

Legislation Text

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Amending Chapters 19-2600, 19-1500, and 19-2800 of The Philadelphia Code, entitled, respectively, "Business Privilege Taxes," "Wage and Net Profits Tax," and "Pennsylvania Intergovernmental Cooperation Authority Tax on Wages and Net Profits," by providing certain exclusions and revising certain definitions, all 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.

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Business. Carrying on or exercising for gain or profit within a city of the first class, any trade, business, including financial business as hereinafter defined, profession, vocation or commercial activity, including the partial or complete liquidation or sale of business assets, or making sales to persons within such city of the first class. "Business" shall not include the following:

* * *

(7) For tax year 2012 and thereafter, the activities of (i) an investment company (no matter how organized) as defined in subsection 3(a) of the Investment Company Act of 1940, without regard to the exceptions set forth at subsections 3(c)(1), 3(c)(3) with respect to common trusts or similar funds, 3(c)(5)(C), 3(c)(7), 3(c)(9), 3(c)(10), 3(c)(11), or 3(c)(14) of said Act; and (ii) an entity or natural person directly or indirectly owning a general partnership interest or a managing member interest in a limited liability company in an entity described in subsection (i) that is not publicly traded, to the extent that the activities consist of the exercise of management responsibilities of a general partner or of a managing member in a limited liability company and result in income, gross, net or otherwise, that is measured by or otherwise based on the financial performance of the entity. Except as otherwise provided by law, the activities of any such entity or natural person other than the activities described above shall not be excluded from the definition of "business." The Revenue Department may, by regulation, apply the provisions of subparagraphs (i) or (ii) to the activities of an entity or natural person that are substantially the same as those described in subparagraph (i) or (ii) whether or not the investee entity is publicly traded.

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SECTION 2. Chapter 19-1500 of The Philadelphia Code is amended to read as follows:

CHAPTER 19-1500. WAGE AND NET PROFITS TAX

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§ 19-1502. Imposition of Tax.

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(2) Tax On Net Profits Earned In Businesses, Professions Or Other Activities.

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(e) For taxable years beginning on or after January 1, 2012, the tax levied under § 19-1502 (2)(a) and (b) shall not apply to any net profits from any activity described in Section 19-2601 "Business," subsection (7) (relating to certain investment companies and investment company managers).

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SECTION 3. Chapter 19-2800 of The Philadelphia Code is amended to read as follows:

CHAPTER 19-2800. PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY TAX ON WAGES AND NET PROFITS

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§ 19-2803. Imposition of Pennsylvania Intergovernmental Cooperation Authority Tax on Wages and Net Profits.

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(5) For taxable years beginning on or after January 1, 2012, the tax levied under § 19-2803(1)(b) shall not apply to any net profits from any activity described in Section 19-2601 "Business," subsection (7) (relating to certain investment companies and investment company managers).

SECTION 4. Section 101(D)(9) of the City of Philadelphia Business Privilege Tax Regulations (relating to the activities of a pool of cash) and Section 101(b)(4) of the City of Philadelphia Income Tax Regulations (relating to the activities of a pool of cash) are superseded as of the effective date of this Ordinance.

SECTION 5. Nothing in this Ordinance shall affect the amount of estimated business privilege tax payments required to be paid in April 2012 for estimated Tax Year 2012 tax liabilities, and such estimated tax payments shall be calculated as if this Ordinance were not in effect for Tax Year 2012.

Explanation:

[Brackets] indicates matter deleted.

Italics indicate new matter added.