

General information for 2025 Business Income & Receipts Tax (BIRT) and Net Profits Tax (NPT) Tax regulations and forms are available at www.phila.gov/revenue

NEW! For 2025, all businesses operating in Philadelphia must file a BIRT return, *even if* your business had less than \$100,000 in Philadelphia taxable gross receipts.

FOR BUSINESSES FILING THEIR FIRST BIRT RETURN:

For 2025, businesses that are new or were not required to file a BIRT return in the past three years (2022, 2023, 2024), are not required to make estimated tax payments toward their next return.

- Pay the tax (Line 3) for 2025 by April 15, 2026.
- The second year of filing, taxpayers have the option to pay the estimated payment in full or make four quarterly estimated payments toward the third-year return.
- For the third year BIRT filing and tax years thereafter, 100% of the estimated payment is due with the current year's return.

If you do not have Philadelphia taxable gross receipts, consider closing your account. It can be reopened whenever you begin business in Philadelphia again. If you do not close your account, you must file a return.

When and how to file – 2025 BIRT and NPT taxes are due by April 15, 2026. Failure to file a BIRT return or NPT return by the due date could result in fines, legal costs, non-filer penalties, and/or tax clearance issues.

For faster processing file online on the Philadelphia Tax Center at tax-services.phila.gov. You will need to create a username and password to use the system to file returns.

Taxpayers *can* make payments without a username and password using eCheck (free!) or credit or debit card (with a fee). Paper payment vouchers are also

available. Do not enclose payments when mailing your tax return. Send payments separately to the mailing address in this document.

If all business is conducted or located within Philadelphia, file a BIRT-EZ return.

If business is conducted and/or located both in and out of Philadelphia, file a regular BIRT return with the appropriate combination of Schedules A through E.

Trade show vendors should file a BIRT EZ form. More information for Trade show vendors is available at www.phila.gov/revenue/birt.

If you cannot file electronically, 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 the schedules required for your business.

For tax due greater than \$5,000: Taxpayers with a \$5,000 or more BIRT or NPT liability, must pay electronically. Visit 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 fee free.

Mailing information for paper returns: If your return includes a refund request 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

NEW! Direct Deposit now available for

refunds: If you file online on the Philadelphia Tax Center, you can now request that we send your refund through direct deposit. You'll be asked for your banking information in the filing process.

However, if you file using a paper form, and request a refund using the return, we will issue a paper check. If you use a paper form and wish to request a refund via direct deposit, you must wait until the return is processed. Then submit a separate refund petition and an ACH Approval Form, available at phila.gov/revenue.

Returned checks: If your payment 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 you have a username and password for the Philadelphia Tax Center, make account changes online at tax-service.phila.gov.

Otherwise, complete a change form, found at phila.gov/tax-change, if your business:

- Closed
- Changed organization or entity type
- Has updated contact information
- Needs to open or close tax accounts

If you maintain a Commercial Activity License but did not actively engage in business during the year and

wish to close your accounts, complete a Change Form. **If you plan to continue your business (and keep the accounts open), you are required to file a BIRT and NPT return.**

If you have closed your account and wish to resume a business again with the same Employer Federal Identification (EIN) or Social Security Number (SSN) you can reinstate your account. If there was a change to your federal identification number, you will need a new tax account number and Commercial Activity License.

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.

For all other businesses (that were required to file before 2025): you must pay an estimated tax payment toward your 2026 BIRT return. This estimate is equal to 100% of the 2025 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.

Information about BIRT schedules: Taxpayers must use the same method (Schedule A, Method I or Schedule B, Method II) that they elected on the first BIRT return they filed. Complete and file only Schedule A (Form 24715) **OR** Schedule B (Form 24415).

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 of the long-form BIRT return.

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 requires the taxpayer to use 2025 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.

NEW: A Loss-Carry-Forward schedule for acquired or merged entities, the Schedule LCF, is now available. Detailed instructions are available separately at phila.gov/BIRT.

Port related or PUC/ICC exclusions:

If you are excluding certain port related activities and/or specific PUC and ICC business activities from

2025 Net Profits Tax Information

Every Philadelphia resident operating a business is subject to the Net Profits Tax (NPT) regardless of the location of the business activity. Non-residents of Philadelphia, operating a business within Philadelphia, are also subject to the Net Profits Tax on their sales in Philadelphia. **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.

Interest, Penalties and Costs

All Philadelphia taxes, except Real Estate Tax, 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 percentage points. Penalty is at the rate of 1.25% of the unpaid tax for each month or fraction thereof. For current interest rates, see www.phila.gov/revenue.

the gross receipts schedule, you also need to exclude that amount on the net income schedule.

Financial Businesses or Regulated Industries:

If your business is considered a "Financial Business" under Section 101(m) of the BIRT Regulations, is registered under the PA Securities Act of 1972, OR considered a "Regulated Industry" under Section 101(y) of the BIRT Regulations, then you will need to file a 2025 BIRT-HJ return. If you are unsure if any of these categories apply to you, please contact revenuetaxadvisors@phila.gov.

At this time, no tax preparer software can generate the BIRT HJ form. You can only file a BIRT HJ through the Philadelphia Tax Center at tax-services.phila.gov or using the paper form found at phila.gov/revenue under the "forms" section.

The City of Philadelphia follows the Federal tax treatment for LLCs. If the LLC elects corporate tax treatment, it is not liable for Net Profits Tax. If the LLC is treated as a partnership or disregarded entity for federal filing purposes, it is liable for Net Profits Tax.

When determining taxable income for partnerships with corporate partners, you will need to exclude the portion attributable to the corporate partners. The NPT packet includes a worksheet to calculate the percentage to use on the front page of the return.

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).