

Legislation Text

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Amending Chapter 19-2600 of The Philadelphia Code, entitled “Business Income and Receipts Taxes,” by adding provisions intended to preserve and expand the provision of affordable rental housing to Philadelphia residents, including, but not limited to, excluding from the definition of “receipts” a portion of the rent received by a landlord for the rental of certain affordable housing units, and excluding certain of the net income attributable to such excluded receipts from the definition of “net income,” all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Chapter 19-2600 of The Philadelphia Code is hereby amended to read as follows:

CHAPTER 19-2600. BUSINESS INCOME AND RECEIPTS TAXES

§ 19-2601. Definitions.

In addition to the definitions provided in the Act of May 30, 1984, P.L. 345, No. 69, known as the First-Class City Business Tax Reform Act, and Chapter 19-500 of this Title, the following definitions shall apply:

* * *

Affordable Rental Unit. A residential housing unit located in Philadelphia that is leased to residential tenants at a rental rate that would qualify for the low income housing tax credit program administered by the Pennsylvania Housing Finance Agency.

* * *

Net Income.

(a) “Net income” shall, at the option of the taxpayer, which option shall not be revokable by the taxpayer after it has been exercised as provided for by the collector, be either:

(1) The net gain from the operation of a business, after provision for all allowable costs and expenses actually incurred in the conduct thereof, either paid or accrued in accordance with the accounting system used, without deduction of taxes based on income, subject to a deduction for the pro rata portion of net income attributable to receipts that are excluded under paragraph (14) or paragraph (15) of the definition of “receipts” of this Section; or

(2) The taxable income from any business activity as returned to and ascertained by the Federal Government prior to giving effect to the exclusion for dividends received and net operating loss, subject to the following adjustments:

* * *

(vi) A deduction for net income attributable to receipts that are excluded under paragraph (6) or (9) *or (15)* of the definition of “receipts” of this Section.

* * *

(3) The taxable income from any business activity as returned to and ascertained by the Federal Government prior to giving effect to the exclusion for dividends received and net operating loss, subject to the following adjustments:

* * *

(ii) A deduction for net income attributable to receipts that are excluded under paragraph (6) or (9) *or (15)* of the definition of “receipts” of this Section.

* * *

Receipts. * * * Receipts of any business shall exclude:

(15) Beginning in tax year 2019, 10% of the rent received from the rental of an Affordable Housing Unit, provided such unit qualified as an Affordable Housing Unit for the entire tax year, and provided further that the taxpayer does not also receive low income tax credits based on such Affordable Housing Unit under the program administered by the Pennsylvania Housing Finance Agency, or under any other program. The Department shall make available and publish on the City’s official website a table showing the current rental rates that will qualify a rental unit as an Affordable Housing Unit, and it shall promulgate such regulations as it deems necessary to implement the exclusion provided by this subsection.

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Explanation:

Italics indicate new matter added.