

This is an amendment to Section 502 of the BIRT Regulations entitled "Job Creation Tax Credit" due to the enactment of City Council Bill No.160015-A. This bill requires a company participating in the Job Creation Tax Credit Program to agree to comply with the Economic Development Reporting requirements provided under Chapter 18-300 of The Philadelphia Code as if the participant were a "Covered Business" as defined by that Chapter.

## CITY OF PHILADELPHIA

### BUSINESS INCOME AND RECEIPTS TAX REGULATIONS

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#### ARTICLE V

#### CREDITS

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#### SECTION 502. JOB CREATION TAX CREDIT

A) Definitions

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E) Commitment Letter

1. The Department and the approved Applicant will execute a commitment letter. commitment letter shall contain the following:
  - a. A description of the project.
  - b. The number of jobs created.
  - c. The amount of private investment in the project.
  - d. The maximum job creation tax credit amount the company may claim.
  - e. A signed statement that the company intends to maintain its operation in the City of Philadelphia for five years from the date the company submits its first Tax Credit Certificate to the Department.

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**f. For applications received by the Department on or after September 27, 2016 - The applicant's agreement to comply with the Economic Development Reporting requirements provided under Chapter 18-300 of The Philadelphia Code as if the applicant were a "Covered Business" as defined by that Chapter. For the calendar year in which a participant receives a Department issued tax credit certificate, the taxpayer shall file with the Revenue Department by May 1 of the following year an Economic Development Report (for the prior calendar year) containing the data as required by §18-302 of The Philadelphia Code on a form as provided by the Revenue Department. The taxpayer will also file the Economic Development Report for each of the five (5) years following a year in which a tax credit certificate is received by the taxpayer. The Revenue Department will maintain confidentiality as to the taxpayer's specific information but will provide the City of Philadelphia's Commerce Department the aggregated information of all reporting taxpayers.**

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[f.] g. Such other information as the Department deems appropriate.

2. After a commitment letter has been signed by both the Department and the business, and the Department has verified that New Jobs have been created pursuant to that commitment, the business shall receive a Job Creation Tax Credit Certificate reflecting the number of jobs created and filing information.

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I) Penalties

1. Failure to maintain operations. An Applicant that receives Job Creation Tax Credits and fails to substantially maintain existing operations and the operations related to the Job Creation Tax Credits in the City of Philadelphia for a period of five (5) years from the date the Applicant first submits a Job Creation Tax Credit Certificate to the Department shall be required to refund to the City of Philadelphia the total amount of credit or credits granted.
2. Failure to create New Jobs. An Applicant that receives Job Creation Tax Credits and fails to create the approved number of New Jobs within five (5) years of the Start Date will be required to refund to the City of Philadelphia the total amount of credit or credits granted.

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3. Waiver. The Department may waive the penalties outlined in subsections (1) and (2) above if it is determined that an Applicant's operations were not maintained or the New Jobs were not created because of circumstances beyond its control. Such circumstances include natural disasters, acts of terrorism, unforeseen industry trends, or a loss of a major supplier or market.

**J) Economic Development Reporting**

1. For applications received by the Department on or after September 27, 2016. Participants that receive Department issued tax credit certificates in a calendar year (for verified job creation) will need to make an Economic Development Report for that calendar year directly to the Department of Revenue by May 1 of the next calendar year. The participant will also need to file a report for each of the five (5) years following a year in which the tax credit certificate is received from the Department.

**Example**

ABC Corporation filed a Job Creation Tax Credit application with the Department on September 28, 2016 to create 100 new jobs. The Start Date for job creation is July 1, 2016 (first day of the calendar quarter in which the application was received). The application was approved by the Department on October 3, 2016. ABC created the 100 jobs on August 1, 2016. The earliest date that ABC Corporation can and does request a job creation tax credit certificate is August 1, 2017 for jobs created in 2016. The Department verifies the jobs created and issues a job creation tax credit certificate on September 1, 2017. ABC will now need to file an Economic Development Report with the Revenue Department for calendar year 2017 by May 1, 2018. ABC Corporation will also need to file an Economic Development Report with the Revenue Department for calendar years 2018 through 2022.

2. The information required to be provided includes (but is not limited to):
  - a. The number of full-time, part-time, temporary employees and subcontractors employed by the business in the City at the start and end of the calendar year and the locations within the City where they were employed.
  - b. Descriptions of the jobs created along with compensation levels (including salaries and benefits).

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- c. The amount and source of any subsidy received by the business in connection with business operations or real estate located within Philadelphia.
- d. Any information as required by the Department that is consistent with the Economic Development Reporting provisions provided under Chapter 18-300 of The Philadelphia Code.
3. The data supplied to the Department by participants will be summarized and reported to the Commerce Department on an aggregate basis so that no specific applicant's confidential tax information is reported separately.

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Explanation:

[ ] Brackets and **bold** indicate matter deleted.

   Underline and **bold** indicate matter added.



Frank Breslin CPA, Revenue Commissioner

Date: 6/6/17