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March 31 Deadline For Philadelphia Tax-Exempt Properties Audit Fast Approaching

The City of Philadelphia's Office of Property Assessment (OPA) has officially moved forward with its long-threatened city-wide audit of all tax-exempt properties. This audit was initially authorized by last spring's City Council Ordinance 130123 (codified as §2-305 of the Philadelphia Municipal Code). OPA has circulated notices to owners of tax-exempt properties enclosing a form requesting each owner to remit information to confirm the validity of the exempt status of such owner's property and to ensure that the property continues to remain exempt from real estate taxes for the next tax year. The deadline for response is **March 31, 2015**. Moving forward, submission of an audit form will be an annual obligation of tax-exempt property owners.

Failure to submit OPA's audit form on or before **March 31, 2015** will result in a property's loss of its tax-exempt status. Any noncompliant property will become fully taxable as of Jan. 1, 2016. OPA has noted, however, that if there are any egregious violations or submissions of materially false information, OPA may revoke a property's tax-exempt status effective as of Jan. 1, 2015.

The audit form must be accompanied by, at a minimum, evidence of the property owner's tax-exempt status. The audit also requests that the following supplemental materials be provided within 30 days of the submission deadline:

- details of the current use, users or occupants of the property, and any revenue, rent or income generated from the property
- copy of the owner's Articles of Incorporation, Charter and Bylaws, including all amendments
- copy of the owner's most recent Income and Expense Statement
- copy of the owner's current Statement of Assets and Liabilities
- copy of the owner's most recently filed IRS form 990
- statement of all fundraising activities conducted by the owner
- copy of any lease(s) entered into by the owner for space at the subject property
- copy of the recorded deed for the subject property

Despite this reprieve, it is strongly suggested that all responding owners submit the requested materials in one submission package before the **March 31, 2015** deadline. While an owner of multiple tax-exempt properties is only required to submit one copy of the supplemental documentation, the owner must prepare a separate audit

form for each tax-exempt property assigned a separate OPA tax parcel number.

If you have not received a notice from OPA, but are the owner of a tax-exempt property in Philadelphia: (a) confirm that the mailing address on record with OPA for your tax-exempt property is up to date (available at http://property.phila.gov/?_ga=1.191271210.1412011754.1424283708#disclaimer) and (b) complete the OPA audit form nonetheless, submitting it with the required supplementing documentation to the OPA. See the notice (available at <http://www.stradley.com/~media/Files/Publications/2015/Certification%20Concerning%20Eligibility.pdf>) and form (available at <http://www.stradley.com/~media/Files/Publications/2015/Office%20of%20Property%20Assessment.pdf>). ■



If you have any questions about this new audit procedure, or require assistance preparing your audit response, please contact Jonathan M. Grosser (jgrosser@stradley.com or 215-564-8101).

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