



Legislation Text

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Amending Chapter 19-4200 of The Philadelphia Code, entitled "New Sustainable Businesses," to expand the tax relief offered to such businesses, and to make technical corrections, all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Section 19-4200 of The Philadelphia Code is hereby amended to read, in relevant part, as follows:

CHAPTER 19-4200. NEW SUSTAINABLE BUSINESSES.

§ 19-4201. New Sustainable Businesses.

(1) *Definitions.* For purposes of this Chapter, the following definitions apply.

* * *

(d) "*New Sustainable [New] Business*" shall mean a New Business under the preceding definition which is certified as a Sustainable Business by the [Mayor's] Office of Sustainability pursuant to Chapter 19-2600.

(2) *Tax relief.* Notwithstanding any provision to the contrary, but subject to the conditions set forth in subsection [(3)] (4), [the]

(a) *The business income and receipts tax under Section 19-2603 shall be imposed upon any New Sustainable Business at the rate of zero (0) percent during the first three (3) years that such business qualifies as a New Sustainable Business.*

(b) *The net profits tax imposed by Section 19-1502 shall be imposed with respect to the income of the New Sustainable Business at the rate of zero (0) percent during the first three (3) years that such business qualifies as a New Sustainable Business.*

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(4) Conditions for Tax Relief.

(a) *Employment Requirement.* As a condition of [imposing the business and income receipts tax at a rate of zero (0) percent upon any New Sustainable Business, such business] *the tax relief provided for in subsection (2), above, a New Sustainable Business* must, as of the 12-month anniversary of becoming subject to the business income and receipts tax and continuously thereafter through the 18-month anniversary of becoming subject to such tax, have at least two (2) full-time employees who are not family members and who work in the City at least sixty percent of the time.

(b) *Opportunity to Cure.* If it is determined that, after a *New Sustainable [New] Business* hires the required

number of qualifying employees, the number of qualifying employees subsequently drops below the required minimum, the [business shall cease to be eligible for] tax relief under subsection (2) *shall no longer be available*, and [shall be liable retroactively for] all business income and receipts taxes *and net profits taxes shall be due retroactively*, as if [it] *the business* had never been a *New Sustainable [New] Business*, provided that, [if the owner demonstrates that the shortfall was temporary and has been or will be cured within 30 days of the shortfall's first occurrence, the Department shall continue to treat the business as a Sustainable New Business if all other conditions for qualifying as a New Sustainable Business have been met.] *the Department of Revenue may waive the forgoing provisions of this subsection (b), or prorate the amount of tax that may otherwise become due hereunder, if the Department determines that the number of qualifying employees dropped below the required minimum because of circumstances beyond the business' control; such circumstances include natural disasters, acts of terrorism, unforeseen industry trends or a loss of a major supplier or market.*

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SECTION 2. This Ordinance shall be effective for tax years beginning on or after January 1, 2018.