2015 BIRT (HJ) SCHEDULE B

ACCOUNT NUMBER

COMPUTATION OF TAX ON NET INCOME (METHOD II)

→→ *If an amount on the lines below indicate a loss, darken the circle* . ↘

1. Net Income (Loss) as properly reported to the Federal Government.................................1. ○ ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

2. **ADJUSTMENTS** (Per BIRT Reg. 404 and Public Law 82-272)

(a) Income net of interest expense attributable to direct obligations of the Federal Government, Pennsylvania or the political subdivisions of Pennsylvania. (If less than zero, enter zero on this line)...2a. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

(b) Net Income (Loss) from certain port related activities. (Reg. 302 (T))....................2b. ○ ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

(c) Net Income (Loss) from specific PUC and ICC business activities. (Reg. 101 (D)(3))...2c. ○ ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

(d) Net Income (Loss) from Public Law 86-272 activities...2d. ○ ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

(e) Receipts by corporations of dividends, interest and royalties received from other corporations in the same affiliated group and/or from other corporations of which the receiving corporation owns at least 20% of the stock and/or BIRT Regulation §404 (B)(5) adjustments (Reg. 302 (O)).. 2e. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

(f) Line 1 minus Lines 2a through 2e...2f. ○ ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

(g) All other receipts from other corporations of the same affiliated group. (Reg. 302 (N)).. 2g. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

(h) Gross Receipts per BIRT Regulation §404 (B)(5)(e)... 2h. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

(i) Divide Line 2g by Line 2h and enter the result here as a decimal..............................2i. ☐ . ☐☐☐☐☐

(j) Multiply Line 2f by Line 2i and enter the result here..2j. ○ ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

(k) All other net income (loss) of taxpayers registered under the PA Securities Act of 1972 EXCEPT for net income from transactions effected for persons residing or having their principal place of business within Philadelphia......................................2k. ○ ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

3. ADJUSTED NET INCOME (LOSS) [Line 2f minus (Line 2j plus 2k)]............................. 3. ○ ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

4. Total Nonbusiness Income (Loss)...4. ○ ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

5. Income (Loss) to be apportioned (Line 3 minus Line 4)... 5. ○ ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

6. Average of Apportionment Factors from Schedule H-2 or C-1, Line 3............................. 6. ☐ . ☐☐☐☐☐

7. Income (Loss) apportioned to Philadelphia (Line 5 times Line 6).................................... 7. ○ ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

8. Nonbusiness Income (Loss) allocated to Philadelphia.. 8. ○ ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

9. Current year Income (Loss) (Line 7 plus Line 8)... 9. ○ ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

10. Statutory Net Income Deduction from Worksheet S, Line S5...10. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

11. Loss Carry Forward, if any.. 11. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

12. Taxable Income (Loss). Line 9 minus Line 10 minus Line 11..12. ○ ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

13. **TAX DUE** (Line 12 times .0641)   If Line 12 is a loss, enter zero....................................13. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

Taxpayers registered under the PA Securities Act of 1972 enter the amount of Line 13 onto Schedule H, Line 15.
"Regulated Industry" taxpayers enter the amount of Line 13 onto Schedule J, Line 1.

All other taxpayers enter the amount of Line 13 on the Summary Page, Line 1 of the 2015 BIRT return.
In addition, unincorporated taxpayers also enter the amount of Line 12 onto Schedule K (Supplemental), Line 1.

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ACCOUNT NUMBER

SCHEDULE A - COMPUTATION OF TAX ON NET INCOME (METHOD I)

To be used by taxpayers electing to report net income from the operation of a business in accordance with their accounting system, rather than as reported to and ascertained by the Federal Government. ***If an amount on the lines below indicate a loss, darken the circle.***

1. Net Income (Loss) per accounting system used plus income taxes deducted in arriving at Net Income... 1. ○ ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

2. Net Income (Loss) from certain port related activities.................................. 2. ○ ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

3. Net Income (Loss) from specific PUC and ICC business activities............................ 3. ○ ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

4. Net Income (Loss) from Public Law 86-272 activities................................. 4. ○ ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

5. Income (Loss) to be apportioned (Line 1 minus Lines 2, 3 and 4).............................. 5. ○ ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

6. Total Nonbusiness Income (Loss).. 6. ○ ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

7. Income (Loss) to be apportioned (Line 5 minus Line 6)................................ 7. ○ ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

8. Apportionment Percentage from Schedule H-2 or C-1, Line 3........................... 8. ☐.☐☐☐☐

9. Income (Loss) apportioned to Philadelphia (Line 7 times Line 8)............................ 9. ○ ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

