



City of Reading Citizens' Service Center

815 Washington Street

Reading Pennsylvania 19601-3690

(610) 655-6508 Fax (610) 655-6242

www.readingpa.gov

csc@readingpa.org

BUSINESS PRIVILEGE LICENSE-RENTAL
APPLICATION GUIDE

Please use this guide as a reference when filling out the Business Privilege License Application. Please note the number correspondence to the License Application.

1. **Name of Property Owner:** Enter the name(s) of the landlord/owner(s) of property(ies) as appearing on the deed(s).
2. **EIN/FIN:** Enter the property owner's Federal ID number. If the landlord is a sole proprietorship and does not have an EIN/FIN, use the landlord's social security number.
7. **DATE RENTAL REVENUES BEGAN:** **This is the first day the rental business began receiving rental revenues from property(ies) located within the City of Reading, PA. DO NOT USE THE DATE THAT THE PROPERTY(IES) WAS(WERE) PURCHASED IF RENTAL REVENUES ARE NOT RECEIVED ON PURCHASE DATE.**
9. **Organization & Type of business:**
 - a. **Organization**
 - i. **Proprietorship** – One individual owns all assets and is solely responsible for all liabilities of the business. Owners file Schedule E forms with their personal returns with the IRS.
 - ii. **Partnership** – An association of two or more persons to carry on, as co-owners, a business for profit. Partnerships have written agreements between partners called “Articles of Partnerships” and file Federal 1065 Partnership returns with the IRS.
 - iii. **LLP (Limited Liability Partnership)** - A form of entity where a general partnership registers with the state as LLP. Partners' liability to third parties is limited.
 - iv. **LLC (Limited Liability Company)** – An unincorporated form of business with no restrictions on ownership, taxed as a partnership, and whose members' liability to third parties is limited.
 - v. **S-Corp**– Similar to a C-Corp but the corporation in which, under certain conditions, may elect to have its taxable income taxed to its individual shareholders. Subchapter S corporations file “informational” Federal 1120S returns with the IRS.
 - vi. **C-Corp (General Corporation)** – A legal entity ordinarily consisting of an association of a number of individual stockholders. Corporations have written charters called “Articles of Incorporation” as well as written bylaws. Corporations file Federal 1120 returns with the IRS.
 - vii. **Association** – Typically associated with Non-Profit entities.

11. The proprietor must sign this form in the Citizens' Service Center or have his/her signature notarized. If the business is a Partnership, all general partners must sign where indicated. If a Corporation, a Corporate Officer must sign where indicated.

BUSINESS PRIVILEGE TAX CALCULATIONS:

All businesses must file and submit payment of Business Privilege Tax yearly. After the initial two years and the last year of the business' operation, the tax is based upon prior year's gross receipts by category and the return is due annually on June 15. A two percent discount is permitted if the return is filed and paid by April 15.

BPT CALCULATION OF THE LAST YEAR IN BUSINESS:

The Business Privilege Tax in the LAST YEAR of operation is based upon the LAST YEAR'S gross receipts figure. If the tax for the current year has already been filed and paid based upon prior year's gross receipts, we will recalculate the tax based on the LAST YEAR'S gross receipts and issue a refund on the difference if applicable.

BPT CALCULATION FOR THE FIRST AND SECOND YEARS OF OPERATION:

BUSINESS' START DATE IS BETWEEN JANUARY 1 AND OCTOBER 2:

- **Initial Year** Provide the initial 90 days gross receipts figure
Divide the 90 day figure by 3 to get a monthly average
Take monthly average times the number of months (or fraction of months) the business operates (or will operate) in the initial year

EXAMPLE: Start date February 1, 2006:

90 Day period: 2/1/2006-5/1/2006

Divide this number by 3 and multiply by 11 (11 months from 2/1/06-12/31/06)

EXAMPLE: Start date April 20, 2006:

90 Day period: 4/20/2006-7/20/2006

Divide this number by 3 and multiply by 8.33 (8-1/3 months from 4/20/06-12/31/06)

- **Second Year** Provide the gross receipts figure from the initial year's start date to December 31 of that initial year.
Divide this figure by the number of months (or fraction of months) the business operated in its initial year and multiply that number by 12 (this is called annualizing)

EXAMPLE: Start date February 1, 2006:

2006 Gross Receipts Figure 2/1/2006-12/31/2006

Divide this number by 11 (11 months from 2/1/06-12/31/06) and multiply by 12

EXAMPLE: Start date April 20, 2006:

2006 Gross Receipts Figure 4/20/2006-12/31/2006

Divide this number by 8.33 (8-1/3 months from 4/20/06-12/31/06) and multiply by 12

BUSINESS START DATE IS BETWEEN OCTOBER 3 AND DECEMBER 31:

- **Initial Year** Provide the gross receipts figure from the start date to December 31
Calculate the tax based upon this figure
- **Second Year** Provide the initial 90 days gross receipts figure
Divide this number by 3 and multiply by 12

EXAMPLE: Start Date 11/15/2006

Request 90 Day gross receipts figure from 11/15/2006-2/15/2007

Divide this number by 3 and multiply by 12

Application Checklist:

NEEDED BEFORE BUSINESS PRIVILEGE LICENSE CAN BE ISSUED:

- **ZONING APPROVAL-ZONING PERMIT APPLICATION**
- **CODES APPROVAL-HOUSING PERMIT APPLICATION**

DID YOU:

- Complete the Application?
- Sign the Application/Have Your Signature Notarized if Application Not Signed in the Citizens' Service Center?
- Pay the \$55 License Fee? (Your check should be made payable to the *City of Reading*)
- Mail completed application along with your check to:

CITY OF READING CITIZIENS' SERVICE CENTER
CITY HALL
815 WASHINGTON ST.
READING PA 19601-3690

The City of Reading wishes you the best with your new business!