



**MONTGOMERY TOWNSHIP**  
MONTGOMERY COUNTY, PENNSYLVANIA

**Business Tax Office**  
P.O. Box 511  
1001 Stump Road  
Montgomeryville, PA 18936  
215-393-6910 Phone  
215-855-4896 Fax  
BusinessTax@MontgomeryTwp.org

**Tax Return Instructions:**  
**Business Privilege and Mercantile Tax**

**Tax Forms and other information**  
available at [www.MontgomeryTwp.org](http://www.MontgomeryTwp.org)

GROSS RECEIPTS or GROSS VOLUME OF BUSINESS

In general, the "gross receipts" or "gross volume of business" upon which the tax is imposed is the value of all cash, credits or property received by a person which is attributable to the carrying on of business in the Township, undiminished by any costs of doing business, including both services, labor and materials entered into or becoming component parts of the services performed within the Township. A receipt generally will be considered attributable to the Township if any part of the transaction or service giving rise to the receipt takes place within the Township or is directed in any part from an office or place of business within the Township.

COMPUTATION AND RATE OF TAX

- 1) The tax year is the same as a calendar year, i.e. January 1st through December 31st. The Business Privilege Tax and Mercantile Tax which is due on or before March 15th of each tax year is measured by the actual gross receipts generated in the calendar year preceding the tax year except in cases of a new business. Although a taxpayer may report other tax liabilities on a fiscal year basis, business taxes shall be computed on a calendar year basis, unless otherwise provided by the Business Tax Administrator or his designee.
- 2) Holidays and postmarks. When the due date falls on a Saturday, Sunday, or legal holiday, returns may be filed on the next business day. Tax returns received by the Business Tax Office are considered to be timely filed if they are postmarked on or prior to the deadline date. A taxpayer's presentation of a receipt indicating that the tax return was mailed by registered or certified mail, on or before the due date, will qualify as evidence of timely mailing.
- 3) A tax return may be filed on a cash basis or on an accrual basis, but the return must be prepared in accordance with generally accepted methods of accounting and bookkeeping. Even though such method of accounting and bookkeeping may be based on a fiscal year, the Business Privilege Tax and Mercantile Tax must be computed on the basis of the calendar year. A taxpayer who keeps their books on a cash basis will report gross receipts on the basis of amounts received during the period used as the measure of the tax. A taxpayer who keeps their books on an accrual basis will report the same receipts from all services rendered during the period used as the measure of the tax, irrespective of the date when such monies are due or collected from the client or customer.
- 4) The tax is measured by the total amount of gross receipts generated by the taxpayer's business during the entire preceding calendar year.
- 5) If a business has not been in operation for a full calendar year prior to any tax year, the gross receipts for the tax year shall be computed by multiplying by twelve (12) the monthly average of the actual gross amount of business transacted during the months while in business prior to the tax year.
- 6) If business operations commence after January 1 of the tax year, the gross volume of business shall be estimated by multiplying the actual gross volume of business transacted during the first month in business by the number of months remaining in the tax year.

The rate of tax on every dollar of gross volume of business shall be calculated as follows:

- 1) Retail
  - a. On receipts attributable to retail sales of goods, wares and merchandise, the rate shall be one and one-half (1 1/2) mills, or one dollar and fifty cents (\$1.50) per thousand dollars (\$1,000) of gross volume of business.
  - b. A retail transaction is any sale of goods made for final consumption to an ultimate consumer. A retail transaction shall also include any sale for use and/or consumption in the making of an entirely different product, sales to contractors for use in a contract providing installation and labor, sales to nonprofit organizations, hospitals and governmental agencies.
- 2) Wholesale
  - a. On receipts attributable to wholesale sales of goods, wares and merchandise, the rate shall be one-fifth (1/5) mill, or twenty cents (\$.20) per thousand dollars (\$1,000) of gross volume of business.
  - b. A wholesale transaction is any transaction involving the sale of goods, wares, or merchandise to dealers or vendors who buy to sell again. Generally, wholesale transactions are sales of goods made to one who intends to resell the goods to the ultimate consumer.
- 3) Service
  - a. On receipts attributable to service transactions, the rate shall be one and one-half (1 1/2) mills, or one dollar and fifty cents (\$1.50) per thousand dollars (\$1,000) of gross volume of business.
  - b. A service transaction is any duty or labor to be rendered by one person to another and includes sales other than those of a wholesale, retail or rental nature. Service transactions include the provision of both labor and materials.
- 4) Rental
  - a. On receipts attributable to rental transactions, the rate shall be one and one-half (1 1/2) mills, or one dollar and fifty cents (\$1.50) per thousand dollars (\$1,000) of gross volume of business.
  - b. A rental transaction is any consideration paid for the use or occupation of property, real or personal.

