

## Legislation Text

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Amending Chapter 19-1100 of The Philadelphia Code (“Personal Property Taxes”) to impose an annual tax on certain intangible personal property, all under certain terms and conditions.

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. Chapter 19-1100 of The Philadelphia Code is hereby amended to read as follows:

### CHAPTER 1100. PERSONAL PROPERTY TAXES

§ 19-1101. *Imposition and Rate of Tax.*

(1) *A tax is hereby imposed on the value of intangible personal property owned by a natural person resident in the City of Philadelphia.*

(2) *Intangible personal property means all personal property which is not in itself intrinsically valuable, but which derives its chief value from that which it represents, including, but not limited to, the following:*

(a) *All stocks or shares of incorporated or unincorporated companies, business trusts, and mutual funds.*

(b) *All notes, bonds, and other obligations for the payment of money, and*

(c) *All comparable financial instruments, whether or not publicly traded.*

(3) *Intangible personal property does not include:*

(a) *Public loans issued by this Commonwealth or the United States, and public loans and obligations of any county, city, borough, town, township, school district and incorporated district of this Commonwealth and bonds Obligations of bodies corporate and public of this Commonwealth known as municipal authorities.*

(b) *Savings deposits, checking accounts, and savings certificates issued by any private bank, building and loan association, savings and loan association, credit union, savings bank, bank and trust company or trust company.*

(c) *Tax qualified retirement accounts such as 401(k) or IRAs.*

(4) *Beginning in 2022, the tax is imposed each year at the rate of four mills on the value of intangible personal property as of the end of the day on September 30 and such tax shall be payable in following calendar year, as set forth in Section 19-1102 and subject to the credits and penalties set forth in that Section.*

§ 19-1102. Discounts and Additions to Tax.

(1) Unless otherwise provided by special ordinance a discount of 1% shall be allowed on all personal property taxes paid up to and including the last day of February of the year in which such taxes shall be [assessed and] payable [or within 20 days of the date of mailing of the tax bill. ] If paid during the months of March, April and May of said year no discount shall be allowed. If paid during the months of June, July and August an addition of 1% per month or part thereof shall be imposed; if paid during the months of September, October, November or December an addition of 1.5% per month or part thereof shall be imposed.

(2) Upon all taxes remaining due and unpaid on the first day of January of the year next following the year in which such taxes are assessed and payable, there shall be added:

(a) an addition of 1.5% added to the additions prescribed above [for a total of 10.5%];

(b) interest at the rate of 1/2 of 1% per month, or part thereof; and

(c) an additional penalty of 1% on the first day of each month from February through August during the first year in which such tax is registered as delinquent.

[(3) This Section shall not apply to taxes imposed under § 19-1102.]

[§ 19-1102. Imposition of Tax.

(1) A tax is hereby imposed on the value of such property as was subject to tax by the City and County of Philadelphia pursuant to the Act of June 17, 1913, P.L. 507, No. 335, as amended through and including calendar year 1996; provided, however, that, notwithstanding anything to the contrary in such Act:

[ (a) The fact that a loan is made taxable for State purposes by Section 17 of the Act of June 22, 1935, P.L. 414, as reenacted and amended, shall not relieve the holder of such loan from the tax imposed by this ordinance.

(b) The fact that a company is liable to a tax on its shares or a gross premiums tax, or liable to or relieved from the capital stock or franchise tax for State purposes under the laws of this Commonwealth, shall not relieve the holder of shares of stock in such company from the tax imposed by this ordinance.

(c) With respect to property representing an interest in a trade or business, such property shall not be subject to tax where the holder of such property materially participates in that trade or business. A holder shall be treated as materially participating in a trade or business only if the holder's involvement in the operations of the trade or business is regular, continuous, and substantial.]

[§ 19-1103. Rate; Valuation and Payment Dates.

(1) On or before October 1, 1997, returns itemizing any property made taxable by the preceding Section shall be due, accompanied by the appropriate tax payment calculated as follows:

(a) The tax imposed by § 19-1102 shall be assessed at the rate of five mills on the value of taxable property on January 1, 1996.

(b) Such tax liability shall be offset by a credit equal to the amount previously paid by such taxpayer to the City of Philadelphia pursuant to the Act of June 17, 1913, P.L. 507, No. 335, as amended, with respect to the value of property on January 1, 1993, January 1, 1994, January 1, 1995, and January 1, 1996.

(2) The due dates for returns and payments set forth in this Section may be amended by the Revenue Department, by regulation, if necessary for administrative or other purposes.]

[§ 19-1104. Effective Date.

The imposition of the tax set forth in §19-1102 with respect to the value of property on the dates set forth in § 19-1103 shall be effective if and when a court of competent jurisdiction should declare, in a final order from which no further appeal is allowed or with respect to which the time for appeal therefrom has expired, that the tax authorized by the Act of June 17, 1913, P.L. 507, No. 335, as amended, is unconstitutional. Should such a court order be issued, no payment or return shall be due under § 19-1102 until ninety days following the date on which such order becomes final and not subject to further appeal, notwithstanding any due dates to the contrary in § 19-1103. To the extent any such court order invalidates the tax authorized by the Act of June 17, 1913, P.L. 507, No. 335, as amended, only with respect to certain classes of personal property, the tax set forth in § 19-1102 shall only be imposed, and the credit set forth in § 19-1103(1)(b) shall only be calculated, on such classes of personal property.]

§ 19-1103. *Implementation.*

*The Revenue Department shall be responsible for administering and implementing the tax enacted pursuant to this Chapter and shall as necessary:*

*(1) Develop regulations further identifying the specific intangible personal property items subject to the tax and the manner of assessment of value of such personal property;*

*(2) Design appropriate tax filing forms and instructions for individuals and businesses subject to the tax;*

*(3) Modify by regulation the due dates for returns and payments set forth in this Section for administrative or other purposes.*

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**Explanation:**

[Brackets] indicate matter deleted.

*Italics* indicate new matter added.