



Legislation Text

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Amending Chapter 19-4000, entitled "Income Inequality Initiative - Earned Income Tax Credit," by requiring employers to provide notification to workers regarding the availability of certain additional federal and City tax benefit programs and extending the Department of Revenue's notification and reporting requirements to such additional tax benefit programs; all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

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

TITLE 19. FINANCE, TAXES AND COLLECTIONS

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CHAPTER 19-4000. INCOME INEQUALITY INITIATIVE - [EARNED INCOME TAX CREDIT] TAX LIABILITY REDUCTION ELIGIBILITY NOTIFICATION

§ 19-4001. Definitions.

As used in this Chapter, the following definitions shall apply:

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(2) EITC. The federal Earned Income Tax [Credit.] *Credit, as set forth in § 32 of the Internal Revenue Code.*

(3) [EITC Notice. A form, prepared by the Department, that provides, in clearly understandable language and format, notice of the availability of and benefits from the EITC, and a description of the services available from the City to assist in applying for the EITC along with contact information.] *Child Tax Credit. The federal Child Tax Credit, as set forth in § 24 of the Internal Revenue Code.*

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(5) *Tax Liability Reduction Eligibility Notice. A form, prepared by the Department, that provides, in clearly understandable language and format, notice of the availability of and benefits from the EITC, Wage Tax Refund, and Child Tax Credit, and a description for each program of the eligibility requirements, credit or refund available, application process and services available from the City to assist in applying for benefits along with relevant contact information.*

(6) *Wage Tax Refund. The refund on annual tax on salaries, wages, commissions and other compensation earned by residents and non-residents of Philadelphia, as set forth in § 19-1508 (Refunds and Forgiveness for Poverty Income) of the Philadelphia Code.*

§ 19-4002. Statement of [EITC] *Tax Liability Reduction* Policy.

It is the policy of the City to enable all persons who live or work in Philadelphia and who are potentially eligible for the [EITC] *EITC, Child Tax Credit or Wage Tax Refund* to apply for and receive the maximum [credit] *tax benefit* to which they are entitled.

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§ 19-4004. [Duty to Provide Notice of EITC Program.] *Required Notification*.

Beginning with calendar year 2015 and each year thereafter:

(1) *By February 15 of each year, each* [Each] employer shall [on an annual basis] provide each employee residing or working in Philadelphia from whom it withholds taxes [an EITC] *a Tax Liability Reduction Eligibility* Notice at the same time that it provides the employee with [his or her] *the employee's* federal W-2 or comparable form.

(2) *By February 15 of each year, a* [A] person or business that is required to provide a non-payroll worker residing or working in Philadelphia with a federal form 1099 or comparable form shall [on an annual basis] provide each such worker with both the federal form and [an EITC] *a Tax Liability Reduction Eligibility* Notice at the same time.

(3) *By February 15 of each year, any third party that is retained to provide tax information, including but not limited to W-2 forms, federal form 1099 or other tax filing documents, to a worker residing or working in Philadelphia shall provide such worker a Tax Liability Reduction Eligibility Notice in connection with the provision of any tax filing documents.*

(4) The Department shall notify each employer subject to subsection (1) and each person or business subject to subsection [(2)] (2), *and each third party subject to subsection (3)* of the requirements of this Section, and shall provide a downloadable version of the [EITC] *Tax Liability Reduction Eligibility* Notice on its website.

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§ 19-4005. Reporting Requirements.

(1) [Within ninety (90) days of the date that this Chapter first becomes law, the Department shall prepare a report on its compliance with the EITC Policy set forth in Section 19-4002. Such report may be in the form of the EITC Policy Implementation Manual described in Section 19-4003, and shall be filed with the Chief Clerk of Council, with a copy to the President of Council.] *Reserved*.

(2) Beginning on July 1, 2015, and on that date each year thereafter, the Finance Director shall submit to Council, together with the Mayor's proposed operating budget ordinance, [an EITC Policy Implementation Report.] *a report on implementation of the City's Tax Liability Reduction Policy*. The Finance Director shall post a copy of the Report on the City's website. The Report shall provide the following information:

(a) A detailed assessment of the progress made by the City over the previous calendar year in executing the City's [EITC] *Tax Liability Reduction* Policy. This should include the City's outreach efforts and strategy to identify, contact and enroll, by each year's respective tax filing deadline, all [EITC-eligible] *eligible* persons residing or working in the City of Philadelphia. The City's strategy may include, among other things, a plan to accurately identify and enroll those who live or work in the City and who failed to claim [the EITC] *available tax benefits* in prior years, contracting with interested nonprofits to provide free tax filing assistance, and engaging in community outreach;

* * *

(c) *The most recently available data on the number of Philadelphia residents receiving the Child Tax Credit, the number of Philadelphia residents eligible for the Child Tax Credit, and the gap between the two, as well as those numbers for prior years;*

(d) *The most recently available data on the number of Philadelphia residents receiving the Wage Tax Refund, the number of Philadelphia residents eligible for the Wage Tax Refund, and the gap between the two, as well as those numbers for prior years;*

(e) Commencing in calendar year 2018, the following additional information:

(.1) A detailed listing of all financial expenditures made towards the implementation of the City's [EITC] *Tax Liability Reduction* Policy. This should include, but is not limited to, expenditures relating to the following:

- (.a) Community engagement and outreach efforts;
- (.b) Marketing, advertising and personal relations;
- (.c) Free tax preparation sites and filing efforts;
- (.d) Communications efforts;
- (.e) Personal services and administrative costs;

(.2) In addition, all expenditure information shall also include, but is not limited to:

(.a) An itemized list of all recipients (including non-profit organizations, accounting firms, city departments or any third parties) who received funds from the City relating to the implementation of the City's [EITC] *Tax Liability Reduction* Policy;

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[(d)] (f) Such other information as the Department deems appropriate or that Council by resolution requests.

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SECTION 2. This Ordinance shall take effect immediately, with the exception of the revisions to Section 19-4004 of the Code, which shall take effect immediately upon the Commissioner of the Department of Revenue certifying to the Chief Clerk of City Council that the Tax Credit and Refund Eligibility Notice authorized under Section 1 of this Ordinance is publicly available on the Department of Revenue's website.