ANNUAL RETURN

- 1) Every person subject to the Business Privilege and Mercantile Tax, who has commenced business at least one full year prior to the beginning of the tax year shall, on or before March 15th and annually thereafter, file a return with the Business Tax Administrator, setting forth their name, business name and address and such other information as is required. The return shall set forth the annual gross volume of business transacted during the preceding tax year, as well as the computed amount of tax due.
  - a. Both the tax return and payment of the tax are due on March 15th of every year.
  - b. Every person subject to the tax imposed by this article shall be required to file two tax returns each year, an estimated return and a final return. Each time an estimated return is required to be filed, the final return shall be filed the following calendar year.
  - c. If it is determined that the amount of tax paid in the estimated return was greater than required by the final return, the taxpayer shall be entitled to apply the overpayment to the estimated return in the same calendar year in which the final return in question is being filed.

- d. In the event that the estimated tax was less than the amount finally determined to be owed in the final return, the taxpayer shall be liable to pay said tax upon the filing of the final return.
  - e. In the event that the amount paid at the time of the filing of the estimated return is less than 80% of the amount due in the final return, the penalty shall also be paid by the taxpayer in the amount of 10% of the difference between the final tax due and the estimated tax paid.
- 2) Every return shall be made upon a form furnished by the Business Tax Office. Tax return forms may be obtained from and must be filed with Montgomery Township's Business Tax Office, 1001 Stump Road, P.O. Box 511, Montgomeryville, Pennsylvania 18936. Failure to obtain or receive the necessary forms will not excuse the taxpayer for failure to file a return and pay the tax in a timely manner.
  - 3) Where the taxpayer is an individual, the taxpayer shall personally sign the return. If the taxpayer is a partnership, the return shall be signed by at least one of the general partners. Should the taxpayer be a corporation, the return shall be signed by the officer of the corporation authorized to file tax returns.
  - 4) The fact that an individual's name is signed on the return shall be prima facie evidence that such individual is authorized to sign the return on behalf of the taxpayer.
  - 5) One annual return must be filed for each business, even if a taxpayer maintains more than one location for its business. The return shall reflect all receipts from transactions occurring at all locations for the business. Where a business has more than one location a schedule shall be attached to the return depicting the various locations at which business is conducted, and detailing the receipts attributable to each location. If, however, a taxpayer maintains more than one different business in the Township, a separate annual return shall be filed for each different business.
  - 6) A taxpayer who believes that their business activities are exempt or excluded from the Business Privilege and Mercantile Tax must nevertheless file a return each tax year which includes all information requested, including gross receipts, showing clearly the basis for filing a "no tax due" return. Exemption does not preclude a business from acquiring an annual business license.
  - 7) A complete return shall be accompanied by the appropriate Federal or State tax forms, such as 1040 form Schedule "C" and/or Schedule "E", Form 1099, Form 1120, and/or any other schedules or forms that may be required by the Tax Office. The veracity of such forms may be verified at any time by the Tax Office with the appropriate Federal or State taxing authority.
  - 8) A return will not be considered filed unless the taxpayer complies with all the above provisions pertaining to filing of returns and includes all information requested on the return. An incomplete return shall not be considered to be timely filed.

#### NEW BUSINESS: INITIAL RETURN

Every person subject to the tax who commences business subsequent to January 1 of the tax year, shall within sixty (60) days from the date of commencing such business, file a return with the Business Tax Administrator setting forth their name, business name and address and such other information as may be required by the Business Tax Administrator in order to determine actual gross receipts and the amount of the tax estimated to be due.

