

Legislation Text

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Amending Chapter 19-2600 of The Philadelphia Code, relating to tax rates, credits and alternative tax computation for the business privilege tax, by providing certain exclusions; revising certain tax rates; and creating certain fresh food tax credits; all under certain terms and conditions.

*THE COUCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

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

§19-2601. Definitions.

\* \* \*

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 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:

\* \* \*

*(13) Beginning with the tax year 2011 and thereafter, the first \$100,000 in receipts received by any person or business subject to the business privilege tax under this Chapter.*

\* \* \*

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

(1) Every business shall pay an annual tax on each dollar of annual receipts at the millage rate shown in the second column of the following chart (“Receipts rate in mills”), and an annual tax on net income at the percentage rate shown in the third column (“Net income rate %“), except that a regulated industry shall only pay an annual tax on each dollar of annual receipts at the millage rate shown in the second column, and in an amount not to exceed the percentage of net income shown in the third column:

Tax year (s)	Receipts rate in mills	Net income rate %
* * *	* * *	* * *
2008 through [2013] 2010	1.415 mills	6.45%
2011	1.7 mills	5.2%
2012	2.6 mills	3.9%
2013	3.5 mills	2.6%
2014	4.4 mills	1.3%
2015 and thereafter	5.3 mills	0.00%
[2014]	[1.325 mills]	[6.40%]
[2015]	[1.25 mills]	[6.35%]
[2016]	[1.1 mills]	[6.30%]
[2017]	[1.0 mills]	[6.25%]
[2018]	[0.85 mills]	[6.20%]
[2019]	[0.75 mills]	[6.15%]
[2020]	[0.50 mills]	[6.10%]
[2021]	[0.25 mills]	[6.05%]
[2022 and thereafter]	[0.0 mills]	[6.00%]

\* \* \*

(3) Alternative Receipts Tax Computation. A manufacturer (other than a regulated industry) shall at its option be permitted to compute the gross receipts tax on manufacturing sales at the rate shown in the following chart under the column entitled “Manufacturers,” multiplied by receipts from manufacturing sales after deducting the applicable cost of goods sold as determined under the rules provided by the Federal Internal Revenue Code. A wholesaler (other than a regulated industry) shall at its option be permitted to compute the gross receipts tax on wholesale sales at the rate shown under the column entitled “Wholesalers,” multiplied by receipts from wholesale sales after deducting the applicable cost of goods and the applicable cost of labor. A retailer (other than a regulated industry) shall at its option be permitted to compute the gross receipts tax on retail sales at the rate shown under the column entitled “Retailers,” multiplied by receipts from retail sales after deducting the applicable cost of goods and the applicable cost of labor:

Tax year(s)	Manufacturer (%)	Wholesalers (%)	Retailers (%)
* * *	* * *	* * *	* * *
2008 through [2013] 2010	2.34 %	3.29 %	0.78 %
2011	2.4%	3.3%	0.8%
2012	2.4%	3.4%	0.9%
2013 and thereafter	2.5%	3.5%	1.0%
[2014]	[2.19 %]	[3.08 %]	[0.73 %]
[2015]	[2.07 %]	[2.91 %]	[0.69 %]
[2016]	[1.82 %]	[2.56 %]	[0.61 %]

[2017]	[1.65 %]	[2.33 %]	[0.55 %]
[2018]	[1.40 %]	[1.98 %]	[0.47 %]
[2019]	[1.24 %]	[1.75 %]	[0.41 %]
[2020]	[0.83 %]	[1.17 %]	[0.27 %]
[2021]	[0.43%]	[0.59%]	[0.14%]
[2022 and thereafter]	[0.0%]	[0.0%]	[0.0%]

\* \* \*

(11) *Fresh Food Tax Credit.*

(a) *Definitions.*

(i) *Fresh food. Unprepared fresh fruits and vegetables; unprepared meat, poultry, fish, and seafood (including steamed seafood); eggs; and milk sold in pint, quart, half-gallon, and gallon quantities.*

(ii) *Fresh food retailer. A business that sells fresh food at retail. The following are examples of fresh food retailers: grocery stores, supermarkets, farmers' markets, corner stores, convenience stores, and similar businesses.*

(b) *Tax Credit.*

(i) *Starting in tax year 2011, fresh food retailers shall be eligible to receive a non-refundable fresh food tax credit against their business privilege tax liability as set forth below, provided however that the total amount of such tax credit available to any single fresh food retailer shall not exceed the following amounts in the following tax years: for tax year 2011, 2.5% of the retailer's total gross receipts tax liability; for tax year 2012, 13.5% of the retailer's total gross receipts tax liability; and for tax year 2013 and thereafter, 22% of the retailer's total gross receipts tax liability. Any unused tax credits may not be carried forward.*

(ii) *The fresh food tax credit shall be calculated as follows: For the given tax year, the applicant fresh food retailer shall determine the dollar value of its receipts from the sale of fresh foods that exceed ten percent (10%) of its overall receipts, which shall be the "fresh food tax credit base." The amount of the fresh food tax credit shall be as follows, subject to the limitations set forth in subsection (i) above: for tax year 2011, the fresh food tax credit amount shall be 0.4% of the fresh food tax credit base; for tax year 2012, the fresh food tax credit amount shall be 2.4% of the fresh food tax credit base; and for tax year 2013 and thereafter, the fresh food tax credit amount shall be 4.4% of the fresh food tax credit base.*

(iii) *The Department of Revenue may by regulation detail the documentation that a business must submit with its tax return to support the tax credits provided by this subsection.*

(c) *Reporting.*

(i) *The Department of Revenue shall by December 31 of each year submit a written report to the Mayor, with a copy to the President and Chief Clerk of Council, summarizing the City's experience*

*during the prior tax year with the Fresh Food Tax Credit. The first such report shall be submitted by December 31, 2012.*

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**Explanation:**

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