**File #:** 250647, **Version:** 0

Amending Chapter 19-2600 of The Philadelphia Code, entitled "Business Income and Receipts Taxes," by creating a tax credit to encourage certain merchants to utilize the services of Philadelphia-based performing artists, 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.

* * *

§ 19-2604. Tax Rates, Credits, and Alternative Tax Computation.

* * *

*(17) Philadelphia Performing Artist Tax Credit.*

*(a) Definitions.*

*(i) Qualifying Merchant. A Qualifying Merchant shall meet the following requirements for classification under the North American Industry Classification System ("NAICS") Codes Sections: Hotels (except Casino Hotels) and Motels (NAICS 721110); Casino Hotels (NAICS 721120); Full-Service Restaurants (NAICS 722511); and Limited-Service Restaurants (NAICS 7225130).*

*(ii) Performing Artist. A practitioner that derives at least $5,000 in gross income or 15% of their total gross income during the previous tax year from the creation, performance, or teaching of work in the performing arts, including but not limited to: music, dance, or theater.*

*(iii) Performing Arts Organization. A Performing Arts Organization shall meet the following requirements for classification under the North American Industry Classification System ("NAICS") Codes Sections: Musical Groups and Artists (NAICS 711130); and Independent Artists, Writers, and Performers (NAICS 711510).*

*(iv) Philadelphia-based Performing Artist. A Performing Artist who maintains a primary residence within the City of Philadelphia for at least 183 days in the tax year for which the credit is claimed.*

*(v) Philadelphia-based Performing Arts Organization. A Performing Arts*

*Organization registered as a business with the City of Philadelphia.*

*(vi) Contracted Performing Artist. A Performing Artist or Performing Arts Organization contracted by a qualifying merchant for a single engagement or event for a performance that takes place on the merchant's premises or at a location booked by the merchant in the ordinary course of its business.*

*(vii) Retained Performing Artist. A Performing Artist or Performing Arts Organization who enters into a formal agreement or contract with a Qualifying Merchant to provide recurring performances or artistic services over a defined period of time, which may include a series of scheduled engagements, residencies, or other ongoing arrangements exceeding a single performance.*

*(b) Application. A business seeking a Philadelphia Performing Artist Tax Credit must file a Philadelphia Performing Artists Tax Credit Application, in the form and manner prescribed by the Revenue Department, that includes the following:*

*(i) Documentation verifying the Contracted Performing Artist or Retained Performing Artist as a Philadelphia-based Performing Artist, including but not limited to:*

*(.1) A valid Pennsylvania driver's license or state ID with an address within the borders of the City of Philadelphia;*

*(ii) Documentation verifying the status of a Contracted Performing Artists or Retained Performing Artist as a Performing Artist, including but not limited to:*

*(.1) Tax documentation or financial records demonstrating that the Performing Artist derived at least $5,000 or 15% of their total gross income from the performing arts in the prior tax year, including at least one of the following:*

*(.a) Schedule C of IRS Form 1040;*

*(.b) IRS Form 1099-NEC: Nonemployee Compensation*

*(.c) IRS Form W-2: Wage and Tax Statement*

*(c) Tax Credit.*

*(i) Starting in tax year 2026, for any tax year in which a Qualifying Merchant utilizes the services of a Philadelphia-based Performing Artist or Philadelphia-based Performing Arts Organization as a Contracted Performing Artist or a Retained Performing Artist, the Qualifying Merchant shall be eligible for a credit against its business income and receipts tax liability, in the amount equal to:*

*(.1) the greater of four hundred dollars ($400) or fifteen percent (15%) of the cost which the Qualifying Merchant compensates a Philadelphia-based Performing Artist or Philadelphia-based Performing Arts Organization to be a Contracted Performing Artist*



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*(.2) the greater of four hundred dollars ($400) or fifteen percent (15%) of the cost which the Qualifying Merchant compensates a Philadelphia-based Performing Artist or Philadelphia-based Performing Arts Organization to be a Retained Performing Artist*

*(ii) The Revenue Department shall provide application forms for businesses that wish to apply for tax credits under this Section, and it shall accept such applications on a "first come-first served" basis until the total amount of credits for a particular year reaches one million dollars ($1,000,000). The Revenue Department shall when necessary randomly choose among applicants that apply on the same date.*

*(iii) The maximum amount of tax credits a Qualifying Merchant may receive for any single tax year is seventy-five thousand dollars ($75,000).*

*(iv) Unused Philadelphia Performing Artist tax credits may not be carried forward.*

*(d) Regulations. The Department may issue regulations governing the implementation of this subsection (17), including the manner in which eligibility for this tax credit is determined.*

* * *

SECTION 2. This Ordinance shall become effective on July 1, 2026.



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