

Legislation Text

File #: 080797, Version: 0

Amending Section 19-2604, relating to tax rates, credits and alternative tax computation for the business privilege tax, by providing that a portion of the tax based upon gross receipts may be taken as a credit against the tax based upon net income, and making technical amendments to Section 19-1506 of The Philadelphia Code, relating to credits against the wage and net profits tax, 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 hereby amended to read as follows:

CHAPTER 19-2600. BUSINESS PRIVILEGE TAXES.

* * *

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

* * *

(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. *Such credit shall be calculated without regard to any reduction in tax provided under §19-2604(5), relating to the Credit for Gross Receipts Tax Against Net Income Tax, or §19-2604(6), relating to Credit for Contributions to Community Development Corporations.*

[(5) The credit against net profits tax liability, provided under § 19-2604(4), shall be calculated without regard to any reduction in tax provided under § 19-2604(6), relating to Credit for Contributions to Community Development Corporations.]

(5) *Credit for Gross Receipt Tax Against Net Income Tax.*

(a) *Any person liable for the payment of the tax on gross receipts under this Chapter shall be given a credit of a specified percentage of such tax against any tax the person is liable to pay on net income under this Chapter, as follows:*

| <i>Tax Year(s)</i> | <i>Percentage Credit</i> |
|----------------------------|--------------------------|
| <i>2008 and before</i> | <i>0.0%</i> |
| <i>2009</i> | <i>8.1%</i> |
| <i>2010</i> | <i>18.7%</i> |
| <i>2011</i> | <i>29.3%</i> |
| <i>2012</i> | <i>47.0%</i> |
| <i>2013</i> | <i>64.7%</i> |
| <i>2014</i> | <i>82.3%</i> |
| <i>2015 and thereafter</i> | <i>100%</i> |

(b) The tax credit provided by this subsection (5) shall not exceed the amount of tax due upon net income in any year, provided that any unused tax credits may be carried forward for five years.

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

CHAPTER 19-1500. WAGE AND NET PROFITS TAX.

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§ 19-1506. Credit Against Tax.

(1) Any person subject to a tax under §19-1502(1)(c) and (d) shall be given a credit in the amount of sixty percent (60%) of the tax liability based upon net income and paid as provided by Chapter 19-2600 of this Title, subject to the provisions of this Section.

(a) The credit against net profits tax liability, provided under §19-2604(4), shall be calculated without regard to any reduction in tax provided under §19-2604(5), relating to the Credit for Gross Receipt Taxes Against Net Income Taxes, or §19-2604(6), relating to Credit for Contributions to Community Development Corporations.

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Explanation:

[Brackets] indicate matter deleted.

Italics indicate new matter added.