

Legislation Text

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Adding a Chapter 19-4300 to The Philadelphia Code, entitled "Tax Benefits for New Megabusinesses," by providing an incentive for a New Megabusiness that chooses to locate in the City of Philadelphia by reducing the Business Net Income Tax rate to zero, all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Title 19 of The Philadelphia Code is hereby amended to read as follows:

TITLE 19. FINANCE, TAXES AND COLLECTIONS.

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CHAPTER 19-4300. TAX BENEFITS FOR NEW MEGABUSINESSES.

§ 19-4301. *Definitions. For purposes of this Chapter, the following definitions apply:*

(1) *"Department" shall mean the Revenue Department.*

(2) *"Full-Time Employee" shall mean an employee who has on average at least thirty-seven and one-half (37.5) hours of service per week during the calendar month.*

(3) *"New Megabusiness" shall mean a New Business as defined in this Section which is unanimously certified as a New Megabusiness by the President of Philadelphia City Council, the Philadelphia Director of Commerce, and the President of the Philadelphia Industrial Development Corporation, in that it realistically offers the prospect of:*

(a) *Creating fifty thousand (50,000) new full-time jobs in the City of Philadelphia;*

and

(b) *Capital investment of 5 Billion Dollars (\$5,000,000,000) in new construction in the City of Philadelphia.*

(4) "New Business" shall mean any business that is subject to the business income and receipts tax under Section 19-2603, but that was not subject to the business income and receipts tax under Section 19-2603 during the previous five (5) Tax Years.

(a) An existing business that is not subject to business income and receipts tax under Section 19-2603 because it is not currently engaged in business within the City of Philadelphia is eligible to qualify as a New Business upon engaging in such business if it meets the requirements of the preceding definition.

(b) The term "New Business" shall not include:

(.1) a business affiliated with or sharing substantial common ownership or control with a business that has filed a business income and receipts tax;

(.2) a business created through an ownership change of a business that has filed a business income and receipts tax return, including, but not limited to:

(A) a merger, acquisition or reorganization;

(B) the transfer of an existing business to a person who maintains the same or substantially similar business; and

(C) the closing of an existing business and its subsequent reopening as the same or similar business;

(.3) a business formed for the purpose of evading or avoiding payment of taxes or fees that would otherwise be due but for the provisions of this Chapter 19-4300;

§ 19-4302. Tax Rate.

(1) Notwithstanding any provision to the contrary, but subject to the conditions set forth in § 19-4301(3), with respect to the first ten (10) years after a business qualifies as a New Megabusiness, the business net income tax imposed by Section 19-2604 shall be imposed on the New Megabusiness at the rate of zero (0) percent.

§ 19-4303. Miscellaneous.

(1) There is a two billion dollar (\$2,000,000,000) cap on any one New Megabusiness receiving tax benefits under this Chapter 19-4300.

(2) The certification required as part of the definition of a New Megabusiness by § 9-4301(3) must be unanimously made by the President of Philadelphia City Council, the Philadelphia Director of Commerce,

and the President of the Philadelphia Industrial Development Corporation.

(3) At the end of its tenth (10th) anniversary of becoming subject to business income and receipts taxes, a New Megabusiness shall cease to be a New Megabusiness.

(4) Nothing in this Chapter shall affect requirements in the Code that tax returns or other financial information be filed.

(5) The Department of Revenue is authorized to promulgate regulations implementing the provisions of this Chapter.

SECTION 2. This Ordinance shall take effect beginning with Tax Year 2018.

Explanation:

[Brackets] indicate matter deleted.

Italics indicate new matter added.