#### TERMINATING A BUSINESS / CLOSING AN ACCOUNT

Any person going out of or ceasing to do business shall, within seven days from the date of ceasing to do business, file a return showing the actual gross volume of business conducted and done by such person during the tax year in which said person ceased doing business and pay the tax due as computed thereon at the rate herein provided for at the time of filing said return. If such tax has been previously paid based upon estimated gross receipts, the taxpayer shall be entitled to a refund, without interest, of any excess tax paid for the tax year in which business was terminated.

#### PENALTY AND INTEREST FOR NON-PAYMENT

If for any reason the tax is not paid when due or additional tax is determined to be due as a result of a deficiency assessment, penalty at the rate of ten percent (10%) on the amount of such tax, and additional interest of one percent (1%) per month for each month or fraction of month during the period in which the tax remains unpaid shall be added to the tax due.

Once due and owing, penalty and interest become part of the tax and shall be collected as such. A person's belief that no tax is due and owing, or the failure of any person to receive or obtain the forms required for making the returns required under the Ordinances is not a valid defense to the imposition of penalty and interest herein for violation. Good faith shall not be a defense to the imposition of penalty and interest.

#### Penalty and Interest on Deficiency Assessment

On any additional tax determined to be due as a result of a deficiency assessment, penalty and interest will be assessed from the day the tax should have been paid to the date of payment. Penalty is calculated at the rate of ten percent (10%) on the amount of such tax, and an additional one percent (1%) per month or fractional part of a month until paid.

#### ACCEPTANCE OF TAX RETURN

Retention of the return filed by the taxpayer or negotiation by the Business Tax Administrator of the payment tendered therewith does not constitute a final acceptance by the Business Tax Administrator of the accuracy or completeness of the return and tax payment. The Business Tax Administrator may elect to treat any such filing and payment as a partial disposition of the taxpayer's liability.

The Business Tax Administrator reserves the right to make spot checks of returns filed, to make such corrections as appear necessary upon the face of the return, to submit additional billings or request additional information, and to make refunds based on the return without accepting as final any document or payment arising from such cursory examination.

*Any information learned by the Business Tax Administrator, or any official, agent or employee of the Business Tax Administrator, as the result of any returns, investigations, hearings or verifications required or authorized by the Business Tax Administrator shall be confidential, except in accordance with proper judicial order or as otherwise provided by law.*

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#### *Disclaimer:*

*These instructions are supplemental to the official Montgomery Township Ordinances and Regulations governing the Montgomery Township Business Privilege and Mercantile Tax. Both documents can be found at: [WWW.MONTGOMERYTWP.ORG](http://WWW.MONTGOMERYTWP.ORG)*

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# SAMPLE TAX RETURN



MONTGOMERY TOWNSHIP  
MONTGOMERY COUNTY, PENNSYLVANIA

Tax Due Date: March 15, 2017

## BUSINESS PRIVILEGE AND MERCANTILE TAX RETURN CALENDAR YEAR 2017

Tax ID No.: 06799

FEIN No.:

Local Business Name: SAMPLE COMPANY, INC.  
1001 STUMP RD  
MONTGOMERYVILLE PA, 18936

FINANCE DEPARTMENT  
SAMPLE COMPANY, INC.  
1001 STUMP ROAD  
MONTGOMERYVILLE PA, 18936

Answer All Questions Below:

Check applicable box:

Annual Return



Amended Return

☐

New Business

☐

Closing/Final

☐

### IMPORTANT INFORMATION:

\* Tax return should be accompanied by the appropriate Federal or State tax forms and /or other schedules that substantiate the gross receipts reported within.

\* If Federal or State forms are not available by March 15th then an accounting report, that offers an analysis or assessment of the financials that reflect the gross receipts reported within, should be submitted for review along with tax return.

\* MAIL TAX RETURN TO: BUSINESS TAX OFFICE, PO BOX 511, MONTGOMERYVILLE, PA 18936

\* RETURNED CHECK FEE OF \$25

### ANNUAL RETURNS:

What is the nature of your business?

Financial advisor

Are you claiming a deduction or exemption of gross receipts?

1) Taxpayer must be able to substantiate any exemption or exclusion claimed - attach appropriate documentation.

