

MONTGOMERY TOWNSHIP



BUSINESS PRIVILEGE AND MERCANTILE TAX RETURN
and
BUSINESS LICENSE APPLICATION

CALENDAR YEAR 2009

NAME AND ADDRESS BY TAXPAYER

Corporate Name
Address

City, State, Zip Code
Township Tax ID #

Nature of Business

Montgomery Twp.
Business Tax Office
P.O. Box 511
Montgomeryville
PA 18936-0511
215-393-6910
Fax 215-855-4896

FEDERAL TAX ID #

NAME AND ADDRESS BY LOCATION (if different from Taxpayer)

Business Name (DBA)

Address

City, State, Zip Code

SUMMARY OF TAXES AND LICENSES DUE ON OR BEFORE MARCH 15, 2009

(Complete reverse side and forward figures to front)

(9) Final Tax Due or Tax Credit for Year Ended 12/31/08	_____
(12) 2009 Estimated Tax payment	_____
(14) 2009 License Fee	_____ \$25.00
(17) Total Penalty and Interest Charges	_____
(18) Total Amount of Check Due with Tax Return*	_____

Make checks payable to MONTGOMERY TOWNSHIP

*If any check received in payment is returned unpaid by the bank, there shall be added to the tax a sum of ten (\$10) dollars.

ORIGINAL FORM MUST BE RETURNED. RETAIN COPY FOR YOUR RECORDS

AFFIRMATION: I hereby certify under the 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 belief 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 any knowledge.

Signature _____ Telephone No. _____

PRINT NAME

Official Title _____ Date _____

(OWNER, PARTNER, PRESIDENT, ETC.)

SIGNATURE OF PERSON PREPARING RETURN - IF OTHER THAN TAXPAYER

NAME AND ADDRESS OF PREPARER'S FIRM

TELEPHONE #

COMPUTATION OF TAXES AND LICENSE DUE ON OR BEFORE MARCH 15, 2009

A. FINAL RETURN FOR YEAR ENDED 12/31/08

- (1) Estimated Gross Receipts for 2008. \$ _____
 (As Reported on 2008 Estimated Return)
- (2) Actual Gross Receipts for 2008. _____
 (Attach copy of IRS Schedule and/or supporting documents)
- (3) Taxable Gross Receipts for 2008 (Enter line (2) here, if different, provide statement showing nature and amount of exemptions and exclusions.) _____
- (4) **Computation of Tax Due**
- | | <u>Taxable
Gross Receipts</u> | | <u>Rate</u> | |
|---------------|-----------------------------------|---|-------------|-------|
| (a) Retail | _____ | x | .0015 | _____ |
| (b) Wholesale | _____ | x | .0002 | _____ |
| (c) Service | _____ | x | .0015 | _____ |
| (d) Rental | _____ | x | .0015 | _____ |
- (5) Gross Tax Due _____
 [Add line (4) (a) through line (4) (d)] [If less than \$10 enter \$10]
- (6) 2008 Estimated Payment _____
 [Line (12) from 2008 Tax Return]
- (7) Net Tax Due or Tax Credit [Subtract line (6) from line (5)] _____
- (8) **Penalty for Under Payment of 2008 Estimate**
 If the 2008 Estimated Tax Payment, Line (6) was less than 80% of Gross Tax Due Line (5) a penalty shall be paid by the taxpayer as follows:
 (a) Divide line (6) by line (5), if less than 80% enter amount of Line (7) _____
 (b) Penalty of 10% of Under Payment [10% x (8a)] _____
- (9) Final Tax due or Tax Credit for Year Ended 12/31/08 _____
 [Add lines (7), and (8) (b)]

2009 ESTIMATED RETURN FOR YEAR ENDED 12/31/09

- B. (10) Estimated Gross Receipts for 2009 _____
 [Must be equal to or greater than the 2008 actual gross receipts during the preceding tax year.]
 [Note - see instructions for business completing estimated gross receipts for partial year.]
- (11) **Computation of Tax Due**
- | | <u>Estimated
Gross Receipts</u> | | <u>Rate</u> | |
|---------------|-------------------------------------|---|-------------|-------|
| (a) Retail | _____ | x | .0015 | _____ |
| (b) Wholesale | _____ | x | .0002 | _____ |
| (c) Service | _____ | x | .0015 | _____ |
| (d) Rental | _____ | x | .0015 | _____ |
- (12) 2009 Estimated Tax Payment _____
 [Add line (11) (a) through line (11) (d)] [If less than \$10 enter \$10]
- (13) Total Taxes Due _____
 [Add lines (9) and (12)]
- (14) **2009 ANNUAL LICENSE FEE** \$25.00

