

City of Philadelphia



(Bill No. 100223)

AN ORDINANCE

Amending Chapter 19-2600 of The Philadelphia Code, entitled “Business Privilege Taxes,” by creating the “Philadelphia Internship Tax Credit,” under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Title 19 of The Philadelphia Code is hereby amended to read as follows:

TITLE 19. FINANCE, TAXES AND COLLECTIONS.

* * *

CHAPTER 19-2600. BUSINESS PRIVILEGE TAXES.

* * *

§19-2604. Tax Rates, Credits, and Alternative Tax Computation.

* * *

(10) *Philadelphia Internship Tax Credit.*

(a) *Definitions. For purposes of this Section, the following definitions shall apply:*

(i) *Department. The Department of Revenue.*

(ii) *Educational institution. A secondary school or a post-secondary school.*

(iii) *Intern. A person who is provided an internship.*

(iv) *Internship. A supervised work experience provided to a student enrolled in an educational institution.*

(v) *Post-secondary school. A vocational or technical institution, or an institution of higher learning (including community college).*

City of Philadelphia

BILL NO. 100223 continued

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(b) *Philadelphia Internship Tax Credit. For tax years 2012 and 2013, a business may claim a credit against business privilege tax liability in an amount equal to the lesser of \$600 or 40 percent of the compensation paid to an intern employed by the business, as follows:*

(i) *No more than 750 internships and 100 businesses per calendar year shall be eligible for the tax credit, to be determined on a "first come-first served" basis;*

(ii) *The intern must be paid a minimum of \$8.00 per hour.*

(c) *Limitation on availability of the tax credit. To ensure that regular employees are not displaced by interns:*

(i) *A business shall not be entitled to the tax credit if, at the end of the tax year with respect to which the business claims this tax credit, the business has fewer paid employees (other than interns) in the office or plant where the intern worked than it had three months prior to the start of that tax year;*

(ii) *With respect to any particular intern, a business may claim the tax credit for no more than two internships in any year;*

(iii) *The intern shall not have been employed by the business, either directly or through an intermediary organization, immediately prior to the beginning of his or her first internship with that business for which the business intends to claim the tax credit authorized herein; and*

(iv) *The business must submit to the Department, along with the application pursuant to subsection (f), a certification, in form prescribed by the Department, that (A) the decision to employ the intern(s) was due in large part to the availability of the tax credit provided by this Section; and (B) the business expects a net increase in intern employment hours in the Tax Year for which the credit is applicable relative to the Tax Year immediately preceding the receipt of any credits under this Section.*

(d) *Incentive to provide multiple internships. In addition to the credit authorized in subsection (b), a business that provides three or more internships in a calendar year, as determined by the date on which each internship ends, shall be entitled to an additional credit of \$75 per internship, up to a maximum of \$375. For the purposes of this subsection, two internships completed by the same person in a calendar year shall be counted as a single internship.*

City of Philadelphia

BILL NO. 100223 continued

Certified Copy

(e) *The Department shall develop the methodology for implementing the “first-come, first-served” process authorized in subsection (b)(i).*

(f) *To be eligible for the tax credit, a business must submit an application to the Department, which the Department shall design.*

(g) *Upon receipt of an application, the Department shall promptly advise the business in writing whether the application is approved. The internship may begin before the Department issues its decision, so long as it begins on or after the date of the application.*

(h) *The tax credit shall apply to taxes paid with respect to the year in which an internship concludes, regardless of when an internship begins. To receive the tax credit, the business must include with its tax return the following:*

(i) *Certification by the business that the intern received at least the minimum compensation specified in subsection (b)(ii);*

(ii) *The hours that the intern actually worked and the total compensation paid; and*

(iii) *The number of non-intern employees in the office or plant where the intern worked at the end of the year with respect to which the business claims the tax credit, and the number of non-intern employees in the same office or plant three months prior to the start of the year.*

(i) *Payments made to an intern on behalf of a business by a non-profit intermediary organization such as the Philadelphia Youth Network shall entitle the business to the tax credit authorized herein to the extent the business would be entitled to such credit if it paid the intern directly.*

(j) *The Department is hereby authorized to promulgate regulations implementing the provisions of this Section.*

(k) *Upon the request of the President of City Council, the Department shall submit a written report to the Mayor, with a copy to the Council President and Chief Clerk of Council, summarizing its experience during the prior year with the tax credit provided under this Section, and containing any recommendations as to continuation or modification of the program established by this Section.*

* * *

SECTION 2. This Ordinance shall take effect immediately, except that the tax credit provided by §19-2604(10)(b) of The Philadelphia Code, as added by Section 1 of

City of Philadelphia

BILL NO. 100223 continued

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this Ordinance, shall be effective beginning with Tax Year 2012, unless the Director of Finance certifies to the Chief Clerk of Council and the Revenue Commissioner, on or before November 15, 2011, that the City has in place a grant or other financial assistance program that will provide incentives of comparable scope and magnitude to encourage growth in the number and availability of internships, as defined in Section 1, in which case the tax credit shall not be effective until the tax year immediately following a subsequent certification by the Director of Finance to the Chief Clerk of Council and the Revenue Commissioner that the grant or financial assistance program is less effective than the tax credit program provided for in Section 1.

Explanation:

Italics indicate new matter added.

City of Philadelphia

BILL NO. 100223 continued

Certified Copy

City of Philadelphia

BILL NO. 100223 continued

Certified Copy

CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on June 17, 2010. The Bill was Signed by the Mayor on June 30, 2010.



Michael A. Decker
Chief Clerk of the City Council