




# MEMORANDUM

**To:** Jeanne Reedy, Administrative Services Director, Records Department

**From:** Joseph F. Procopio Jr., Manager - Technical Staff 

**Date:** September 27, 2016

**Re:** **Advertisement of Proposed Regulations - Business Income and Receipts  
Tax – Section 501 – *Credit for Contributions to Community  
Development Corporations, Nonprofit Organizations Engaged in  
Developing and Implementing Healthy Food Initiatives and  
Nonprofit Intermediaries – Bill No. 140411***

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Attached is an amendment to Section 501 of the Department’s Business Income and Receipts Tax Regulations entitled *Credit for Contributions to Community Development Corporations, Nonprofit Organizations Engaged in Developing and Implementing Healthy Food Initiatives and Nonprofit Intermediaries* and is result of the enactment of Council Bill No. 140411. This bill clarifies the timing of the contribution payment to the Qualifying Organization. The contribution must be made in the year for which the credit is sought, unless the Department has agreed to an extension upon a review of the taxpayer’s financial circumstances and where a denial of the extension would cause hardship to the Qualifying Organization.

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DEPARTMENT OF REVENUE

Please proceed to advertise, in accordance with the provisions of Section 8-407(b) of the Philadelphia Home Rule Charter, the attached Regulations.

Attachment

CITY OF PHILADELPHIA  
LAW DEPARTMENT

MEMORANDUM

**TO:** Frank Breslin, Revenue Commissioner

**CC:** Marisa Waxman, First Deputy Revenue Commissioner  
Joseph F. Procopio, Jr., Manager – Technical Staff

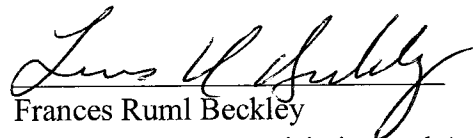
**FROM:** Frances Ruml Beckley, Senior Attorney

**DATE:** September 27, 2016

**SUBJECT:** Promulgation by the Department of Revenue of Business Income and Receipts  
Tax Regulations – Amendments to Credit for Contributions to Community  
Development Corporations, et al.

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I have reviewed the attached promulgation amendments to the Department of Revenue's Business Income and Receipts Tax Regulations, dated September 22, 2016. I find the attached amended regulations to be legal and in proper form. In accordance with Section 8-407(a) of The Philadelphia Home Rule Charter, you may now forward these amended regulations to the Department of Records where they will be made available for public inspection.

  
Frances Ruml Beckley  
Senior Attorney, Legislation and Appeals

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DEPARTMENT OF RECORDS

This is an amendment to Article V, Section 501 of the Department's Business Income and Receipts Tax Regulations entitled CREDITS FOR CONTRIBUTIONS TO COMMUNITY DEVELOPMENT CORPORATIONS, NONPROFIT ORGANIZATIONS ENGAGED IN DEVELOPING AND IMPLEMENTING HEALTHY FOOD INITIATIVES AND NONPROFIT INTERMEDIARIES and is the result of the enactment of Council Bill No. 140411. This bill clarifies the timing of the contribution payment to the Qualifying Organization. The contribution must be made in the year for which the credit is sought, unless the Department has agreed to an extension upon review of financial circumstances.

ARTICLE V

CREDITS

SECTION 501. CREDITS FOR CONTRIBUTIONS TO COMMUNITY DEVELOPMENT CORPORATIONS, NONPROFIT ORGANIZATIONS ENGAGED IN DEVELOPING AND IMPLEMENTING HEALTHY FOOD INITIATIVES AND NONPROFIT INTERMEDIARIES.

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D. Tax Credit

1. A Sponsor must calculate its Business Income and Receipts Tax liability in accordance with Philadelphia Code §19-2600.

2. A Sponsor shall receive a Tax Credit of \$100,000 per year against its Business Income and Receipts Tax liability for each year the Sponsor contributes \$100,000 in cash to a Qualifying Organization under the terms and conditions of this section and the Contribution Agreement. Sponsors with contributions exceeding \$100,000 will not be entitled to any additional Tax Credit. Sponsors whose contributions are less than \$100,000 will not receive any Tax Credit. Sponsors are encouraged to make their full contributions to the Qualifying Organizations on or before October 15<sup>th</sup> of each year. However, the full contribution must be made by December 31<sup>st</sup> of each year.

a. The contribution must be made in the year for which the credit is sought, unless the Department has agreed to an extension of not more than twelve months, which it shall do upon finding that

(i) taxpayer's circumstances present good cause for delayed payment; and

(ii) denial of the extension would cause hardship to the Qualifying Organization.

3. Any Tax Credit not used in the period the contribution was made may not be carried forward or carried backward.

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DEPARTMENT OF REVENUE

4. No credit will be given to any contribution made prior to receiving approval from the Department.

5. Tax Credit shall be available to up to forty (40) businesses, with respect to contributions to Qualifying CDCs or Qualifying Nonprofit Intermediaries, and up to two (2) businesses, with respect to Qualifying Nonprofit Organizations Engaged in Developing and Implementing Healthy Food Initiatives that enter into a Contribution Agreement with the City.

6. Tax Credits are non transferable and may be used only by the Sponsor.

7. A Sponsor must take the credit on the Tax Year for which the Contribution is made.


8. The Department of Commerce will facilitate the economic development review and monitor the Qualifying Organizations to ensure that the QCDC and QNPI perform the economic development activities set forth in their yearly plan. If the Qualifying Organization fails to address

he economic development objectives or fails to perform the activities set forth in its yearly plan in the Renewal Application the Department will place the Qualifying Organization on one year's probation to allow the Qualifying Organization to rectify the deficiencies. Technical assistance will be provided as needed and as available; however, the main responsibility for becoming compliant resides with the Qualifying Organization. If the Qualifying Organization is still not meeting the economic development objectives or performing the activities of their plan, they will be removed from the program after their probationary year.

9. The Health Department will review and approve the applications received yearly for the Nonprofit Organizations Engaged in Developing and Implementing Healthy Food Initiatives. If the QHFI fails to demonstrate that it has been substantially engaged in developing and implementing healthy food initiatives in the City of Philadelphia as set forth in its yearly plan in the Renewal Application, the Department will place the QHFI on one year's probation to allow the QHFI to rectify the deficiencies. Technical assistance will be provided as needed and as available; however, the main responsibility for becoming compliant resides with the QHFI. If the QHFI is still not meeting the healthy food objectives or performing the activities of their plan, they will be removed from the program after their probationary year.

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Items in **bold** and underlined denote new matter  
[ ] Items deleted are in **bold** and brackets

Signature:   
**Frank Breslin**  
**Revenue Commissioner**

Date: 9/23/16

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