

Radnor Township Business Tax Department
Frequently Asked Questions
About Business Privilege and Mercantile Taxes

Date: August, 2022

QUESTION(S) ABOUT PRE-PAYMENT OF TAXES

QUESTION: For federal tax purposes, I would like to pre-pay my Radnor Business Privilege Tax for 2023 by paying it in December, 2022. Is pre-payment of the Business Privilege and Mercantile Taxes allowed?

ANSWER: No. Business Privilege and Mercantile Tax returns are due May 15th each year. While a taxpayer can file a timely return any time in the year prior to May 15th, they cannot file a return for a given year before January 1st of that year. Therefore, the Township cannot accept a payment for 2023 taxes if it is submitted prior to January 1, 2023.

Note that a taxpayer can file an amended return in order to pay additional tax for the current year which, if it results in an overpayment of tax, will be applied to the following tax year.

Example: Taxpayer timely files its 2022 return on May 14, 2022. On its return, taxpayer estimates receipts for 2022 in the amount of \$100,000 (because its actual receipts for 2021 were \$100,000 and the estimated tax for 2022 must at least equal the tax for 2021) and pays estimated tax in the amount of \$225 (= \$100,000 - \$25,000 exclusion x .003 tax rate). Taxpayer would like to pay its 2023 Business Privilege Tax on or before December 31, 2022, in order to be able to deduct the tax payment in 2022.

While taxpayer cannot file its 2023 Return or pay 2023 taxes prior to January 1, 2023, taxpayer can file an amended 2022 return prior to December 31, 2022, and increase its estimated taxes for 2022. If the increase in estimated taxes results in an overpayment, said overpayment can be credited to 2023 taxes.

It is recommended that any taxpayer interested in filing an amended return for this purpose contact the Business Tax Administrator about how complete such an amended return.

Please refer to the Township's Business Tax Regulations for more information on payment of taxes and filing of amended returns.