philadelphia Tax Center if you haven't done so already.
- **Maintain Records:** Keep thorough records of your business activities, particularly if you operate both within and outside of Philadelphia.
- **Seek Professional Advice:** Consult a tax professional or financial advisor to understand how these changes may impact your business. If you're not currently working with a professional, consider utilizing the City's free tax preparation services at [phila.gov/businessstaxprep](https://phila.gov/businessstaxprep).
- **Stay Informed:** Sign up for our newsletter to receive timely updates directly in your inbox by scanning the QR code or visiting: <https://lp.constantcontactpages.com/sl/dlCFCbS>



## Continuing Policies

Typically, a 100 percent estimated payment is required at the time of filing for the following year's return. However, businesses that were not required to file a BIRT return in the past three years (2022, 2023, and 2024) will not need to make an estimated payment when filing their return in 2026.

Philadelphia also provides a 60 percent NPT credit based on the net income portion of your BIRT. This credit will automatically appear on your Net Profits Tax return if you file online through the **Philadelphia Tax Center (tax-services.phila.gov)**. While your BIRT liability may increase, your NPT liability is expected to decrease.

Lastly, the City allows the use of "Loss Carry Forwards," enabling you to deduct business losses incurred from Tax Year 2022 for up to 20 years. If you have not filed returns in the past or submitted a No Tax Liability form, you will need to submit amended returns to record the loss. Prior year returns are available on the Philadelphia Tax Center; however, we encourage you to consult with a tax professional before amending past returns.

For more information, please visit our blog at [bit.ly/2025TaxChanges](https://bit.ly/2025TaxChanges). You can view and download this letter translated into multiple languages at [phila.gov/revenue/BIRT](https://phila.gov/revenue/BIRT).

## (215) 686-6600 | [phila.gov/revenue/BIRT](https://phila.gov/revenue/BIRT)

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