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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; 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*, and except as rates are otherwise provided under §19-2604(5)*:

Tax year (s)	Receipts rate in mills	Net income rate %
* * *		
2002	2.40 mills	6.50%
2003	2.30 mills	6.50%
2004	2.10 mills	6.50%
2005	1.90 mills	6.50%
2006	[1.75 mills] *1.725 mi*	[6.50%] *6.4625%*
2007	[1.625 mills] *1.575 m*	[6.50%] *6.425%*
2008 [and thereafter]	[1.50 mills] *1.4375 m*	[6.50%] *6.3875%*
2009	*1.3125 mills*	*6.35%*
2010	*1.1875 mills*	*6.3125%*
2011	*1.02 mills*	*5.7%*
2012	*0.85 mills*	*5.0875%*
2013	*0.68 mills*	*4.475%*
2014	*0.51 mills*	*3.8625%*
2015	*0.34 mills*	*3.25%*
2016	*0.17 mills*	*3.25%*
2017 and thereafter	*0 mills*	*3.25%*

(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 (%)	Wholesalers (%)	Retailers (%)
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	3.80	5.35	1.27
2004	3.47	4.88	1.16
2005	3.14	4.42	1.05

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2006	[2.89] *2.85*	[4.07] *4.01*	[0.97] *.95*
2007	[2.68] *2.6*	[3.78] *3.66*	[0.90] *.87*
2008 [and thereafter]	[2.48] *2.37*	[3.49] *3.34*	[0.83] *.79*
2009	*2.16*	*3.05*	*0.72*
2010	*1.95*	*2.76*	*0.65*
2011	*1.67*	*2.37*	*0.56*
2012	*1.39*	*1.98*	*0.47*
2013	*1.11*	*1.58*	*0.38*
2014	*0.83*	*1.19*	*0.29*
2015	*0.55*	*0.79*	*0.19*
2016	*0.28*	*0.4*	*0.1*
2017 and thereafter	*0*	*0*	*0*

* * *

(5) [Reserved.] *The rates shown in §19-2604(1), (2) and (3) for Tax Years 2011 and thereafter shall not take effect unless Council by ordinance so provides, and until Council so provides, the tax rates for Tax Years 2011 and thereafter shall be the same as the tax rates set forth for Tax Year 2010. It is Council's intent that beginning with Fiscal Year 2008, Council shall, no later than the enactment of the operating budget ordinance for each Fiscal Year, enact into law tax rates covering that Fiscal Year and the next four fiscal years, so that at all times, tax rates shall be fixed by law for a period of at least five years.*

* * *

SECTION 2. This Ordinance shall take effect with tax years beginning on or after January 1, 2006.

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

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