

Legislation Text

File #: 150051, **Version:** 0

Amending Chapter 19-1500 of The Philadelphia Code, entitled “Wage and Net Profits Tax,” to provide a tax credit and refund of excess taxes paid for certain low-income taxpayers whose children are enrolled in qualified early childhood education or care programs, establishing standards of eligibility and procedures, and making technical changes, all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. 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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§ 19-1509. Tax Credit for Enrollment of Children in Qualified Early Childhood Education Programs.

(1) Definitions. The following definitions apply to this Section.

(a) Keystone STARS Performance Standards. Performance standards established through the Pennsylvania Department of Public Welfare’s Keystone STARS Initiative designed to improve programs that serve young children.

(b) Qualified Early Childhood Education Program or “QECEP”. A pre-kindergarten, nursery school, child care or similar early childhood program that has a Keystone STARS Performance Standards rating of STAR 1, STAR 2, STAR 3 or STAR 4.

(c) Taxpayer’s Child. A taxpayer’s child or children or a child or children for whom the taxpayer is a legal guardian.

(2) Eligibility.

(a) Beginning with taxes paid in calendar year January 1, 2016 through December 31, 2016, and for each calendar year thereafter, Low Income Residents and Low Income Non-Residents shall be entitled to a tax credit against taxes paid pursuant to subsections 19-1502(1) and 19-1502(2), in the form of a refund of up to a maximum of the amount actually paid, based on the costs paid by the taxpayer for any Qualified Early Childhood Education Program in which the Taxpayer’s Child is enrolled, provided the following conditions are satisfied:

(.1) The child resides in the household with the taxpayer;

(.2) The child was enrolled in a QECEP for at least three (3) months of the calendar

year in which the taxes were paid; and

(.3) The taxpayer is not delinquent with respect to any other taxes owed the City, or the taxpayer has an agreement with the City for the payment of such taxes.

(3) Amount of Tax Credit.

(a) A qualifying taxpayer shall be entitled to a dollar for dollar credit against wage or net profits tax liability for payment of Qualified Early Childhood Education Program costs for his or her children, provided that such credit shall not exceed the amount of total wage or net income tax liability for the calendar year.

(b) A qualifying taxpayer shall not receive any credit under this Section for any QECEP costs for which the taxpayer has received any federal or state financial assistance for enrollment of the Taxpayer's Child, with the exception of the Child Care Tax Credit under Section 24 of the Internal Revenue Code (26 U.S.C.A. § 24).

(c) A qualifying taxpayer shall not receive any credit under this Section for any QECEP costs for which another taxpayer has received credit under this Section.

(d) Nothing in this Section shall permit credits to be charged against any given tax year in excess of the amount of the taxpayer's tax liability under § 19-1502(1) and (2) for that tax year.

(e) Credits shall not carry over from year to year and shall only be applicable to the year in which the costs for QECEP enrollment are incurred.

(4) Credit Refunds.

(a) The credit amount shall be refunded to the taxpayer upon the approval of an application filed by the taxpayer with the Department.

(5) Program Implementation.

(a) The Department shall prepare an application that: (i) advises potential applicants of the existence of the tax credit and that the taxpayer may be eligible for relief, if the taxpayer has had taxes withheld pursuant to this Chapter; (ii) specifies the type of documentary proof required to establish eligibility for the tax credit; and (iii) requests any other information required by the Department.

(b) Any person who has filed a PA Schedule SP ("Special Tax Forgiveness") with the Commonwealth for the relevant calendar year may attach a signed copy of that schedule to the Department's form, in which case the Department shall use the information on that form to determine eligibility as a Low-Income Resident or Low-Income Non-Resident.

(c) The Department shall maintain, on its official website, a current list of all Qualified Early Childhood Education Programs in the City.

(d) The Department shall post a downloadable version of the application on the main webpage of its website.

(e) For calendar year 2016 and each year thereafter, each employer that withholds taxes imposed by this Chapter shall, at the same time it provides the employee with his or her federal Form W-2 or comparable form, provide each employee from whom it withholds such taxes a separate notice, in such form as may be established by the Department, regarding eligibility for the credits set forth in this Section, and the manner in which the taxpayer may download the application form from the Department's website.

(f) The withholding and filing requirements of this Chapter shall continue to apply to, and in connection with, taxpayers entitled to credits and refunds under this Section.

(g) Each QECEP shall provide, once per year beginning in calendar year 2016, a notice, in such form as may be established by the Department, regarding eligibility for the credits set forth in this Section, and the manner in which the taxpayer may download the application form from the Department's website.

(h) The Department shall, within one year of the date this Section first becomes law, develop procedures and forms whereby taxpayers entitled to credits and refunds under this Section can obtain such credits and refunds. The first such refunds shall be made no later than September 30, 2017, based upon applications filed for calendar year 2016.

(i) Each year, starting the first week of January 2016, the Department shall notify each employer that withholds taxes imposed by this Chapter, and each QECEP, of its responsibilities under subsection(5)(e) or (g), and shall direct employers and to the downloadable version of the application form on its website.

(j) The Department may adopt such regulations as it may deem necessary for implementation of the provisions of this Section.

(k) No later than July 31, 2017, the Department shall submit to the Mayor, the Finance Director, and the Chief Clerk of City Council a report assessing the utilization of this program.

[§ 19-1509.] § 19-1510. Civil Actions for Tax Violations.

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(2) Prohibited Conduct.

(a) Any business, employer, or person who commits any of the following acts shall be liable to the City for three (3) times the amount of Damages which the City sustains because of the act of that business, employer, or person; shall have committed a Class III offense; and shall be liable for attorneys' fees and costs for any civil action brought to recover such Damages and fines:

* * *

(.3) Conspires with another to violate Section [19-1509(2)(a)(.1)] 1510 (a)(.1) or (a)(.2).

Explanation:

[Brackets] indicate matter deleted.

Italics indicate new matter added.