



# City of Philadelphia

City Council  
Chief Clerk's Office  
402 City Hall  
Philadelphia, PA 19107

## Legislation Text

**File #: 220485, Version: 0**

Amending Section 19-2600 of The Philadelphia Code, entitled "Business Income and Receipts Taxes," with respect to allocation and apportionment of income and receipts inside and outside of the City, 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.

\* \* \*

Receipts. Cash, credits, property of any kind or nature, received from conducting any business or by reason of any sale made, including resales of goods, wares or merchandise taken by a dealer as a trade-in or as part payment for other goods, wares or merchandise or services rendered or commercial or business transactions, without deduction therefrom on account of the cost of property sold, materials used, labor, service or other cost, interest or discount paid or any other expense. For the purpose of determining receipts from the business of insurance, such receipts shall mean those from premiums received from risks within the city of the first class, whether by mutual or stock companies, domestic or foreign, without any deductions therefrom for any cost or expenses whatsoever; except, premiums shall not include return premiums, dividends paid or credited to policyholders, if such dividends are in the nature of an adjustment of the premiums charged, and premiums received for reinsurance. Receipts from a person engaged in the business of insurance shall also include receipts from rental real estate situated in cities of the first class, but shall not include interest, dividend and capital gain receipts. Nothing in this definition shall preclude the taxation of other nonpremium business receipts of persons engaged in the business of insurance. [For purposes of determining the source of receipts of a Software Company the Market Based Sourcing Rule shall apply in accordance with Section 408(8) of the Department of Revenue Business Privilege Tax Regulations so that the source of receipts from the sale of products and services shall be deemed to be the location where the recipient receives the benefit of the products and services.] Receipts of any business shall exclude:

\* \* \*

[Software Company. A persons whose business is categorized as computer systems design and related services (NAICS 5415, 54151, 541512), computer software publishing (NAICS 51121), internet publishing and broadcasting (NAICS 51611), internet web service provider (NAICS 51811), data processing, hosting and related services (NAICS 518210), and financial transaction processing and clearing (NAICS 52232).]

Taxable Receipts.

- (1) Receipts, as defined and limited in this Section, within the limits of the city of the first class.
- (2) Taxable receipts shall exclude the following:

(.1) receipts or portion of receipts attributable to any sale involving the bona fide delivery of goods, commodities, wares or merchandise to a location regularly maintained by the other party to the transaction outside the limits of a city of the first class, and not for the purpose of evading or avoiding payment of the tax, or any portion thereof, imposed under this act;

(.2) receipts or portion of receipts received for any services actually [performed]delivered outside the limits of a city of the first class and not for the purpose of evading or avoiding payment of the tax, or any portion of it imposed, under this act.

(.3) *Receipts or portion of receipts received from the sale, lease or license of intangible property where the intangible is used outside the limits of a city of the first class and not for the purpose of evading or avoiding payment of the tax, or any portion of it imposed, under the act.*

(3) Taxable receipts of persons making sales[or rendering] , *delivering services or providing the use of intangible property* both inside and outside a city of the first class[, or both,] are to be segregated.

(4) In the event, and only in the event, taxable receipts as defined in this subsection are incapable of segregation, the collector shall establish rules and regulations and methods of allocation and apportionment and evaluation so that only that part of such taxable receipts which is properly attributable to the doing of business within a city of the first class levying this tax shall be taxed hereunder.

SECTION 2. Effective Date. This ordinance shall take effect for the Tax Year immediately following the year of enactment of authorizing legislation by the Pennsylvania General Assembly.