All businesses must register for a Business Tax Account number from the Department of Revenue and obtain a Commercial Activity License from the Department of Licenses and Inspections. The same application is used for both items and can be found at: www.phila.gov/business

Before registering for a tax account number, you should also determine which taxes affect your business. The most common business taxes are listed to the right, but there are others. Your businesses may also be liable for industry-specific taxes such as the Liquor Tax, Parking Tax, and Hotel Tax. For a complete list of City of Philadelphia Tax types, rates and regulations, visit: www.phila.gov/revenue

**BUSINESS INCOME AND RECEIPTS TAX**
Formerly the Business Privilege Tax, BIRT applies to every entity doing business in the City of Philadelphia, whether or not they earned a profit during the preceding year. The BIRT is a two part tax on gross receipts and net income and both parts must be filed. Beginning in tax year 2016, there is an exemption of the first $100,000 in gross receipts and a proportionate share of net income from the business income and receipts tax.

Rate:
- **.1415%** (1.415 mills) on gross receipts
- **6.41%** on taxable net income

**NET PROFITS TAX**
Levied on the Net Profits from the operation of any partnership, limited liability partnership, or sole proprietorship doing business in Philadelphia or having partners or owners living in Philadelphia. The Net Profits Tax is remitted in addition to the Business Income and Receipts Tax. Incorporated businesses are not responsible for the Net Profits Tax.

Rate:
- **3.9102%** (Resident)
- **3.4828%** (Non-Resident)

**BUSINESS USE AND OCCUPANCY TAX**
A tax on the business, trade or other commercial use and occupancy of real estate located in Philadelphia. The tax is due if your business is physically located in Philadelphia; you operate your business from your Philadelphia residence; or tenants, sub-tenants or owners use the Philadelphia property for business purposes. This tax is often wrapped into business leases and remitted by the landlord.

Rate:
- **1.21%** with a $165,300 annual exemption from the Assessed Value of each property used for the purposes of doing business

**WAGE TAX**
Although not a business tax, businesses must also withhold the Wage Tax from the salaries, wages, commissions, and other compensations paid to persons who either live or work in Philadelphia. In Pennsylvania, all employers are required by law to withhold and remit the wage tax from their employees. If it is not deducted by the employer, as is common for Philadelphia residents who work in other states, it is the responsibility of the employee to register for an Earnings Tax Account.

Rate:
- **3.9102%** (Resident)
- **3.4828%** (Non-Resident)
The City of Philadelphia is implementing smart changes to its business tax structure. Find more at www.phila.gov/smartchoice.

$100,000 BIRT EXEMPTION
Beginning in tax year 2016, there is an exemption of the first $100,000 in gross receipts and a proportionate share of net income from the business income and receipts tax.

JUMP START PHILLY
Exempts new businesses that create at least six jobs in the first two years of operations in Philadelphia from paying the Business Income and Receipts Tax during those first two years. Additionally, fees are waived for eligible new businesses for a variety of licenses and registrations. The application is wrapped into the Commercial Activity License application.

JOB CREATION TAX CREDIT
The Job Creation Tax Credit may be applied against the City’s BIRT liability. Under the program, for each qualified new full-time job created in the City of Philadelphia, eligible businesses may claim a tax credit of $5,000. To qualify for the credit, a business must demonstrate the ability to create at least 25 new full-time jobs, or increase fulltime workforce in Philadelphia by at least 20%, within a five-year period. Learn more at www.phila.gov/smartchoice.

SINGLE SALES FACTOR APPORTIONMENT
The net income portion of the BIRT is now based on the amount of sales, property and payroll a company has in the city to a computation only on Philadelphia-based sales.

MARKET BASED SOURCING FOR SOFTWARE COMPANIES
Software companies in Philadelphia have the benefit of a tax treatment called Market-Based Sourcing, in which the company only pays the BIRT based on the sales that occur in Philadelphia. For most services-based industries, the sale is interpreted to occur where the service is performed (no matter where the client is located), however legislation now interprets sales for software companies to be where the client is located.

KEYSTONE INNOVATION ZONES, KIZ
A Commonwealth of Pennsylvania program, technology and life science companies that are less than eight years old, and located in a zone, can apply for up to $100,000 of saleable tax credits from Pennsylvania annually. Philadelphia has three KIZ zones: the University City KIZ, the Navy Yard KIZ, and the Bio 611 KIZ. Each zone is administered by a separate local coordinator. Find more information at www.phila.gov/smartchoice.

KEYSTONE OPPORTUNITY ZONES, KOZ
The Commonwealth of Pennsylvania created the KOZ Program to spur investment in areas where little or no development has taken place. KOZs are geographic areas that eliminate specific state and local taxes for a set amount of time. Learn more at www.kozphila.org.