**City of Philadelphia – MeF Business Rule 2022**

**New for 2022 BIRT**

 **BIRT Schedule HJ can be filed with a paper return. Updated BIRT Schedule HJ packets available on City website.**

 **Loss Carry Forward Rule change to 20 years: The 20-year carryforward period ONLY applies to losses incurred in tax year 2022 and beyond. Net losses incurred before 2022 may only be carried over for three tax years.**

Rules:

1. All Schedule SC users must be pre-approved for the Special Credits; total credits cannot exceed the total tax due on BIRT return, Page 1 Line 3

1. **NO** Fiscal year filers accepted on MeF. City fiscal year rules differs from IRS. Paper returns must be filed. See BIRT Regulations for more information, or email RevenueTaxAdvisors@phila.gov
2. **NO** Schedule HJ files. Paper returns must be filed and are available on city website
3. Account numbers:
	1. 7-digit City tax account numbers are now referred to as Philadelphia Tax ID (PHTIN) number and are 10-digits. Previous 7-digit tax account numbers can be preceded by 3 zero’s (000) to create the 10-digit PHTIN.
	2. Philadelphia Tax ID Number (PHTIN) must match SSN/EIN on file with Philadelphia. Verify the PHTIN. If the PHTIN seems invalid, call City of Philadelphia 215-686-6600 to determine if the number is valid or whether it is associated with an SSN/EIN. If the 10-digit PHTIN number does not match the SSN/EIN used, the return will be filed using the SSN/EIN used if it exists in the City TIPS system. If the SSN/EIN used does not exist in the City TIPS system, the return will be rejected. If the School Income Tax (SIT) account does not exist, it will be set up for you.
4. BIRT Returns:
	1. Returns posting a positive Net Income must include a completed Gross Receipts schedule.
	2. BIRT Long must file same method as prior years, Schedule A **or** Schedule B. Filing different schedule from prior years will reject the return
	3. BIRT Long form MUST include the Schedule C-1. By completing the Schedule D, that should complete the Schedule C-1. If apportionment is 100%, please use the BIRT-EZ return.
	4. Schedule D, Gross Receipts exclusions cannot exceed Total Gross Receipts. Therefore, Schedule D Line 6.
	5. Schedule D cannot include a negative number.
	6. Schedule D line 9 cannot exceed line 8.
	7. Schedule D line 10 must populate (line 8 – line 9)
5. NPT Return:
	1. 60% credit must be calculated (line 12) before the KOZ credit (line 14a)
	2. Cannot claim Not Eligible Income Based and Eligible Income Base
6. SIT Returns:
	1. School Income Tax (SIT) accounts now have assigned PHTIN numbers. The City of Philadelphia no longer uses the SSN number as the SIT tax account number. Contact City of Philadelphia 215-686-6600 if you need assistance finding the valid PHTIN number.
	2. If partial year return, please include from & to dates.
	3. When reporting a spouse make sure to file the primary spouse first, same as prior years.
7. Payments / Refunds:
	1. Submission date < payment date < due date

b. Payment amount must be greater than or equal to $1.00. E-Check payments must be from a U.S. Bank

 c. ONLY paper refund checks will be issued.

 d. If payment information is present, an email address must be provided. If an email address is not provided, notification of a rejected payment will not be sent, and any Interest & Penalty accrued will not be waived.

 8. You may file current plus 2 years.

 9. New Business starting their business in Philadelphia in 2019 or after, that do not qualify for Jump Start, will pay the actual tax on Line 3 but follow below for Estimate payments:

1st year BIRT Filing: No Estimated tax payment required towards second year return

2nd year BIRT Filing: allowed option to make estimated payments in 4 quarterly installments toward third year return OR make 100% estimated payment towards third year return

3rd year BIRT Filing and all tax years thereafter: 100% estimated payment with current year return

If the amount on Line 6 is less than the amount on line 3, additional interest & penalty will be assessed back to the estimated due date of April 18th.

