



City of Philadelphia

City Council
Chief Clerk's Office
402 City Hall
Philadelphia, PA 19107

BILL NO. 040789

Introduced September 23, 2004

**Councilmembers Clarke, Reynolds Brown, Nutter, Ramos, Blackwell, Miller,
Mariano, Rizzo, O'Neill and Krajewski**

**Referred to the
Committee of the Whole**

AN ORDINANCE

Amending Chapter 19-2600 of The Philadelphia Code, entitled "Business Privilege Taxes," to provide for an exemption from the tax on gross receipts for certain new businesses, under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Chapter 19-2600 of The Philadelphia Code is amended to read as follows:

CHAPTER 19-2600. BUSINESS PRIVILEGE TAXES

§19-2601. Definitions.

In addition to the definitions provided in the Act of May 30, 1984, P.L. 345, No. 69, known as the First Class City Business Tax Reform Act, and Chapter 19-500 of this Title, the following definitions shall apply:

* * *

Receipts. Cash, credits, property of any kind or nature, received from conducting any business or by reason of any sale made, including resales of goods, wares or merchandise taken by a dealer as a trade-in or as part payment for other goods, wares or merchandise or services rendered or commercial or business transactions, without deduction therefrom on account of the cost of property sold, materials used, labor, service or other cost, interest or discount paid or any other expense. For the purpose of determining receipts from the business of insurance, such receipts shall mean those from premiums received from risks within the city of the first class, whether by mutual or stock companies, domestic or foreign, without any deductions therefrom for any cost or

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expenses whatsoever; except, premiums shall not include return premiums, dividends paid or credited to policyholders, if such dividends are in the nature of an adjustment of the premiums charged, and premiums received for reinsurance. Receipts from a person engaged in the business of insurance shall also include receipts from rental real estate situated in cities of the first class, but shall not include interest, dividend and capital gain receipts. Nothing in this definition shall preclude the taxation of other nonpremium business receipts of persons engaged in the business of insurance. Receipts of any business shall exclude:

* * *

(12) Receipts attributable to the first three years of operation of a new business. For purposes of this exclusion, "the first three years of operation of a new business" shall mean the first year a business is required to file a return under this Chapter and the two subsequent years, so long as the returns reflect only business activity entirely new to Philadelphia.

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SECTION 2. This Ordinance shall be effective with respect to tax returns due on and after July 1, 2005.

Explanation:

[Brackets] indicate matter deleted.
Italics indicate new matter added.