



Legislation Text

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Amending Bill No. 210284, entitled “An Ordinance Amending Chapter 19-2600 of The Philadelphia Code, entitled ‘Business Income and Receipts Taxes,’ by revising certain tax rates, under certain terms and conditions,” to fix a mistake in identifying the tax year to which a tax reduction applies, so that the tax reduction applies in FY2023, all under certain conditions.

Whereas, as adopted into law, Bill No. 210284, approved June 27, 2022, reduced the net income tax rate for Business Income and Receipts Taxes (“BIRT”) for tax year 2023 and thereafter;

Whereas, Council intended to make the reduction in the net income tax rate applicable to tax year 2022, such that the reduction in taxes would be meaningful within the FY2023 budget cycle (i.e., with respect to BIRT taxes that will be paid on or before June 30, 2023);

Whereas, the City Administration plainly understood that Council was intending in Bill No. 210284 to reduce the BIRT net income tax rate for tax year 2022, as reflected in contemporaneous conversations between the Administration and Council;

Whereas, most significantly in this regard, the Administration utilized the reduced tax rate of 5.99% for the Net Income portion of the BIRT when it calculated the City’s anticipated revenues when determining that the City’s operating budget for FY2023 that was passed by Council and approved by the Mayor (Bill No. 220286, approved June 27, 2022) was balanced, as required under Section 2-302 of the Home Rule Charter; and

Whereas, the fact that the Administration used the reduced tax rate for that purpose is reflected in the document attached hereto as Exhibit “A” that was submitted to the Pennsylvania Intergovernmental Cooperation Authority on June 30, 2022, as part of the City’s demonstration to PICA that it had adopted a balanced budget for FY 2023; now, therefore,

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

Section 1. Section 1 of Bill No. 210284, entitled “An Ordinance Amending Chapter 19-2600 of The Philadelphia Code, entitled ‘Business Income and Receipts Taxes,’ by revising certain tax rates, under certain terms and conditions,” is hereby amended to read as follows (additions in **Bold**):

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

CHAPTER 19-2600. BUSINESS INCOME AND RECEIPTS TAXES

* * *

§ 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 %
	* * *	
2021	1.415 mills	6.20%
2022	1.415 mills	[6.20%] 5.99%
2023 <i>and thereafter</i>	1.415 mills	[6.15%] <i>5.99%</i>
[2024 and thereafter]	[1.415 mills]	[6.10%]

* * *

Explanation:

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