

# City of Philadelphia



(Bill No. 140140)

## AN ORDINANCE

Amending Chapter 19-1500 of The Philadelphia Code, entitled “Wage and Net Profits Tax,” by decreasing the rate or rates of the tax imposed upon certain low income persons, providing for refunds of excess taxes paid, directing the Revenue Department to develop procedures and forms whereby eligible taxpayers can obtain such refunds, and requiring employers to provide refund forms to employees; all under certain terms and conditions.

### *THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. Chapter 19-1500 of The Philadelphia Code, entitled “Wage and Net Profits Tax,” is hereby amended to read as follows:

#### CHAPTER 19-1500. WAGE AND NET PROFITS TAX.

§19-1501. Definitions.

\* \* \*

(4) [Reserved.] *Low Income Non-Residents. Non-Residents who are entitled to refund and/or forgiveness of taxes pursuant to State Low-Income Tax Provisions, including those who are eligible for the maximum refund and/or forgiveness available and those who are entitled to less than the maximum percentage amount.*

(5) [Reserved.] *Low Income Residents. Residents who are entitled to refund and/or forgiveness of taxes pursuant to State Low-Income Tax Provisions, including those who are eligible for the maximum refund and/or forgiveness available and those who are entitled to less than the maximum percentage amount.*

(6) Net Profits.

\* \* \*

(7) Non-resident.

\* \* \*

(8) Person.

# City of Philadelphia

BILL NO. 140140 continued

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\* \* \*

(9) Resident.

\* \* \*

(10) Salaries, Wages, Commissions and Other Compensation.

\* \* \*

(11) [Reserved.] *State Low-Income Tax Provisions. The state law provisions for refund and forgiveness of Commonwealth taxes based on poverty income set forth in Section 304 of the Tax Reform Code of 1971 (Act of March 4, 1971, P.L. 6, No. 2), as added by the Act of March 13, 1974 (P.L. 179, No. 32), 72 P.S. § 7304, and as amended from time to time.*

(12) Reserved.

(13) Reserved.

\* \* \*

§19-1508. [Reserved.] *Refunds and Forgiveness for Poverty Income.*

(1) *Beginning with the calendar year January 1, 2015 through December 31, 2015, and for each calendar year thereafter, the rate of tax imposed on Low Income Residents under §19-1502(1)(a) and (2)(a) shall be one half of one percent (0.5%) less than the rate of tax imposed upon Residents during such periods.*

(2) *Beginning with the calendar year January 1, 2015 through December 31, 2015, and for each calendar year thereafter, the rate of tax imposed on Low Income Non-Residents under §19-1502 (1) (b) and (2)(b) shall be one half of one percent (0.5%) less than the rate of tax imposed upon Non-Residents during such periods.*

(3) *A person subject to the rates described in subsections (1) and (2) shall be entitled to a refund of any taxes paid in excess of the amounts due under such subsections upon application to the Department on forms prepared by the Department. The Department shall post a downloadable version of the form on its website, with a link to that form on the main page of the website.*

(a) *Any person who has filed a PA Schedule SP (“Special Tax Forgiveness”) with the Commonwealth for the relevant calendar year may attach a signed copy of that schedule to the Department’s form, in which case the Department shall use the*

# City of Philadelphia

BILL NO. 140140 continued

Certified Copy

*information on that form to determine the eligibility of the person for a refund under this Section.*

*(b) The Department's form shall: advise applicants of the existence of the State Low-Income Tax Provisions; explain that a person who is eligible for any tax forgiveness under those provisions is also entitled to relief under this Section if they have had tax withheld pursuant to this Chapter; and explain that if they have filed a PA Schedule SP, they must attach a copy of that form to the Department's application form.*

*(4) For calendar year 2015 and for each year thereafter, each employer that withholds taxes imposed by this Chapter shall provide each employee from whom it withholds such taxes a copy of the application prepared by the Department at the same time that it provides the employee with his or her federal Form W-2 or comparable form. The Department shall notify each employer of this responsibility and shall direct employers to the downloadable version of the form on its website.*

*(5) The withholding and filing requirements of this Chapter shall continue to apply to, and in connection with, persons entitled to refunds and forgiveness under this Section.*

*(6) The Department shall, within one hundred eighty (180) days of the date that this Section 19-1508 first becomes law, develop procedures and forms whereby the persons entitled to refunds and forgiveness under this Section can obtain the relief specified herein. The first such refunds shall be made no sooner than July 1, 2016, nor later than September 30, 2016, based upon returns filed for calendar year 2015.*

*(7) No later than one year after the date that this Section 19-1508 first becomes law, the Department shall submit to the Mayor, the Finance Director, the President of City Council, and the Chief Clerk of City Council a report assessing the feasibility of automatically generating refunds to eligible taxpayers who have filed a PA Schedule SP, without requiring such taxpayers to submit applications for refunds authorized by this Section.*

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## **Explanation:**

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

# City of Philadelphia

BILL NO. 140140 continued

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CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on June 5, 2014. The Bill was Signed by the Mayor on June 17, 2014.



Michael A. Decker  
Chief Clerk of the City Council