CITY OF PHILADELPHIA
DEPARTMENT OF REVENUE

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 prohibited.

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.

However, businesses deemed essential, businesses continuing operations, businesses that have employees on-site, or businesses that maintained employee access to their place of business throughout the Mayor's order, should file and pay U & O as normal. Here are two examples:

1. XYZ accounting firm is permitted to operate during the pandemic as an essential service. Therefore its offices are subject to Use and Occupancy Tax as long as the firm's personal property occupies that space.
2. XYZ law firm has skeletal crew in its office to open and scan mail and to maintain its IT system. The presence of skeletal staff, who are supporting operations rather than merely providing security, establishes that the office is "used and occupied" and there is no need to determine whether or to what extent, the law firm's operations are essential services.

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.