

# BUSINESS INCOME & RECEIPTS TAX DELINQUENCY DECLINES IN FY2025

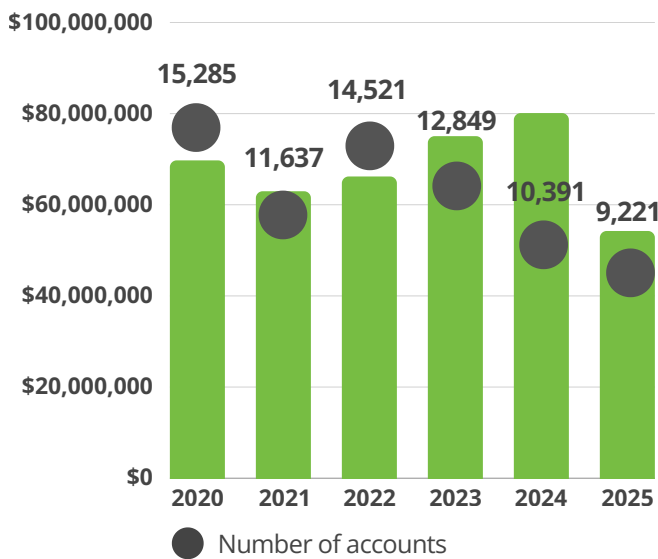


## WHAT IS BIRT?

The Business Income and Receipts Tax (BIRT) is a two-part tax on businesses' gross receipts and net income.

The amount of delinquent BIRT fell by **\$25 million** from FY24 to FY25, putting the total amount of delinquent BIRT to below pre-pandemic levels. This is a reversal from the years after 2020 and the result of Revenue's return to full enforcement practices.

### TOTAL ACTIVE PRINCIPAL BIRT DEBT AND NUMBER OF ACCOUNTS



The Department made a purposefully slow return to our full enforcement actions to protect Philadelphia's economic resurgence. In FY25, Revenue collected \$7.8 million more for prior periods than in FY24, for a total delinquent BIRT collections of \$41.6 million. This report reflects active principal, or delinquent periods after January 1, 2020.

At \$54.2 million, the active principal BIRT delinquency in FY25 is the lowest since FY19 when there was nearly \$52 million in BIRT debt.

