City of Philadelphia - Keystone Opportunity Zones

Keystone Opportunity Zones (KOZ) are geographic areas that eliminate specific state and local taxes for a set amount of time. This unique program develops a community's underutilized land and buildings into business districts.

Through credits, waivers and broad-based tax abatements, total taxes on economic activity in Keystone Opportunity Zones are significantly reduced. The duration of these tax benefits vary by zone; some Philadelphia KOZs are available through 2025. These benefits affect the following taxes:

State

- Corporate Net Income tax
- Capital Stock and Foreign Franchise tax
- Personal Income tax
- Sales and Use tax (purchases consumed and used by business in the KOZ)
- Mutual Thrift Institution tax
- Bank and Trust Company Shares tax
- Insurance Premiums tax

Local

- Earned Income/Net Profits tax
- Business Income and Gross Receipts, Business Occupancy, and Mercantile tax
- Sales and Use tax (county/ city; purchases exclusively used and consumed by business in the KOZ)
- Property Tax

The City of Philadelphia has a dedicated KOZ coordinator who assists businesses throughout the KOZ process. Learn more about designated properties and request an application at: **www.philakoz.org**

QUALIFICATIONS

To qualify, businesses must be located in a KOZ zone, up to date with City and State taxes, and in compliance with all City and State laws and regulations. All KOZ applicants must file an annual application with Pennsylvania's Department of Community and Economic Development (DCED). Any Pennsylvania business relocating into a KOZ must demonstrate a significant economic impact that will result from relocation into a KOZ, such as:

- Increase employment by 20% in the first year
- Or, invest the equivalent of 10 % of the previous year's gross revenues in capital improvements to the KOZ Property
- Or, enters into a lease agreement for property located within the KOZ for a term at least equivalent to the duration of the KOZ and with the aggregate payment under the lease agreement at least equivalent to 5% of the gross revenues of that business in the preceding calendar or fiscal year

PRIORITY CONSIDERATIONS

Projects in Keystone Opportunity Zones receive priority consideration for assistance under state community and economic development programs as well as community building initiatives. Projects in designated KOZs that are approved for Pennsylvania Industrial Development Authority (PIDA) or Small Business Financing shall receive the lowest interest rate extended to borrowers.