

Legislation Text

File #: 030008, **Version:** 1

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; 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 amended 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:

Tax year(s)	Receipts rate in Net income	
	mills	rate %
1985	3.05	3.70%
1986 through 1988 inclusive	3.90 mills	4.35%
1989 through 1995 inclusive	3.25 mills	6.50%
1996	3.00 mills	6.50%
1997	2.95 mills	6.50%
1998	2.875 mills	6.50%
1999	2.775 mills	6.50%
2000	2.65 mills	6.50%
2001	2.525 mills	6.50%
2002	2.40 mills	6.50%
2003 [and thereafter]	2.30 mills	6.50%
2004	2.10 mills	6.50%
2005	1.90 mills	6.50%
2006	1.75 mills	6.50%
2007	1.625 mills	6.50%
2008 and thereafter	1.50 mills	6.50%

(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:

Tax year(s)	Rate 1 in mills	Rate 2 in mills	% of net income
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 millage 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 millage 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:

Tax year(s)	Manufacturer (mills)	Wholesalers (mills)	Retailers (mills)
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
2004	3.47	4.88	1.16
2005	3.14	4.42	1.05
2006	2.89	4.07	0.97
2007	2.68	3.78	0.90
2008 and thereafter	2.48	3.49	0.83

(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.

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Explanation:

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