



NEIGHBORHOOD IMPROVEMENT ZONE (NIZ) PROGRAM
ELECTRONIC TAX REPORT INSTRUCTIONS

The Neighborhood Improvement Zone (NIZ) program was established by Act 50 of 2009, Act 26 of 2011, Act 87 of 2012 and then added to the Tax Reform Code by Act 52 of 2013 as amended in Act 84 of 2016. State and local taxes collected from the NIZ will be used to repay debt service and bonds issued by the Allentown Neighborhood Improvement Zone Development Authority to fund various economic development projects within the zone, including an arena.

Pennsylvania law requires all businesses within the NIZ to complete this report annually by Jan. 31, identifying the type and amount of all taxes remitted to the commonwealth during the previous calendar year, so the Department of Revenue may certify state taxes to be transferred to the NIZ Fund established for the redevelopment projects.

Failure to file a complete report on a timely basis will result in the imposition of a penalty of 10 percent of all state taxes payable by the business for activities in the NIZ during the previous calendar year.

The following businesses within the NIZ must complete this report:

- **NIZ Qualified Business:** Any sole proprietorship, corporation, limited liability company, partnership or association that conducts business, provides services and has physical presence within the borders of the NIZ.
- **Professional Sports Organization:** Any sole proprietorship, corporation, limited liability company, partnership or association that owns a professional sports franchise and conducts professional athletic events at the sports arena facility or facility complex within the NIZ zone.
- **Vendors and Concessionaires:** Any such entities at the sports arena facility or facility complex within the NIZ zone.
- **Any construction contractor with a construction contract in the NIZ who paid Sales Tax on the purchase price of property, including materials, equipment, components, and supplies, which it purchased and installed in the performance of its construction contract within the NIZ zone.**
- **Any construction contractor with a construction contract in the NIZ who paid Personal Income Tax withheld from employees providing labor for services within its construction contract within the NIZ zone.**

- All businesses submitting an electronic report, must select "NIZ" for the submission of a Neighborhood Improvement Zone tax report from the report menu.
- The report requires a user to identify the city, location number, EIN/SSN, and legal name of each business for which a report is submitted. This information is used to code and identify the report within the Department of Revenue.
- NIZ City: Select the name of city in which the business and NIZ are located.
- Location Number: Any business with more than one location within the NIZ must submit separate reports for each location within the NIZ. The electronic application requires the user to select a different location number for each unique report filed. If a business only has one location within the NIZ, the location number is "1". For each additional report, the user must select a new location number "2", "3", "4".
- EIN/SSN: Enter the EIN assigned to the business by the Internal Revenue Service. If the business does not have an EIN, enter the owner's Social Security number.
- Legal Name: please refer to the chart below.

If the business structure is:	Use the:
Sole Proprietorship	Individual owner's name
Corporation	Name as shown in the articles of incorporation
Partnership	Name as shown in the partnership agreement
Association	Name as shown in the association agreement
Business Trust	Name as shown in the trust agreement
Estate	Legal name of the estate
Limited Liability Company	Name as shown in the articles of organization

- Reports may only be submitted to the Department once per filing deadline. If a second report is submitted for the same entity in the filing period, the original report will be deleted and replaced with an amended report.

PART I: IDENTIFICATION OF QUALIFIED BUSINESS

- DATE OF FIRST OPERATIONS IN NIZ: Enter the first date the entity conducted an active trade or business in the NIZ. This does not include start-up operations prior to opening for business.
- DATE OF FIRST OPERATIONS IN PA: Enter the first date the entity conducted any activity in PA within or outside the NIZ and/or employed PA residents. This includes start-up operations prior to opening for business.
- TELEPHONE NUMBER: Enter the telephone number for the entity.