10. Nonbusiness Income (Loss) allocated to Philadelphia................................... 10. ○ ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

11. Current year Income (Loss) (Line 9 plus Line 10)........................... 11. ○ ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

12. **Statutory Net Income Deduction from Worksheet S, Line S5**........................... 12. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

13. Loss Carry Forward, if any.. 13. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

14. Taxable Income (Loss). Line 11 minus Line 12 minus Line 13...................... 14. ○ ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

15. **TAX DUE** (Line 14 times .0641) If Line 14 is a loss, enter zero.................. 15. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

Taxpayers registered under the PA Securities Act of 1972 enter the amount of Line 15 onto Schedule H, Line 15. "Regulated Industry" taxpayers enter the amount of Line 15 onto Schedule J, Line 1. All other taxpayers enter the amount of Line 15 on the Summary Page, Line 1 of the 2015 BIRT return. In addition, unincorporated taxpayers also enter the amount of Line 15 onto Schedule K (Supplemental), Line 1, below.

SCHEDULE J - COMPUTATION OF THE MAXIMUM BUSINESS INCOME AND RECEIPTS TAX FOR "REGULATED INDUSTRY" TAXPAYERS

1. Enter the amount of tax from Schedule A, Line 15 or Schedule B, Line 13................................. 1. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

2. Enter the amount of tax from Schedule D, Line 13 of the 2015 BIRT return............................. 2. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

3. Enter the amount of tax from Schedule H, Line 11.................................... 3. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

4. Total of Lines 2 and 3... 4. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

5. Enter here and on the Summary Page, Line 2 of the 2015 BIRT return the **LESSER** of the tax shown on Line 1 or Line 4 of this schedule.................................... 5. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

UNINCORPORATED TAXPAYERS SEE SCHEDULE K (SUPPLEMENTAL), LINE 3 FOR ADDITIONAL INSTRUCTIONS.

SCHEDULE K - (SUPPLEMENTAL) COMPUTATION OF THE 2015 BUSINESS INCOME & RECEIPTS TAX CREDIT FOR PERSONS SUBJECT TO THE 2015 NET PROFITS TAX. CORPORATIONS DO NOT FILE THIS SCHEDULE.

Taxpayers who are NOT Regulated Industries NOR registered under the PA Securities Act of 1972:

1. Enter the amount of tax from Schedule A, Line 15 or Schedule B, Line 13.......................... 1. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

Taxpayers who are NOT Regulated Industries NOR registered under the PA Securities Act of 1972:

2. If the amount of tax on Schedule H, Line 25 is the SAME as the amount shown on Schedule H, Line 17, enter the amount of tax shown on Schedule H, Line 15. If the amount of tax shown on Schedule H, Line 25 is the SAME as the amount of tax shown on Schedule H, Line 24, PROVIDED THAT the amount of tax shown on Schedule H, Line 22 is the SAME as the amount of tax shown on Schedule H, Line 23, then enter the amount of tax shown on Schedule H, Line 22. OTHERWISE, enter "zero" and do not complete the rest of this schedule.. 2. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

"Regulated Industry" Taxpayers:

3. If the amount of tax shown on Schedule J, Line 5 is the SAME as the amount of tax shown on Schedule J, Line 1, enter the amount of tax shown on Schedule J, Line 1. OTHERWISE, enter "zero" and do not complete the rest of this schedule.. 3. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

COMPUTATION OF TAX CREDIT

4. Enter 60% of the amount of tax shown on Line 1, 2, or 3, whichever is applicable and read the instructions below. 4. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

PARTNERSHIPS, JOINT VENTURES AND ASSOCIATIONS WHICH ARE COMPOSED OF ONE OR MORE CORPORATE PARTNERS, CORPORATE JOINT VENTURES OR CORPORATE ASSOCIATES: REFER TO WORKSHEET D OF THE 2015 NET PROFITS TAX RETURN.

OTHER PARTNERSHIPS, JOINT VENTURES, ASSOCIATIONS AND INDIVIDUALS: REFER TO WORKSHEET E OF THE 2015 NET PROFITS TAX RETURN.

COMPUTATION OF TAX ON GROSS RECEIPTS.

COMPUTATION OF TAX ON GROSS RECEIPTS FOR: (1) TAXPAYERS REGISTERED UNDER THE PENNSYLVANIA SECURITIES ACT OF 1972; (2) PERSONS SUBJECT TO A TAX IMPOSED PURSUANT TO ARTICLE VII, VIII, IX OR XV OF THE TAX REFORM CODE OF 1971 (Banks, Title Insurance Companies & Mutual Thrift Institutions); (3) OTHER FINANCIAL BUSINESSES.

