



DISTRESSED BUSINESS TAX CREDIT

A business that has suffered a loss of net income and receipts/sales of 10% or more at a location where a public works project substantially obstructed access to the business for 30 days or more may apply for the Distressed Business Tax Credit.

The Distressed Business Tax Credit is worth 20% of the lost sales/receipts at the location where the obstruction occurred, up to \$20,000 and no more than the after tax loss in net income. Unused Distressed Business Tax Credits may not be carried forwarded and are non-refundable.

The total amount of credits available each year is capped at \$1 million. If more than \$1 million is requested, credit amounts will be prorated.

Application Checklist

Your submission must include:

- Application
- Financial Information & Credit Calculation Worksheet
- Evidence of Substantial Obstruction
- Tax Clearance Certificate
- Affirmation of Distress Due to Public Works Project
- Preparer's Certification

Your submission must be hand signed, all other fields can be typed. Scan and email your completed application packet to: BizTaxCredits@phila.gov

Or mail to Manuela Hartley – Department of Revenue
1401 John F. Kennedy Blvd, Room 480
Philadelphia, PA 19102

Distressed Business Tax Credit Process

1. APPLY

- Submit completed application packet before the filing deadline for the year you are requesting the credit for (typically April 15th for the prior year).

2. FILE

- File your Business Income and Receipts Tax Return and enter the amount of Distressed Business Tax Credit you calculated on Schedule SC.

3. PAY

- Make your tax payment. If your application is not accepted or the credit amount was miscalculated, you will be notified and have 30 days to pay the balance without interest or penalties.



CITY OF PHILADELPHIA
DEPARTMENT OF REVENUE

Distressed Business Tax Credit APPLICATION (1 of 2)

1. Company name_____
2. Mailing address_____
3. City_____
4. State_____
5. Zip code_____
6. Distressed business location (if different)_____
7. City_____
8. State_____
9. Zip_____
10. Contact person_____
11. Contact telephone_____
12. Contact email_____
13. Federal Employer Identification Number/Social Security Number

14. Philadelphia Tax Account Number



Distressed Business Tax Credit APPLICATION (2 of 2)

15. What agency was doing the public works project?

Who was doing the construction?

City of Philadelphia (Streets Department)

City of Philadelphia (Water Department)

City of Philadelphia (Other Department)

Philadelphia Gas Works (PGW)

SEPTA

Commonwealth of Pennsylvania

United States of America

If the construction was not done by one of these agencies, **STOP**. You cannot take this credit

16. When did construction start? *mm/dd/yyyy*_____

17. When did construction end? *mm/dd/yyyy*_____

If there is still construction, use today's date.

If the construction was less than 30 days, **STOP**. You cannot take this credit.

18. Was the entrance to the Distressed Business Location within 100 feet of the construction?

Yes

No

If the construction was more than 100 feet from the entrance to the business location, **STOP**. You cannot take this credit.

19. TYPE OF BUSINESS

Retail

Wholesale

Service

Manufacture

Other



Distressed Business Tax Credit WORKSHEET GUIDANCE (1 of 1)

To complete this worksheet you will need:

- Your Philadelphia Business Income & Receipts and if applicable the Net Profits Tax returns for 2023, 2024, and 2025.
- Your 2025 Pennsylvania Corporate Income Tax or Personal Income Tax (PIT) return.
- Your 2025 Federal Income Tax return.

Local, State, and Federal Tax on Net Income for 2025 (Line 13)

- Add up the amount of Federal, Pennsylvania Corporate Net Income or Personal Income Tax (plus any other State's Income Tax paid) and the Net income portion of the Business Income and Receipts Tax (and if applicable the Philadelphia Net Profits Tax) along with any other local income taxes paid to other jurisdictions) for 2025 (before taking this credit).

The Effective Tax Rate (Line 14)

- Divide the sum of all the Federal, State and local net income taxes paid by the total Federal pre-tax Net Income (as reported on the 2025 Federal return).

The Lost Net Income (net of tax) (Line 15)

- Line 10 multiplied by a percentage. This percentage is 100% minus the Effective Tax Rate calculated on Line 14.

NOTE: If more than \$1 million in credits are requested in a single year, each approved applicant will receive a pro-rated amount of the credit requested.



