



# City of Philadelphia

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

**BILL NO. 040060**

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**Introduced January 29, 2004**

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**Councilmembers DiCicco and Nutter**

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**Referred to the  
Committee on Finance**

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## **AN ORDINANCE**

Amending Chapter 19-2600 of The Philadelphia Code, entitled "Business Privilege Taxes," by amending the definition of "Net Income" with respect to determining what portion of net income is properly attributable to the doing of business in Philadelphia and therefore subject to tax, and by making technical amendments; 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 PRIVILEGE 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:

\* \* \*

Net Income.

\* \* \*

(c) The collector shall establish rules and regulations and methods of apportionment and allocation and evaluation so that only that part of such net income or net operating loss which is properly attributable [and allocable] to the doing of business

# City of Philadelphia

BILL NO. 040060 continued

in [the city of the first class levying the tax] *Philadelphia* shall be taxed hereunder. *Such rules and regulations shall include: (i) methods to determine what items of non-business income are to be allocated to Philadelphia; and (ii) methods to apportion business income to Philadelphia based solely on a fraction of which the numerator shall be receipts of the taxpayer in Philadelphia during the tax period, and the denominator shall be receipts of the taxpayer everywhere during the tax period. Receipts from the sale of tangible personal property are in Philadelphia if the property is delivered or shipped to a purchaser within Philadelphia, regardless of any conditions of the sale. Receipts, other than the sale of tangible personal property, are in Philadelphia if: (a) the income-producing activity is performed in Philadelphia; or (b) the income-producing activity is performed both in and outside Philadelphia and a greater proportion of the income producing activity is performed in Philadelphia than in any other jurisdiction, based on a cost of performance.* [The collector may make an apportionment and allocation with due regard to the nature of the business concerned on the basis of mileage, the ratio of the taxable receipts of the taxpayer from within the city to the total receipts of the taxpayer, the ratio of the value of the tangible personal and real property owned or leased and situated in the city levying the tax to the total tangible personal and real property of the taxpayer wherever owned and situated, the ratio of the wages, salaries, commissions and other compensation paid by the taxpayer within the city levying the tax to the total wages, salaries, commissions and other compensation paid by the taxpayer, and any other method or methods of apportionment and allocation other than the foregoing, calculated to effect a fair and proper apportionment and allocation. The net income of a person which is described as being subject to a tax pursuant to Article VII, VIII, IX or XV of the act of March 4, 1971 (P.L. 6, No. 2), known as the Tax Reform Code of 1971, shall be allocated, and apportioned to a city of the first class in accordance with a fraction of which the numerator shall be “receipts” as defined and limited in this section, and the denominator shall be receipts regardless of whether received in or apportionable to the city of the first class.]

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SECTION 2. This Ordinance shall take effect beginning with tax year 2005.

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**Explanation:**

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