1. Gross Receipts from sales of Stocks, Bonds, Securities, Options, etc....................................... 1. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

2. Cost of Property sold.. 2. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

3. Gross Profit (Line 1 minus Line 2. If a loss, enter "0").. 3. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

4. Other Gross Receipts.. 4. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

5. Total of Line 3 plus Line 4... 5. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

EXCLUSIONS:

6a. Dividends, Interest, and Royalties received from other corporations of the same
affiliated group. (Reg. 302 (O)).. 6a. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

6b. Receipts by corporations of dividends, interest and royalties received from other corporations
in the same affiliated group and/or from other corporations of which the receiving corporation
owns at least 20% of the stock. (Reg. 302 (O))... 6b. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

6c. All other receipts from other corporations of the same affiliated group........................ 6c. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

6d. Interest received from transactions made with persons resident or having their principal
place of business outside Philadelphia.. 6d. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

6e. Interest received on other transactions to the extent of interest expense attributable to
such other transactions... 6e. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

6f. TAXPAYERS REGISTERED UNDER THE PA SECURITIES ACT OF 1972 ONLY:
Enter the amounts received from commissions, brokerage fees, and other similar charges
on account of transactions affected for persons resident or having their principal place of
business outside Philadelphia... 6f. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

6g. Other exclusions from Schedule D, Lines 5a through 5d.. 6g. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

7. TOTAL EXCLUSIONS (Add Lines 6a through 6g)... 7. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

8. Net Taxable Receipts before Statutory Exclusion (Line 5 minus Line 7)..................... 8. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

9. Statutory Exclusion (Lower of Line 8 or $75,000).. 9. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

10. Net Taxable Receipts after Statutory Exclusion (Line 8 minus Line 9)........................ 10. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

11. Tax on the amount of Line 10 (Line 10 times .001415. If Line 10 is a loss, enter "0".)................ 11. ☐☐,☐☐☐,☐☐☐,☐☐☐ . 0 0

"Regulated Industries" as defined in §101(y), enter the amount of Line 11 onto Schedule J, Line 3. **Do not complete the rest of this schedule.**

"Other Financial Businesses" enter the amount of Line 11 on the Summary Page, Line 2 of the 2015 BIRT return. **Do not complete the rest of this schedule.**

Taxpayers registered under the PA Securities Act of 1972 *must* **complete Lines 12 through 25 of this schedule on the next page.**

COMPUTATION OF TAX ON GROSS RECEIPTS.

12. Enter the amount from Schedule H, Page 3, Line 10...................................... 12. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

13. ADD the amounts received from commissions, brokerage fees and other similar charges excluded on Line 6f which are attributable to services performed within Philadelphia.................. 13. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

14. Line 12 plus Line 13.. 14. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

15. Enter the amount of tax shown on Schedule A, Line 15 or Schedule B, Line 13......... 15. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

16. Enter the amount of tax shown on Line 11, above....................................... 16. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

17. Enter the total of Line 15 and Line 16, above.. 17. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

18. Enter the amount from Line 14, above.. 18. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

19. Tax due on the amount of Line 18 times .0046. (If Line 18 is a loss, enter "0").......................... 19. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

20. Tax due on the amount of Line 18 times .0023. (If Line 18 is a loss, enter "0").......................... 20. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

21a. TAXPAYERS WHO ELECTED TO USE METHOD I FOR REPORTING NET INCOME, enter the Net Income (Loss) shown on Schedule A, Line 12.. 21a. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

21b. TAXPAYERS WHO ELECTED TO USE METHOD II FOR REPORTING NET INCOME, enter the Net Income (Loss) shown on Schedule H-1, Line 11................................... 21b. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

22. Tax Due on the amount of Line 21a or 21b times .023. (If Line 21 is a loss, enter "0").............. 22. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

23. Enter the LESSER of Line 20 or Line 22.. 23. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

24. Enter the total of Line 19 plus Line 23.. 24. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

25. TAX DUE. ENTER HERE AND ON THE SUMMARY PAGE, LINE 2 OF THE 2015 BIRT RETURN.. 25. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

UNINCORPORATED REGULATED INDUSTRIES SEE SCHEDULE K (SUPPLEMENTAL), LINE 2 FOR ADDITIONAL INSTRUCTIONS.

<u>WORKSHEET S</u>

Use to calculate Statutory Net Income Deduction

S1. Enter the lower of Schedule H, Line 8 or $75,000... S1. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

S2. Enter Current Year Income from Schedule A, Line 11 or Schedule B, Line 9. If loss, enter zero... S2. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

S3. Enter Net Taxable Receipts from Schedule H, Line 8...................................... S3. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

S4. Divide Line S2 by Line S3. (Cannot be greater than 1.0000)............................ S4. ☐ . ☐☐☐☐

S5. Statutory Net Income Deduction (Line S1 times Line S4. Cannot exceed $75,000)......... S5. ☐☐ , ☐☐☐ , ☐☐☐ , ☐☐☐ . 0 0

Enter the amount from Line S5 on Schedule A, Line 12 or Schedule B, Line 10 and if applicable, Line 9 of Schedule H-1.