**City of Philadelphia MeF Business Rules 2022**

**Net Profits Tax (NPT):**

Line 2: Line 1 x .037900

Line 4: Line 3 x .01500

Line 5: Equals Line 2 plus Line 4

Line 7: Line 6 x .034400

Line 9: Line 8 x .01500

Line 10: Equals Line 7 plus Line 9

Line 11: Equals Line 5 plus Line 10

Line 12: 60% BIRT credit from Page 3, worksheet K Line 4 or worksheet D, Line 8

Line 13: Line 11 less Line 12

Line 14a: KOZ Credits, refer to KOZ worksheets on-line

Line 14b: Estimated payment / credits Page 3, Worksheet E, Line 4

Line 14c: Line 14a plus Line 14b

Line 15: Line 13 less Line 14c

Line 18: Line 14c greater than Line 13, enter difference

Line 19: Enter 50% Page 2, Worksheet C

Line 20: Line 18 less Line 19. If greater than 0 proceed to Overpayment Options.

**City of Philadelphia MeF Business Rules 2022**

**Business Income & Receipts Long Form (BIRT):**

**Page 1:**

Line 1: Schedule B Line 13, or Schedule A Line 15, no tax due enter “0”

Line 2: Schedule D Line 15, no tax due enter “0”

Line 3: Line 1 plus Line 2

Line 4: Schedule SC Line 13 (cannot exceed amount Line 3)

Line 5: Line 3 plus Line 4

Line 6: Repeat Line 5, UNLESS New Business. See notes section in this document

Line 7: Line 5 plus Line 6

Line 9: Line 7 less Line 8 (If Line 8 greater than Line 7, enter “0”)

Line 11: Line 9 plus Line 10

If Line 8 greater than Line 7, enter on 12a or 12b or 12c

**City of Philadelphia MeF Business Rules 2022**

**Business Income & Receipts Long Form (BIRT):**

**BIRT Schedule A:**

Line 5: Line 1 less Lines 2, 3 and 4

Line 7: Line 5 less Line 6

Line 8: Line 3 from Schedule C-1, Line 3

Line 9: Line 7 x Line 8

Line 11: Line 9 plus Line 10

Line 12: Worksheet S Line S5 – must complete Schedule C-1

Line 14: Line 11 less Line 12 less Line 13

Line 15: Line 14 x .0599, if loss enter “0”

 Enter on Page 1 Line 1

\*\* May only use the Schedule A or Schedule B

\*\*\* Must file same Method (schedule) as prior years

**City of Philadelphia MeF Business Rules 2022**

**Business Income & Receipts Long Form (BIRT):**

**Schedule B:**

Line 2f: Line 1 minus Lines 2a through 2e

Line 2i: Line g / Line h

Line 2j: Line f x Line i

Line 3: Line 2f less Line 2j

Line 5: Line 3 less Line 4

Line 6: Schedule C-1 Line 3

Line 7: Line 5 x Line 6

Line 9: Line 7 plus Line 8

Line 10: Worksheet S Line S5 – must complete Schedule C-1

Line 12: Line 9 less Line 10 less Line 11

Line 13: Line 12 x .0599, if Loss enter “0”

 Line 13 Enter on Page 1 Line 1

 \*\* May only use the Schedule A or Schedule B

\*\*\* Must file same Method (schedule) as prior years

**City of Philadelphia MeF Business Rules 2022**

**Business Income & Receipts Long Form (BIRT):**

**Schedule C-1:**

Line 1: Schedule D Line 8

Line 2: Schedule D Line 6

Line 3: Line 1 / Line 2

 Line 3 to be entered on Schedule A Line 8 OR Schedule B Line 6

 If Line 3 equals 100% Use BIRT EZ return. Do not submit Schedule

 C-1 with BIRT-EZ

**City of Philadelphia MeF Business Rules 2022**

**Business Income & Receipts Long Form (BIRT):**

**Schedule D:**

Line 4: Total of Line 1 through Line 3

Line 6: Line 4 less Lines 5a through Line 5c

Line 8: Line 6 less Line 7a through 7d

Line 9: Lower of Line 8 or $100,000

Line 10: Line 8 less Line 9

Line 11: Schedule E Line 1, 5 or 10 (Alternate Method only)

