

Legislation Text

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Amending Section 19-2604 of The Philadelphia Code, relating to tax rates, credits and alternative tax computation for the business privilege tax, by reducing certain tax rates, and by making technical amendments; all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Section 19-2604 of The Philadelphia Code is hereby repealed in its entirety, and a new Section 19-2604 of the Code is added, to read as follows:

§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:

<i>Tax year(s)</i>	<i>Receipts rate in Net income</i>	
	<i>mills</i>	<i>rate %</i>
<i>1985</i>	<i>3.05</i>	<i>3.70%</i>
<i>1986 through 1988 inclusive</i>	<i>3.90 mills</i>	<i>4.35%</i>
<i>1989 through 1995 inclusive</i>	<i>3.25 mills</i>	<i>6.50%</i>
<i>1996</i>	<i>3.00 mills</i>	<i>6.50%</i>
<i>1997</i>	<i>2.95 mills</i>	<i>6.50%</i>
<i>1998</i>	<i>2.875 mills</i>	<i>6.50%</i>
<i>1999</i>	<i>2.775 mills</i>	<i>6.50%</i>
<i>2000</i>	<i>2.65 mills</i>	<i>6.50%</i>
<i>2001</i>	<i>2.525 mills</i>	<i>6.50%</i>
<i>2002</i>	<i>2.40 mills</i>	<i>6.50%</i>
<i>2003 and thereafter</i>	<i>2.30 mills</i>	<i>6.50%</i>

(2) The annual tax to be paid by any person registered under the Act of December 5, 1972 (P.L. 1280, No. 284), known as the Pennsylvania Securities Act of 1972, shall in no event be less than the sum of: (a) the millage rate shown in the second column of the following chart (“Rate 1 in mills”), multiplied by the person’s taxable receipts without regard to the exclusion from receipts as defined in paragraph (8) of the definition of “receipts” in §19-2601; plus (b) the lesser of (i) the millage rate shown in the third column (“Rate 2 in mills”), multiplied by the person’s taxable receipts without regard to the exclusion from receipts as defined in paragraph (8) of the definition of “receipts” in §19-2601, or (ii) the percentage shown in the fourth column (“% of net income”), multiplied by the person’s net income without regard to the deduction as defined in subsection (a)(2)(v) of the definition of “net income” in §19-2601:

<i>Tax year(s)</i>	<i>Rate 1 in mills</i>	<i>Rate 2 in mills</i>	<i>% of net income</i>
1985	4.60 mills	2.30 mills	2.30%
1986 through 1988 inclusive	5.90 mills	2.90 mills	2.90%
1989 through 1997 inclusive	5.711 mills	4.302 mills	4.302%
1998 and thereafter	4.60 mills	2.30 mills	2.30%

(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:

<i>Tax year(s)</i>	<i>Manufacturer (%)</i>	<i>Wholesalers (%)</i>	<i>Retailers (%)</i>
1985	4.357%	6.10%	2.033%
1986 through 1988 inclusive	5.573%	7.80%	2.60%
1989 through 1991 inclusive	5.395%	7.55%	2.10%
1992 through 1995 inclusive	5.395%	7.55%	1.80%
1996	4.98%	6.97%	1.662%
1997	4.90%	6.85%	1.63%
1998	4.77%	6.68%	1.59%
1999	4.60%	6.45%	1.53%
2000	4.39%	6.16%	1.46%
2001	4.18%	5.87%	1.39%
2002	3.97%	5.58%	1.32%
2003 and thereafter	3.80%	5.35%	1.27%

(4) Any person liable for the payment of taxes pursuant to this Chapter shall be given a credit in the amount of sixty percent (60%) of the tax liability based upon net income under this Chapter against net profits taxes owed pursuant to the provisions of Chapter 19-1500 of this Title.

SECTION 2. The repeal and reenactment of Section 19-2604 of The Philadelphia Code effected by this Ordinance is not intended to change any rates of taxation or any other matter with respect to any tax year prior to tax year 2003, but is intended only to restate those rates and other matters in a more easily readable form.

Explanation:

Italics indicate new matter added.