Distressed Business Tax Credit FINANCIAL INFO & CREDIT CALCULATION (1 of 1)

Line		Year		
		2023	2024	2025
1	PHILADELPHIA NET INCOME - Page 2, Line 1 or 2 of the BIRT EZ Return, or Line 9 of BIRT Schedule A or B			
2	SALES/RECEIPTS AT DISTRESSED LOCATION			
3	SALES/RECEIPTS AT ALL PHILADELPHIA LOCATIONS			
4	NET INCOME APPORTIONMENT PERCENTAGE - Line 2 divided by Line 3			
5	NET INCOME ATTRIBUTED TO DISTRESSED LOCATION - Line 4 times Line 1			

6	AVERAGE SALES AT DISTRESSED LOCATION 2023 AND 2024 - Add Line 2 for 2023 and 2024, then divide by 2	
7	LOST SALES - Line 6 minus Line 2 for 2025	
8	PERCENTAGE LOSS IN SALES - Line 7 divided by Line 6, expressed as a percent	

STOP: If Line 8 is less than 10%, you are not eligible for the Distressed Business Tax Credit.

9	AVERAGE NET INCOME AT DISTRESSED LOCATION 2023 AND 2024 - Add Line 5 for 2023 and 2024, then divide by 2	
10	LOST NET INCOME - Line 9 minus Line 5 for 2025	
11	PERCENTAGE LOSS IN NET INCOME - Line 10 divided by Line 9, expressed as a percent	

STOP: If Line 11 is less than 10%, you are not eligible for the Distressed Business Tax Credit.

13	LOCAL, STATE AND FEDERAL INCOME TAX ON FEDERAL PRE-TAX NET INCOME FOR 2025 BEFORE DISTRESSED BUSINESS CREDIT	
14	EFFECTIVE TAX RATE - Line 13 divided by Federal pre-tax net income for 2025.	
15	LOST NET INCOME (net of tax) AT DISTRESSED BUSINESS LOCATION – Line 10 times (100%-Line 14%)	
16	DISTRESSED BUSINESS TAX CREDIT AMOUNT - Lowest of Line 7 times .2 (20%), Line 15, or \$20,000. When filing, enter this amount on BIRT Schedule SC Line 8.	



Distressed Business Tax Credit EVIDENCE OF SUBSTANTIAL OBSTRUCTION (1 of 1)

To be eligible for the Distressed Business Tax Credit, the public works project must have been within 100 feet of the business location and been a substantial obstruction to customer access to your location.

To demonstrate the substantial obstruction and proximity to your business, please include:

- **Photographs or video depicting both the construction and your business entrance. Please label or identify the customer entrance to the location.**

If construction has been completed and you do not have photographs to document the substantial obstruction and proximity, you may submit any 2 of the following instead of photographs:

- A site plan for your block, indicating the location of the customer entrance to the Distressed Business Location and where the construction took place.
- Signed and notarized letters from 3 neighbors on your block attesting to the location of the construction in proximity to the entrance to your location and the severity of the obstruction.
- A newspaper article detailing the location of the construction and the impact on local businesses.



CITY OF PHILADELPHIA
DEPARTMENT OF REVENUE

Distressed Business Tax Credit TAX CLEARANCE (1 of 1)

Your application submission must include a Tax Clearance Certificate for the applicant. The tax clearance check can be performed on the Department of Revenue website and will allow you to print out a Tax Clearance Certificate.

OBTAIN A TAX CLEARANCE CERTIFICATE AT:

https://tax-services.phila.gov/_/

All tax compliance issues must be resolved either through payment in full or entering into a payment agreement with the city before your Distressed Business Tax Credit application will be considered.



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DEPARTMENT OF REVENUE

Distressed Business Tax Credit AFFIRMATION (1 of 1)

I affirm that the applicant's loss of sales/receipts and net income are due solely to a public works project that occurred within 100 feet of the business location and that substantially obstructed customer access to the business location. There were no changes in business operations at this location that may have affected sales and net income receipts in 2025.

Representative Signature_____

Representative Name_____

Representative Title_____

Applicant Name_____

Representative Address_____



CITY OF PHILADELPHIA
DEPARTMENT OF REVENUE

**Distressed Business Tax Credit
PREPARER'S CERTIFICATION (1 of 1)**

I hereby certify that all information contained in this application and attachments for the Distressed Business Tax Credit are true and correct to the best of my knowledge.

Preparer Signature_____

Preparer Name_____

Preparer Title_____

Applicant Name_____

Preparer Address_____