**32%**  
Decrease in delinquent principal from FY24 - FY25

**\$25m**  
Decrease in delinquent principal from FY24 - FY25



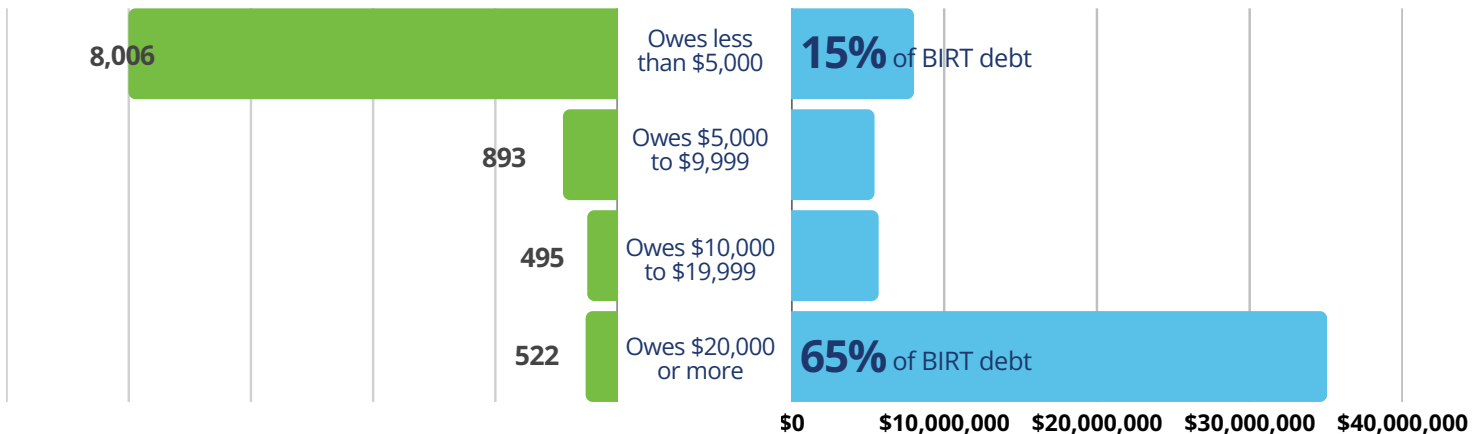
## DEBT BY AMOUNT OWED

OVER **80%**  
of accounts owe less than \$5,000

JUST **5%**  
of accounts owe \$20,000 or more

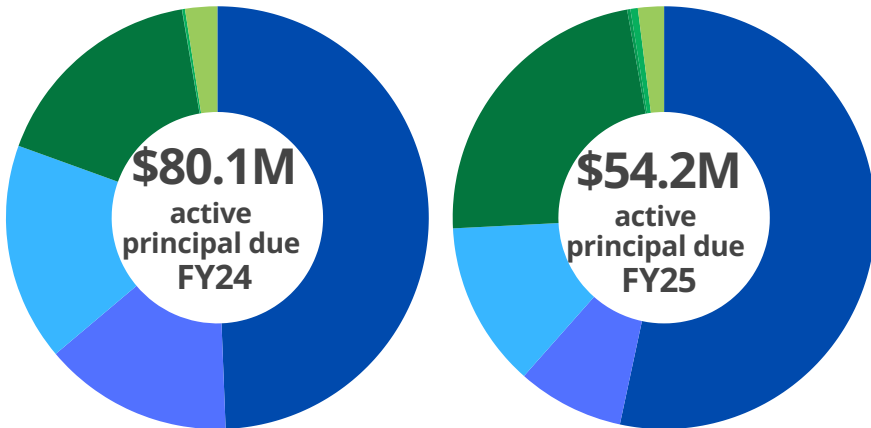
### NUMBER OF ACCOUNTS

### TOTAL ACTIVE PRINCIPAL DEBT





## HOW HAS THE DISTRIBUTION OF DELINQUENCY CHANGED SINCE FY24?



Comparing the status of active principal BIRT delinquency between FY24 and FY25 shows that businesses are accruing less debt generally and that Revenue is more efficient at collections.

**In FY25, the City collected \$41.6 million for prior periods, an increase of \$7.8 million over FY24, leading to large decreases of delinquent principal debt.**

Although debt established in the last 90 days decreased overall, in FY25 it made up 23% of all debt, compared to 16.8% in FY24. This trend may show that overall businesses debts could grow in the future, leading the department to push these accounts to collection agencies or CAL Revocation, as appropriate.

As Revenue improves the ease to enter into payment agreements, the percentage of “non-Actionable” debt in a payment agreement may increase in future years.

### CHANGE FROM FY24 TO FY25

**“non-Actionable”** **-\$1.6M** ▼ **-10%**

The City is barred from collection on these accounts (in green), or the debt is in a payment agreement. **TOTAL FY24 \$15.6M FY25 \$14.0M**

**Est. in previous 90 days from June 30** **-\$972K** ▼ **-7%**

**FY24 \$13.4M FY25 \$12.5M**

**Under Appeal** **+\$117K** ▲ **+614%**

**FY24 \$19K FY25 \$137K**

**In Bankruptcy** **+\$134K** ▲ **+79%**

**FY24 \$171K FY25 \$305K**

**In a Payment Agreement** **-\$887K** ▼ **-45%**

**FY24 \$2.0M FY25 \$1.1M**

**“Actionable”** **-\$24.2M** ▼ **-38%**

The City is using various enforcement strategies (in blue) to collect these debts. **TOTAL FY24 \$64.5M FY25 \$40.2M**

**Internal Collections** **-\$10.6M** ▼ **-27%**

**FY24 \$39.5M FY25 \$28.9M**

**Collection Agency** **-\$7.2M** ▼ **-62%**

**FY24 \$11.6M FY25 \$4.4M**

**CAL Revocation** **-\$6.5M** ▼ **-49%**

**FY24 \$13.4M FY25 \$6.9M**



## WHAT ARE REVENUE’S NEXT COLLECTION STRATEGIES FOR FY26?

The City will continue to improve customer service, making it easier to get into compliance:

**Outreach to new taxpayers**, in response to BIRT tax changes, preventing delinquency before it happens.

**Aligning Voluntary Disclosure policies with PA**, requiring three years of disclosure (formerly six) from unregistered businesses wishing to qualify for a voluntary compliance payment.

**Pre-qualifying taxpayers for payment agreements**. Alerting businesses that they qualify for an agreement with a QR code directing them to the Tax Center.

### Notes about this data:

This report uses data current through June 2025. Amounts in this report refer to principal due for active periods after January 1, 2020.

Older debts, including interest, penalties, and other fees are often less likely to be collected. Presenting the active principal delinquency reflects reasonable expectations for collection.