C. PENALTY AND INTEREST CHARGES FOR LATE PAYMENT

- (Payment received after 3/15/09)
- (15) 10% of Tax Due [10% x line (13)] _____
- (16) 1% Per Month of Tax Due [1% x line (13) x Number of Months Late] _____
- (17) Total Penalty and Interest Charges _____
 [Add Lines (15) and (16)]
- (18) Total Amount of Check Due with Tax Return _____
 [Add lines (13), (14), (17)]

Please forward lines (9), (12), (14), (17), (18) to the summary on the front of the tax return.

MONTGOMERY TOWNSHIP
INSTRUCTIONS AND INFORMATION FOR COMPLETING TAX RETURN

The following instructions and general information are provided to help you understand and complete the annual Business Privilege and Mercantile Tax Return and Business License Application. An annual return must be filed by every person, resident or non-resident, conducting or engaging in business activities, for gain or profit or otherwise, within the Township of Montgomery during the tax year. A separate return must be filed by each business entity (as identified for Federal tax purposes) subject to the tax. All information furnished is strictly confidential as provided by Ordinance. Specific questions should be directed to the Business Tax Office. **Failure to receive tax forms will not exclude the taxpayer for failure to file the return and make payment.**

1. BUSINESS PRIVILEGE TAX - SERVICE BUSINESSES AND RENTAL OF PROPERTY

The Business Privilege Tax of 1.5 mills is to be paid on the gross receipts which includes the gross amount of cash, credits or property which is attributable to the carrying on of business in Montgomery Township by reason of the maintenance of an office or of any service rendered or commercial or business transaction with any trade, occupation or profession. This should include, but not be limited to all commissions, fees, rents received or any compensation received for the performance of any service which in whole or any part is performed in Montgomery Township. The Pennsylvania Supreme Court has held "that maintenance of a business office in city was an exercise of a privilege "within the limits" of the taxing district and, hence, was an activity as to which city could levy a business tax against gross receipts which included income derived from services performed at locations outside city limits".

Exclusions from receipts pertaining to Business Privilege Taxes: (Exclusions will not be granted without supporting documentation.)

1. Receipts subject to Mercantile Tax.
2. Pennsylvania Sales and Use Tax.

2. MERCANTILE TAX - RETAIL AND WHOLESALE SALE OF MERCHANDISE

The Mercantile Tax is to be paid on the gross receipts from sales either at retail (1.5 mills) or wholesale (0.2 mills) (Wholesale shall mean sale of goods and merchandise to other dealers or vendors who resell the items purchased "as is".) This includes the sale of goods from a place of business within the township to a person who does not reside within the township. This also includes food and beverage sold for consumption or otherwise within the township.

Exclusion from receipts pertaining to Mercantile Taxes: (Exclusions will not be granted without supporting documentation.)

1. Receipts subject to Business Privilege Tax.
2. Pennsylvania Sales and Use Tax.
3. Cash discounts to purchasers for prompt payment of bills.
4. Freight delivery or transportation charges advanced by the seller for the purchaser in accordance with the terms of a contract of sale.
5. Sales of trade-ins up to the amount given the prior owner as a trade-in allowance.
6. Refunds or credits given customers for defective goods returned.
7. Transfers between one department, branch or division of a business entity and another recorded on the books as interdepartmental transfers.

3. LICENSE

Only one license shall be required for each place of business within the township. The license must be posted conspicuously at each place of business of licensee at all times. If a firm is located outside the township but providing services subject to the Business Privilege Tax within the township, that firm may be required to obtain a license.

4. NEW BUSINESSES - INITIAL RETURN

A new business is required to obtain a Mercantile/Business Privilege Tax License prior to commencing business in any license year. The estimated tax due shall be computed by multiplying the actual gross volume of business transacted during the first month of engaging in business by the number of months remaining in the tax year. A tax return is to be filed with the Business Tax Administrator, providing the information necessary to compute the actual amount of tax estimated to be due, within **sixty days** from the date of commencing business.

5. PARTIAL YEAR BUSINESSES FILING 1ST FULL YEAR RETURN

If the business was not in operation for a full year, the final year tax will be on the actual gross receipts for the period of time in the year that the firm has been operating. The estimated tax will be computed by dividing the actual gross receipts from the previous year by the number of months in business and then multiplying by twelve (12) to determine a full years estimate.

