



# City of Philadelphia

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

**BILL NO. 120007**

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**Introduced January 26, 2012**

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**Councilmembers Green, Johnson, Goode, O'Neill and Squilla**

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**Referred to the  
Committee on Finance**

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## **AN ORDINANCE**

Amending Chapters 19-2600, 19-1500, and 19-2800 of The Philadelphia Code, entitled, respectively, "Business Privilege Taxes," "Wage and Net Profits Tax," and "Pennsylvania Intergovernmental Cooperation Authority Tax on Wages and Net Profits," by providing certain exclusions and revising certain definitions, 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 amended to read as follows:

### **CHAPTER 19-2600. BUSINESS PRIVILEGE TAXES**

§19-2601. Definitions.

\* \* \*

Business. Carrying on or exercising for gain or profit within a city of the first class, any trade, business, including financial business as hereinafter defined, profession, vocation or commercial activity, including the partial or complete liquidation or sale of business assets, or making sales to persons within such city of the first class. "Business" shall not include the following:

\* \* \*

(7) *For tax year 2012 and thereafter, the activities of (i) an investment company (no matter how organized) as defined in subsection 3(a) of the Investment Company Act*

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of 1940; (ii) an entity excepted from said definition by subsections 3(c)(1), 3(c)(3), 3(c)(5)(C), 3(c)(7), 3(c)(9), 3(c)(10), 3(c)(11), or 3(c)(14) of said Act; and (iii) an entity directly or indirectly owning a general partnership or similar interest in an entity described in subsections (i) or (ii) or that through a direct or indirect ownership interest in the entity has management responsibilities for the entity substantially equivalent to the responsibilities of a general partner in a partnership. Except as otherwise provided by law, any such entity otherwise covered by subparagraph (i), (ii), or (iii) of the preceding sentence that receives income from activities other than those described in the preceding sentence shall be deemed engaged in business within Philadelphia but only to the extent of its activities other than those described above.

\* \* \*

Net Income.

\* \* \*

(e) For tax year 2012 and thereafter, “net income” shall not include the activities described in Section 19-2601, “Business” subsection (7).

\* \* \*

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. Receipts of any business shall exclude:

\* \* \*

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(15) For tax year 2012 and thereafter, receipts or portion of receipts from investing, reinvesting, or trading in securities received by (i) an investment company as defined in subsection 3(a) of the Investment Company Act of 1940; (ii) an entity excepted from said definition by subsections 3(c)(1), 3(c)(3), 3(c)(5)(C), 3(c)(7), 3(c)(9), 3(c)(10), 3(c)(11) or 3(c)(14) of said Act; and (iii) an entity directly or indirectly owning a general partnership or similar interest in an entity described in subsections (i) or (ii) or that through a direct or indirect ownership interest in the entity has management responsibilities for the entity substantially equivalent to the responsibilities of a general partner in a partnership.

\* \* \*

SECTION 2. Chapter 19-1500 of The Philadelphia Code is amended to read as follows:

## CHAPTER 19-1500. WAGE AND NET PROFITS TAX

§ 19-1501. Definitions.

(1) Business. An enterprise, activity, profession or undertaking of any nature conducted for profit or ordinarily conducted for profit, whether by an individual, co-partnership, association, governmental body or unit or agency, or any other entity. For taxable years beginning on or after January 1, 2012, "Business" shall not include the activities described in Section 19-2601, "Business," subsection (7).

\* \* \*

SECTION 3. Chapter 19-2800 of The Philadelphia Code is amended to read as follows:

## CHAPTER 19-2800. PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY TAX ON WAGES AND NET PROFITS

\* \* \*

§ 19-2802. Definitions.

\* \* \*

(3) "Business." An enterprise, activity, profession or undertaking of any nature conducted for profit or ordinarily conducted for profit, whether by an individual,

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copartnership, association, governmental body or unit or agency, or any other entity. *For taxable years beginning on or after January 1, 2012, "Business" shall not include the activities described in Section 19-2601, "Business," subsection (7).*

\* \* \*

SECTION 4. Section 101(D)(9) of the Regulations of the Department of Revenue (relating to the activities of a pool of cash) are hereby superseded.

SECTION 5. Nothing in this Ordinance shall affect the amount of estimated business privilege tax payments required to be paid in April 2012 for estimated Tax Year 2012 tax liabilities, and such estimated tax payments shall be calculated as if this Ordinance were not in effect for Tax Year 2012.

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**Explanation:**

[Brackets] indicates matter deleted.  
*Italics* indicate new matter added.