2) A taxpayer who believes that their business activities are exempt excluded from the taxation are still required to file a return each year which includes all information requested, including gross receipts, stating clearly the basis for filing a "no tax due" return.

3) Please see official tax return instructions for details.

### FINAL RETURNS FOR CLOSED BUSINESSES:

1) When did the business cease operations in Montgomery Township?

N/A

2) Was this business sold? If so, please provide the name and contact information of new owner.

N/A

### AMENDED TAX RETURNS:

✓ Attach a written explanation for changes.

**Affirmation:** I hereby certify under penalties provided by law that all statements made herein and/or in any supporting schedule or exhibit are to the best of my knowledge and believe true, correct and complete. If this return is prepared by a person other than the taxpayer, his declaration is based on all the information of which he has knowledge.

Signature, Title: \_\_\_\_\_

Phone: 215-393-6910

Date: February 13, 2017

Email: BusTax@MontgomeryTwp.org

**Schedule "A" FINAL Tax For the Year Ending  
December 31, 2016**

Line No.				
1	Total Gross Receipts for 2016	973,500		
2	Exempted or Excluded Gross Receipts	0		
3	Taxable Gross Receipts (Sum of Lines 1 & 2)	973,500		
4	Taxable Gross Receipts for Wholesale		multiplied by .0002 =	
5	Taxable Gross Receipts for Retail		multiplied by .0015 =	
6	Taxable Gross Receipts for Service	973,500	multiplied by .0015 =	1460.25
7	Taxable Gross Receipts for Rental		multiplied by .0015 =	
8	Summary: Total Tax Due (Sum of Lines 4, 5, 6 & 7)			1460.25
9	Deduct Pre-paid Estimate Tax payment			(1,375.00)
10	Deduct credit balance on account			0
11	Balance Due or Credit Owed			85.25
12	Late fees: Apply penalty & interest after 03/15/2017			
13	Penalty (10% of Line 11)			0
14	Interest (.01 x Line 11 x number of months late)			0
15	Total Tax, Penalty and Interest *			85.25

**Schedule "B" ESTIMATED Tax For the Year  
Ending December 31, 2017**

16	Estimated Gross Receipts for Wholesale		multiplied by .0002 =	
17	Estimated Gross Receipts for Retail		multiplied by .0015 =	
18	Estimated Gross Receipts for Service	973,500	multiplied by .0015 =	1460.25
19	Estimated Gross Receipts for Rental		multiplied by .0015 =	
20	Total Estimated Gross Receipts for 2017	973,500	Tax Due Summary =	1460.25
21	Late fees: Apply penalty & interest after 03/15/2017			
22	Penalty (10% of Line 20)			0
23	Interest (.01 x Line 20 x number of months late)			0
24	Total Estimated Tax, Penalty and Interest *			1460.25

**Schedule "C" NEW Business ONLY**

25	Estimated Gross Receipts for Wholesale		multiplied by .0002 =	
26	Estimated Gross Receipts for Retail		multiplied by .0015 =	
27	Estimated Gross Receipts for Service		multiplied by .0015 =	
28	Estimated Gross Receipts for Rental		multiplied by .0015 =	
29	Sum of Lines 25, 26, 27 and 28			
30	If remitted after 60 day grace period, apply late fees:			
31	Penalty (10% of Line 29)			
32	Interest (.01 x Line 29 x number of months late)			
33	Total Estimated Tax, Penalty and Interest *			

**SUMMARY OF TAX DUE**

34	2017 Business License Fee			\$25
35	Final Business Tax for Calendar Year ended 12/31/2016 (Line of 15)			85.25
36	Estimated Business Tax for Calendar Year ending 12/31/2017 (Line 24)			1460.25
37	New Business Estimated Tax for Calendar Year ending 12/31/2017 (Line 33)			0
38	TOTAL DUE* (check payable to Montgomery Township) or CREDIT DUE (___ Apply Credit ___ Refund Credit) All refund requests must be made in writing with supporting documentation attached.			1,570.50

\* The Business Tax Administrator reserves the right to make spot checks of returns filed, to make such corrections as appear necessary upon the face of the return, to submit additional billings or request additional information, and to make refunds based on the return without accepting as final any document or payment arising from such cursory examination.