ADDITIONAL INFORMATION

a. Penalty and Interest. If, for any reason, the tax is not paid when due, a penalty of ten per cent (10%) of the tax due will be added to the amount due. In addition thereto, interest of one percent (1%) per month or fractional part of a month will be added until the tax is paid. Failure to receive the tax forms will not exclude the taxpayer from penalty and interest charges for late filing.

b. Method of payment. Payment may be made in cash or by check or money order drawn to the order of Montgomery Township. Cash payments must be made to the Business Tax Administrator or designated agent in the Business Tax Office, 1001 Stump Road, Montgomeryville, PA. Checks or money orders may be mailed to Montgomery Township Business Tax Office, P. O. Box 511, Montgomeryville, PA 18936.

(over)

c. **Date due.** March 15th of every year. The payment of tax is due on the same day as the tax return is filed. Acceptance of a tax return is determined to be final only after a duly appointed audit.

d. **Due dates and postmarks.** The dates for payment and return are the dates on which such payment and return must be received. Payments or returns received after the due date will be considered on time only if postmarked on or before the due date.

e. **Holidays.** If the due date for payment and returns falls on a Saturday, Sunday or legal holiday, returns and payment received postmarked on the first business day after such Sunday or legal holiday will be considered received on time. 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.

f. **Failure to comply.** Anyone who fails, neglects or refuses to comply with any of the terms or provisions of the Mercantile Tax and/or Business Privilege Tax Ordinances shall be guilty of a summary offense and upon conviction before a District Justice be sentenced to pay a fine of not less than three hundred dollars (\$300) nor more than six hundred dollars (\$600) and costs of prosecution for each offense. Each day a person violates the Ordinance may be considered as a separate offense.

g. **Refunds.** A refund request shall be made in writing within three years of the due date for filing the tax return or one year after actual payment of the tax, whichever is later. For amounts paid as a result of a notice asserting or informing a taxpayer of an underpayment, a written request for refund shall be filed within one year of the date of the payment.

h. **Notice.** You are entitled to receive a written explanation of your rights with regard to the audit, appeal, enforcement, refund and collection of local taxes by calling Montgomery Township Business Tax Office at 215-393-6910 during the hours of 8:30 a.m. to 4:00 p.m., EST, Monday through Friday.

FOLLOW THESE STEPS IN COMPLETING YOUR RETURN

(1) Verify the business information (name, mailing address, account number and federal identification number) which has been pre-printed on the front of the tax return and make any corrections necessary.

(2) Compute your actual gross volume of business and enter this amount on Line 2. on the reverse side of the tax return. **Attach a copy of the appropriate supporting documents to substantiate this amount.**

(3) If you conducted or engaged in business activities which you believe to be exempted or excluded from taxation, attach a statement showing the nature and amount of such deductions. Failure to adequately explain an exemption or exclusion you have taken may result in a billing for additional tax. Please contact the Montgomery Township Business Tax Office for further information or clarification of allowable exemptions or exclusions from the tax.

(4) If your return is filed after the due date, **March 15th**, applicable penalty and interest charges must be added for filing late. Compute the penalty by multiplying the amount of tax due by 10%. Compute the interest by multiplying the amount of tax due by 1% for **each month or part thereof** during which the tax remains unpaid. **Example:** if a return is postmarked after March 15th but before April 1, interest of 1% is due. If a return is postmarked between April 1 and April 30, interest of 2% is due and so forth.

(5) If you have been in business a full year prior to the tax year, your estimate shall be based on the actual gross volume of business transacted during that time. In the event that the amount paid at the time of filing of the estimated return is less than 80% of the amount due in the final return, a penalty shall be paid by the taxpayer in the amount of 10% of the difference between the final tax due and the estimated tax paid. Compute the penalty by subtracting the estimated tax payment from the actual tax due; then, multiply this difference (net tax due) by 10% (see line 8).

(6) After computing total taxes due, based on the calculations of the FINAL RETURN FOR YEAR ENDED AND ESTIMATED RETURN FOR YEAR ENDED, transfer these figures to the front of the tax return.

(7) A license fee must be paid annually.

(8) Sign and date the tax return. Failure to do so may cause a delay in processing.

(9) Attach your remittance made payable to "MONTGOMERY TOWNSHIP" to the tax return and forward to the Tax Office, in the envelope provided.

All questions for clarification or help should be directed to:

**MONTGOMERY TOWNSHIP
BUSINESS TAX OFFICE
P. O. BOX 511
MONTGOMERYVILLE, PA 18936
TEL. 215-393-6910
FAX 215-855-4896**