

March 31, 2020

Use & Occupancy Tax guidance during the COVID-19 coronavirus closure of non-essential businesses

Businesses ordered to close beginning March 17, 2020 as a result of safety measures enacted by the Mayor of Philadelphia are not subject to the Use & Occupancy (U&O) Tax while access to their place of business is restricted.

The Philadelphia Department of Revenue has not changed Use & Occupancy payment regulations. Due dates to pay the tax remain the same. We are publishing this guidance at a time when many non-essential businesses have been ordered to close. Businesses that do not have access to their place of business by order of the Mayor beginning March 17, 2020, are not considered to “occupy” the space.

Businesses that continued operations, businesses that have employees on-site, and businesses that maintained employee access to their place of business throughout the Mayor’s order, should file and pay the Use & Occupancy Tax as normal.

When filing, taxpayers should use “Line 3 - Non-taxable Exempt Amount” of the filing form to indicate the portion of their property that was not accessible through the closure order.

Landlords who do not remit the tax, but have collected it through regular rent collection, must refund applicable portions of the tax to tenants.

Once the order to close non-essential businesses is lifted, all property used for business purposes is subject to Use & Occupancy Tax.