

March 1, 2026

Guidance for estimated payments for Business Income and Receipts Tax for Tax Year 2025

To ease the transition for businesses that previously did not have a filing liability for BIRT, the City announced a clarification of our estimated payment policy.

Beginning in Tax Year 2025, due to a legal challenge the City has ended the \$100,000 exclusion for the Business Income and Receipts Tax (BIRT), and all entities doing business in Philadelphia will now have a filing requirement. Businesses that did **not** have a filing requirement in 2022, 2023, or 2024, will be treated as a “new business” when they file in 2025.

Being treated as “new businesses” means that these businesses will not need to make an estimated payment when they file their first BIRT return in 2026 – they will only pay taxes on their 2025 activity. When these businesses file in 2027, they will have the option to pay their second-year estimate in quarterly installments instead of paying the estimate in full on April 15. When businesses file their return in 2028, they are required to make a 100 percent estimated payment towards that year’s return.

A chart of how this treatment is applied to a business that either formed in 2025 or did not have a prior filing requirement in 2022, 2023, and 2024, is below.

Year of Business	Year	Due Dates / Filing Requirements for BIRT
1	2025	Do business, make taxable sales.
2	2026	First tax return and payment due April 15, 2026 (for 2025 activity), no estimated payment due.
3	2027	Second tax return and payment due April 15, 2027 (for 2026 activity). The business has two options: <ul style="list-style-type: none"> • Pay 100% estimate, or • Make quarterly estimated payments towards the 2027 return on April 15, June 15, and September 15, 2027, and January 15, 2028
4	2028	Third tax return due April 15, 2028 – (for 2027 activity). Additional payment required if underestimated. Pay a 100% estimate towards 2028 by April 15, 2028 .

Businesses that filed a “No Tax Liability” or “zero returns” in prior years may take advantage of this policy so long as they did not have a filing requirement.

Effective since 2018 with the passage of Bill 180077, this is not a new policy. However, this guidance is a clarification of the City’s treatment of “new businesses.”

Before this legislative change, Revenue required all businesses to make an estimated payment equal to the prior year’s tax liability. Since that change, new businesses may bypass the estimated payment in their first year of filing and make quarterly estimated payments when they file their second-year return. When businesses file their third return, they are required to make a 100 percent estimated payment towards that year’s return.