ACCOUNT NUMBER

SCHEDULE H-1 ALTERNATE COMPUTATION OF NET INCOME FOR TAXPAYERS REGISTERED UNDER THE PENNSYLVANIA SECURITIES ACT OF 1972 WHO HAVE ELECTED TO USE METHOD II TO REPORT NET INCOME.

1. Enter the adjusted net income (loss) reported on Schedule B, Line 3........................... 1. ◯ | | , | | , | | , | | .00

1a. Enter the amount shown on Schedule B, Line 2k.. 1a. | | , | | , | | , | | .00

2. Line 1 plus Line 1a.. 2. ◯ | | , | | , | | , | | .00

3. Total non-business income (loss)... 3. ◯ | | , | | , | | , | | .00

4. Income (loss) to be apportioned (Line 2 less Line 3)................................ 4. ◯ | | , | | , | | , | | .00

5. Apportionment percentage from Schedule H-2, Line 3................................. 5. | | . | | | |

6. Income (loss) to be apportioned to Philadelphia (Line 4 times Line 5)............... 6. ◯ | | , | | , | | , | | .00

7. Non-business Income (loss) allocated to Philadelphia................................ 7. ◯ | | , | | , | | , | | .00

8. Currrent year Income (loss) (Line 6 plus Line 7)................................... 8. ◯ | | , | | , | | , | | .00

9. Statutory Net Income Deduction from Worksheet S, Line S5......................... 9. | | , | | , | | , | | .00

10. Loss Carry Forward, if any.. 10. | | , | | , | | , | | .00

11. NET INCOME (Loss) (Line 8 minus Line 9 minus Line 10)
    Enter here and on Schedule H, Line 21B.. 11. ◯ | | , | | , | | , | | .00

SCHEDULE H-2 COMPUTATION OF APPORTIONMENT FACTORS TO BE APPLIED TO APPORTIONABLE NET INCOME.

| For business conducted in and out of Philadelphia |

Important Change for Tax Year 2015

The Department has adopted a **Single Sales/Receipts Factor Apportionment** methodology for BIRT Tax Year 2015. The Property and Payroll Factors are **no longer used** in the calculation of the Philadelphia Apportionment percentage. The Single Sales/Receipts Factor Apportionment percentage is the ratio of **Philadelphia Sales/Receipts** to **Total Sales/Receipts everywhere.**

The **sourcing** of sales/receipts is the **same as it has been** in prior years. *Receipts* and *Taxable Receipts* are defined at *Philadelphia Code § 19-2601* and explained in Article III of the BIRT Regulations.

http://www.phila.gov/Revenue/Regulations/BIRT%20Regulations%20Compilation.pdf

Taxpayers registered under the Pennsylvania Securities Act of 1972 - If Net Income Method II (i.e. as reported to the Federal government) is elected, refer to Business Income and Receipts Tax Regulations Section 409 found on our website at the link noted above.

Persons who are subject to a tax pursuant to Articles VII (Bank Shares Tax), VIII (Title Insurance and Trust Companies Share Tax), IX (Insurance Premiums Tax) or XV (Mutual Thrift Institutions Tax) of the Tax Reform Code of 1971 and Private Banks. Refer to Business Income and Receipts Tax Regulations Section 410 found on our website at the link noted above

COMPUTATION OF APPORTIONMENT FACTOR TO BE APPLIED TO APPORTIONABLE NET INCOME. YOU MUST COMPLETE SCHEDULE C-1 IF YOU ARE APPORTIONING YOUR INCOME. FAILURE TO INCLUDE THIS SCHEDULE WITH YOUR RETURN MAY RESULT IN THE DISALLOWANCE OF YOUR APPORTIONMENT AND YOU MAY BE BILLED.

1. Philadelphia Sales/Receipts.. 1. | | , | | , | | , | | .00

2. Gross Sales/Receipts Everywhere.. 2. | | , | | , | | , | | .00

3. Single Sales/Receipts Factor Apportionment Percentage (Line 1 divided by 2)............. 3. | | . | | | | | |

ENTER THE PHILADELPHIA RECEIPTS FACTOR APPORTIONMENT PERCENTAGE ON SCHEDULE A, LINE 8 OR SCHEDULE B, LINE 6.