- **NUMBER OF LOCATIONS WITHIN PENNSYLVANIA:** If the entity has more than one location in which business is conducted within the commonwealth, enter the number of locations here.
- **TRADE NAME:** Enter the name by which the entity is commonly known (doing business as, trading as, also known as), if it is a name other than the legal name. If the enterprise has a fictitious name registered with the PA Department of State, enter it here. If the trade name is the same as the legal name, enter "Same".
- **CONTACT INFORMATION:** Enter the name, telephone number and email address of the person the Department of Revenue may contact regarding questions about the report.
- **MAILING ADDRESS:** Enter the address where the entity prefers to receive mail, if at an address other than the entity street address. A post office box is acceptable.
- **STREET ADDRESS:** Enter the physical location of the entity located within the NIZ. A post office box is not acceptable.
- **JOB ADDRESS:** Enter the physical location of the construction contract within the NIZ for entities filing the reports as construction contractors.
- **PA SALES AND USE TAX LICENSE NUMBER:** Eight-digit license number assigned by the Department of Revenue permitting businesses to collect sales tax on taxable sales made within PA and facilitating the reporting of use tax on property and services used within PA where no sales tax was paid to a vendor.
- **PA EMPLOYER WITHHOLDING ACCOUNT NUMBER:** Eight-digit number assigned by the Department of Revenue enabling businesses to withhold PA personal income tax.
- **PA CORPORATE TAX ACCOUNT NUMBER:** Seven-digit number assigned by the Department of Revenue enabling businesses to remit corporation taxes.
- **REVENUE ID:** Ten-digit number assigned by the Department of Revenue, separate from any federally issued identification numbers or Pennsylvania license numbers.
- **MALT BEVERAGE ACCOUNT ID:** Four-digit number assigned by the Department of Revenue enabling Pennsylvania manufacturers and bonded importers to report taxable malt beverages.

PART II: APPORTIONMENT WORKSHEET FOR CORPORATIONS

Businesses that remit corporate net income tax, capital stock/foreign franchise tax, bank shares tax or gross premiums tax must calculate and apportion the amount attributable to the location within the zone using this worksheet.

Businesses that do not remit taxes listed within the worksheet may continue to Part III of the report.

SECTION A: PROPERTY FACTOR

Within the NIZ – The average value of the taxpayer’s real and tangible personal property owned and used in the NIZ plus eight times the rental rate for real and tangible personal property rented and used in the NIZ.

Within PA – The average value of the taxpayer’s real and tangible personal property owned and used in PA plus eight times the rental rate for real and tangible personal property rented and used in PA. If the taxpayer uses three-factor apportionment in calculating its corporate net income tax, this amount will be the property reported inside PA on Table 1 of the Tables Supporting Determination of Apportionment Percentage, form RCT-106.

SECTION B: PAYROLL FACTOR

Within the NIZ – Total compensation paid in the NIZ. Compensation is considered paid in the NIZ under all of the following scenarios:

1. The person's service is performed entirely within the NIZ ;
2. The person's service is performed within and outside the NIZ , but the service performed outside the NIZ is incidental to the service performed within the NIZ ; and
3. Some of the service is performed in the NIZ, and the base of operations is in the NIZ.
 - If there is no base of operations, compensation is paid in the NIZ if the place from which the service is directed or controlled is in the NIZ.
 - If the place from which the service is directed or controlled is not in a location in which the employee’s work is performed, compensation is paid in the NIZ if the employee’s residence is within the NIZ.

Within PA – All compensation paid in PA. If the taxpayer uses three-factor apportionment in calculating its corporate net income tax, this amount will be the payroll reported inside PA on Table 2 of the Tables Supporting Determination of Apportionment Percentage, form RCT-106.

SECTION C: SALES FACTOR

Within the NIZ – Total sales in the NIZ during the tax period. Sales of tangible personal property are considered in the NIZ if the property is delivered or shipped to a purchaser that takes possession within the NIZ, regardless of the FOB point or other conditions of the sale. Sales, other than sales of tangible personal property, are in the NIZ if:

1. The income-producing activity is performed in the NIZ ; or
2. The income-producing activity is performed within and outside the NIZ, and a greater proportion of the income-producing activity is performed in the NIZ than in any other location, based on costs of performance.