Line 12: Line 10 less Line 11

Line 13: Line 10 x .001415

Line 14: Schedule E, Line 15 (Alternate Method only)

Line 15: Line 13 plus Line 14

 Line 15 to be entered on Page 1, Line 2

Worksheet S:

S1: Lower of Line 8 or $100,000

S2: Schedule A, Line 11 or Schedule B, Line 9; if loss enter “0”

S3: Line 8

S4: Line S2 divided by Line S3 – cannot exceed $100,000

S5: Line S1 x Line S4, cannot exceed $100,000

 Enter Schedule A, Line 12 or Schedule B, Line 10

**City of Philadelphia MeF Business Rules 2022**

**Business Income & Receipts Long Form (BIRT):**

**Schedule E: Alternate Method**

**Manufacturer:**

Line 1: Schedule D, Line 11

Line 3: Line 1 less Line 2

Line 4: Line 3 x .0234, if loss enter “0”

**Wholesalers:**

Line 5: Schedule D, Line 11

Line 7: Line 6a plus Line 6b

Line 8: Line 5 less Line 7

Line 9: Line 8 x .0329, if loss enter “0”

**Retailers:**

Line 10: Schedule D Line 11

Line 12: Line 11a plus Line 11b

Line 13: Line 10 less Line 12

Line 14: Line 13 x .0078, if loss enter “0”

Line 15: Line 4 plus Line 9 plus Line 14

 Enter on Schedule D, Line 14

**City of Philadelphia MeF Business Rules 2022**

**Business Income & Receipts Long Form (BIRT):**

**Schedule SC**

* **Must be pre-approved**

Line 13: Line 1 through Line 12

Enter on Page 1 Line 4 but cannot exceed amount on Page 1 Line 3 total tax due

**City of Philadelphia MeF Business Rules 2022**

**Business Income & Receipts EZ-Form:**

**Page 1:**

Line 1: from Page 2, Line 6, if loss enter “0”

Line 2: from Page 2, Line 11, if loss enter “0”

Line 3: Line 1 plus Line 2

Line 4: Credit from SC Schedule, cannot exceed Line 3

Line 5: Line 3 less Line 4

Line 6: Repeat Line 5, UNLESS New Business. See notes section above in this document

Line 7: Line 5 plus Line 6

Line 9: Line 7 less Line 8

 If Line 8 greater than Line 7, enter “0”

Line 11: Line 9 plus Line 10

If Line 8 greater than Line 7, enter on 12a or 12b or 12c

**City of Philadelphia MeF Business Rules 2020**

**Business Income & Receipts EZ-Form:**

**Page 2:**

**\*Same Method I / II must be used as prior years**

Line 3: Worksheet S-EZ Line S5

Line 5: Line 1 OR Line 2 less Line 3 minus Line 4

Line 6: Line 5 x .05999

 If Line 6 is a loss, enter zero here and Page 1, Line 1

Line 8: Add lines 7a through 7i

Line 9: Lower of Line 8 or $100,000

Line 10: Line 8 minus Line 9

Line 11: Line 10 x .001415

 Line 11: enter here and on Page 1, Line 2

Worksheet S:

S1: Lower of Line 8 or $100,000

S2: Enter Net Income from Line 1or Line 2. If loss enter “0”

S3: Enter Taxable Gross Receipts from Line 8

S4: Line S2 divided by Line S3 – cannot exceed $100,000

S5: Line S1 x Line S4, cannot exceed $100,000

 Enter Schedule A, Line 12 or Schedule B, Line 10

**City of Philadelphia MeF Business Rules 2022**

* **Primary name must be same as prior years when filing with a spouse**

**School Income Tax (SIT)**

Line 6: if loss enter “0”

Line 7: if loss enter “0”

Line 9: add Lines 1 through Line 8

Line 10: cannot exceed Line 9

Line 11: Line 10 from Line 9

Line 12: Line 11 x .037900

Line 14: If Line 12 greater than Line 13 enter difference

If Line 12 less than Line 13 enter difference on either 15A or 15B