

Wilson School District

Business Privilege/Mercantile Tax Frequently Asked Questions:

(Please also refer to the Business Privilege/Mercantile Tax Resolutions and Regulations posted on the Wilson School District website www.wilsonsd.org)

Q: Why is the annual due date April 15th?

A: The deadline for filing the annual return falls in line with the deadline for federal, state, and local income tax returns. If the annual deadline for IRS purposes is extended due to April 15th falling on a weekend or IRS recognized holiday, the Mercantile/Business Privilege Tax Return due date will be extended to mirror the modified IRS deadline.

Q: For what time period am I filing the April 15th return?

A: The annual return filed each year covers gross receipts from the prior calendar year (January – December) and estimated taxes for the current year.

Q: Can I file my Business Privilege/Mercantile Tax return on-line?

A: Yes, the annual Mercantile and Business Privilege Tax Return may be filed on-line and paid with an electronic check (ACH). Please note – electronic payment (ACH only from a savings or checking account) and attached documentation (PDF format only) are both required in order for your on-line tax return filing to be a complete submission. There are no convenience fees charged for on-line payment. In order to gain access to the Wilson School District Mercantile and Business Privilege Tax Return on-line filing/payment site, please email your request to obtain a username and password to mbpservices@wilsonsd.org.

Q: Is the District permitted to require an estimate of tax to be paid?

A: The Local Tax Enabling Act enables the Business Privilege and Mercantile taxes. The act does not prohibit estimated tax. In fact, estimated payments for Business Privilege/Mercantile Tax Returns are not unusual in other municipalities and districts where the tax is assessed. Some examples of taxing authorities requiring estimates include, but are not limited to: Radnor Township, Upper Merion Township, Lower Merion Township, Haverford Township, Marple Township, Springfield Township (Montco), Springfield (DelCo), Media Borough, City of Philadelphia, Conshohocken Borough, Borough of West Conshohocken, North Coventry Township, Whitmarsh Township and City of Chester.

Q: Can I request an extension of time to file my tax return?

A: Yes, the District requires only a copy of the federal tax extension coupon (amount paid with coupon can be redacted) along with the payment of Business Privilege/Mercantile tax due. An extension is only granted in the case that the federal return was extended. An extension of time to file is not an extension of time to pay the tax due.

Business Privilege/Mercantile Tax Frequently Asked Questions: (cont'd.):

Q: Can I request a payment plan to pay my tax due?

A: All taxes due under the resolution shall bear interest at a rate of 1.5% per month or fraction of a month from the day they are due and payable until paid. A penalty in the amount of 10% of the amount of the tax shall be added and collected as well. The District will process partial payments; however the penalty and interest will not be abated.

Q: Can the District waive penalties and interest?

A: Imposition of penalty and interest is automatic and mandatory under Wilson School District's business tax resolutions. Pennsylvania law gives taxing authorities discretion to abate portions of penalty and interest in only two limited circumstances: (1) interest may be abated where the taxing authority is responsible for an error or delay in the performance of a ministerial act and where the error or delay is not attributable to the Taxpayer; and (2) excess interest and penalties may be abated where the taxing authority gave erroneous written advice to the Taxpayer in response to a specific, written request by the Taxpayer upon which the Taxpayer reasonably relied. Requests for abatement of interest should be directed to the Finance Director.

Q: How will overpayments of the total amount of tax due (sum of tax due on the immediately preceding year reconciliation plus the next year estimate due) be treated?

A: Under the Local Taxpayer Bill of Rights Act, an overpayment must be viewed as a request for a refund, unless the taxpayer specifies that the overpayment be applied to a subsequent tax year.

Q: Do I have to give the District copies of my federal tax return?

A: A taxpayer is required to provide the District with proof of receipts. The District may require a copy of certain schedules from the federal tax return if there is no other way to reasonably verify the information reported on the Business Privilege and Mercantile Tax Return. However, you may also provide worksheets or other financial statements if they prove the receipts. See, Local Taxpayer Bill of Rights Act, 53 PA C.S. Sect. 8424(c).

Q: What if there is information on the federal tax return/schedule that I don't want to share?

A: A taxpayer may redact information that is not relevant to supporting the gross receipts reported on the Business Privilege and Mercantile Tax Return. Our resolution/tax form requires federal tax returns/schedules **or** worksheets to support whole volume of business reported and any claimed exclusions or exemptions.

Business Privilege/Mercantile Tax Frequently Asked Questions: (cont'd.):

Q: What schedules would be deemed appropriate and why is the district requesting schedules when they haven't done so in the past?

A: Federal tax schedules, include, but are not limited to the following:

Schedule C for sole-proprietorships or single member limited liability companies,

Schedule E for rental real estate owned by an individual or jointly,

Form 8825 for rental real estate owned by a corporation or partnership,

Form 1120 for corporations or limited liability companies with more than one member,

Form 1120S for subchapter S corporations,

Form 1065 for partnerships or limited liability companies with more than one member,

Schedule K-1 for partners or shareholders of a subchapter S corporation

Supporting schedules will serve to validate the gross receipts reported on the Business Privilege and Mercantile tax returns and will be more readily available for the calendar year annual return filing similar to that of the federal and state compared to a quarterly basis.

Q: What schedules would be deemed appropriate if my business has a fiscal year (12-month year different from January 1 – December 31)?

A: Supporting schedules covering the calendar year from January 1 – December 31 will serve to validate the gross receipts reported on the Business Privilege and Mercantile tax returns.

Q: What is the consequence if I decide not to include any attachments with my return?

A: The taxpayer will likely be contacted for more information. If additional information is not then provided, the taxpayer may then be audited to determine compliance with the tax resolutions or the District may seek to have a fine imposed against the taxpayer by the Magisterial District Justice for failure to comply.

Business Privilege/Mercantile Tax Frequently Asked Questions: (cont'd.):

Q: How do I know that my tax information is secure?

A: Any information obtained by the District as a result of any audit, tax return, report, investigation, hearing or verification shall be confidential tax information and must be kept confidential by the District, except for official purposes or as required otherwise by law. In the Taxpayer Bills of Rights Act, there are significant and severe sanctions regarding the improper disclosure of taxpayer information by any elected official and employees of the taxing authority. This requires the District to ensure the confidentiality of the taxpayer information, which the District takes very seriously. The District maintains secured locations for both electronic and paper files.

Q: How do I calculate estimated gross receipts for next year when I was in business less than 12 months in the prior year?

A: For businesses that begin less than one full year prior to January 1, estimated gross receipts shall be computed by multiplying by 12 the monthly average of the actual gross receipts during the months while in business prior to January 1.

Q: How do I estimate gross receipts when I just started my business?

A: Within sixty days of commencing your business, you must file a tax return and calculate estimated gross receipts by multiplying the actual gross receipts for the first month of business by the number of month remaining in the tax year.