

Philadelphia Nonprofit Property Owners Must Submit Forms by March 31 to Maintain Tax Exemption

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Nonprofit organization owners of tax-exempt real estate located in Philadelphia have been receiving letters from the Philadelphia Office of Property Assessment (OPA) concerning forms they must file to enable their properties to continue to qualify for an exemption from real estate taxes. The exemption is available for organizations that are tax-exempt for Pennsylvania purposes (e.g., charitable, educational or religious organizations) whose use of the property is within the scope of the organizations' tax-exempt purposes and that meet other criteria. The deadline for submission of the forms is March 31, 2015 for the property to continue to be exempt for 2016.

Nonprofit organization property owners are required to file these forms to certify their continued right to a real estate tax exemption pursuant to a 2013 Philadelphia ordinance. The OPA may revoke the exempt status of a property if the owner fails to submit the annual certification forms by the March 31st due date, regardless of whether the nonprofit organization received any notice from the OPA.

One component of the certification is the submission of the same form that previously has been filed when requesting an exemption for the property for the first time, as well as all the documents required for that submission. Inexplicably, this form requires the submission of the following documents each year:

- the owner's articles of incorporation and bylaws
- the owner's IRS letter of determination of exemption under Internal Revenue Code section 501(c)(3)
- the owner's most recent income and expense statements and its statement of assets and liabilities
- the owner's most recently filed federal Form 990, if any

- a statement of all fundraising activities conducted by the owner
- a copy of each lease between the property owner and the lessee (if the property is leased)
- a copy of the recorded deed for the property
- an affidavit attesting to the correctness of the submitted information.

The owner also must explain how the property is used, whether the property is used by others, and whether any rent, fees or income are derived from the use of the property. The answers to these questions determine whether the property will qualify for the exemption.

For owners of more than one property, a separate certification must be filed for each property. Even though information must be provided about each property that is owned, the owner is permitted to submit only one copy of its organizational documents, IRS determination letter and financial statements.

PEPPER TAKEAWAY

It is imperative that nonprofit organization property owners complete the forms by the March 31st date, even if they do not receive a letter from the OPA. If all the required documents cannot be submitted by that date, the completed form and as much information as is available should be provided. Since this is an annual requirement, this year's form should be saved to make next year's filing easier.

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