Pennsylvania Local Business Privilege Taxes

The Pennsylvania local business privilege tax (BPT) originated with Act 511, the Local Tax Enabling Act. This legislation provided authority for local municipalities to impose a tax on the privilege of doing business within a jurisdiction. In response to the legislation, certain jurisdictions imposed a business privilege tax based on an entity’s gross receipts, performed within that jurisdiction during a calendar year. The tax rate for the BPT varies based on the type of business, as well as the taxing jurisdiction. Generally, BPT rates range from .10% to .30%. As an example, on $100,000 of taxable gross receipts, the tax would generally fall within a range of $100 to $300. Locally, the cities of Allentown, Bethlehem, and Easton each have enacted BPT ordinances, as well as many other of the surrounding local jurisdictions.

One area of particular interest related to the BPT involves businesses which conduct operations in numerous jurisdictions, often times for only limited durations. In order to address this, Act 42 was enacted in 2014. While not always the case, as a result of this legislation, BPT can generally be assessed only if a business conducts operations within a jurisdiction for all or part of 15 or more calendar days within the calendar year.

Please don't hesitate to contact us regarding any questions you may have regarding BPT issues.

MillerSearles LLC