Within PA – All sales sourced to locations inside PA. This includes all sales destined to locations inside PA plus sales of goods picked-up by customers in the NIZ, either in their own vehicles or by common carriers arranged for by the customers and transported to locations outside the commonwealth. Since the sourcing of sales picked-up in the NIZ and transported outside the commonwealth is different for the calculation of the credit than the rules for sourcing these sales in the calculation of the three-factor apportionment, this may not equal the sales reported inside PA on Table 3 of the Tables Supporting Determination of Apportionment Percentage, form RCT-106.

Note:

- Sections D and E are automatically calculated based on the information provided in section A, section B, and section C and cannot be changed.

SECTION F: NIZ TAX LIABILITY

Enter the Total Tax Payments remitted to the department during the calendar year into applicable fields.

PART III: STATE TAX REMITTANCE STATEMENT

- A business whose only location is within the NIZ must fill in Columns A and B even if identical amounts are reported.
- Each qualified business within the NIZ must identify:
 - Column A: State taxes paid by the business for all Pennsylvania locations in the calendar year for which the NIZ report is filed.
 - Column B: State taxes paid and attributable to the location(s) within the NIZ in the calendar year for which the NIZ report is filed.
- Corporate net income tax, capital stock/foreign franchise tax, bank shares tax or gross premiums tax which was calculated on the apportionment worksheet are automatically recorded on the state tax remittance statement.
- Pennsylvania personal income tax paid on business income for activity within NIZ but not withheld by the business for sole proprietor, shareholder in PA S Corporation, partner in a partnership, or member of an LLC must list the Social Security Numbers for taxes claimed within this tax category.
- Contactors are required to submit to the department's Economic Development Office a copy of each construction contract under which tax payments are claimed within this report on a compact disc along with copies of invoices or copies of all applicable sales or use tax accrual records and proof of payment of tax for all transactions. Should more than one invoice be paid by a single check, please provide a copy of the applicable check voucher highlighting the subject invoices in addition to the cancelled check. The construction contract(s) and evidence of payment(s) must be postmarked by January 30 and mailed to: Department of Revenue, Office of Economic Development, 1133 Strawberry Square, Harrisburg, PA 17128-1100.

Payments are defined as state taxes paid by qualified businesses to the Department of Revenue via ACH debit, ACH credit, credit card, debit card, certified check, cashier's check and paper check in the calendar year for which the report is filed.

Payments do not include carry-over credits, restricted tax credits or tax liabilities due as a result of filing a tax return without payment.

PART IV: STATE TAX REFUND STATEMENT

- Tax refunds are payments issued by the Department of Revenue as the result of an overpayment, the submission of an amended tax return or successful petition for refund from the Board of Appeals.
- Each qualified business within the NIZ must identify:
 - Column A: Refunds granted to the business for all Pennsylvania locations in the calendar year for which the NIZ report is filed.
 - Column B: Refunds granted to the business and attributable to the location(s) within the NIZ in the calendar year for which the NIZ report is filed.

PART V: MALT OR BREWED BEVERAGE TAX STATEMENT

Restaurants or bars that purchase malt or brewed beverages from a Pennsylvania beer distributor located outside of the zone are required to complete this statement.

PART VI: LIQUOR/WINE TAX STATEMENT

Restaurants or bars that purchase liquor or wine from a Pennsylvania wine and spirits store located outside of the zone are required to complete this statement.

REPORT SUBMISSION

To submit the report to the Department of Revenue, the business user must acknowledge the report verification statement which serves as the electronic certification that the information contained within the report is true, correct, and complete.

The user must click on the Submit Report button for this acknowledgement. Once the report is acknowledged as submitted to the Department of Revenue, the user will be provided with a confirmation number.

The user should retain the confirmation number as proof of filing the report and for inquiring about the report with the Department of Revenue.

All users will have the option of printing the report on the confirmation page. The printed report should not be mailed to the Department of Revenue.

If additional information is relevant or required with the submission of the electronic report, please mail the information by January 31 to: Department of Revenue, Office of Economic Development, 1133 Strawberry Square, Harrisburg, PA 17128-1100.

CONTACT INFORMATION

All questions concerning this report should be directed to 717-772-3896 or ra-btftrevkoz@pa.gov