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## Commissioner's Welcome

Welcome to the 2009 summer edition of ReveNews, the quarterly newsletter from the Philadelphia Department of Revenue. This publication will provide you with insights and information about tax policy and administration in the City of Philadelphia. In this issue you can learn more about our enhanced efforts to collect delinquent taxes, a tax rate change, and more.

As the Department of Revenue winds down from a busy tax season, we can report that preliminary figures through May show Business Privilege Tax collections of \$364 million, approximately \$19 million less than we'd collected by that point last year. While economic trends are impacting overall collections, we are thrilled to note that more filers have been using payment coupons for a variety of taxes. Using payment coupons improves the speed and efficiency of our payment processing efforts.

I am pleased to announce that Frank Breslin has been named our new Deputy Commissioner for Tax. Frank most recently served as Director of Compliance in the Department of Revenue and has been with the City for 25 years. I know that Department of Revenue employees and Philadelphia taxpayers will continue to benefit from his leadership and public service.

Enjoy your summer!

- *Commissioner Keith J. Richardson*

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## Wage Tax Rate Reduction on July 1, 2009

Although Philadelphia's fiscal condition has been affected dramatically by the national and global recession and city-supported Wage Tax rate reductions have been suspended, on July 1 Wage Tax rates will be cut for residents and non-residents thanks to revenue from gaming activity in the Commonwealth of Pennsylvania.

The rate for Philadelphia Wage tax for taxable compensation paid on or after July 1, 2009 is reduced as follows:

Residents of Philadelphia	3.9296% (.039296)
Non-Residents of Philadelphia	3.4997% (.034997)

Wage tax is to be withheld and remitted at the rate in effect on the date of the paycheck; for example, a check dated July 1 for the period June 16, 2009 to June 30, 2009 – the wage tax should be withheld at the rates effective as of July 1, 2009. The controlling factor in determining which rate to use is the rate in effect on the date the taxable compensation is actually paid to the employee.

## Contact Us

[www.phila.gov/revenue](http://www.phila.gov/revenue)  
[revenue@phila.gov](mailto:revenue@phila.gov)  
215.686.6600

If you have additional questions, you may call the Technical Staff at 215-686-6434 or send an e-mail to [revenue@phila.gov](mailto:revenue@phila.gov).

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## Task Force Exploring Tax Policy & Economic Competitiveness

In February, Mayor Nutter formed the Task Force on Tax Policy and Economic Competitiveness through executive order 3-09. The Task Force is charged with evaluating Philadelphia's tax policy and real estate market and providing recommendations to improve the City's competitiveness locally, nationally, and internationally. The Task Force will identify the main challenges facing the City and compare Philadelphia to its peer cities and its regional neighbors to determine its competitive position.

The Task Force will explore the potential impacts its reforms will have on employment, tax revenues, and business growth. The executive order also mandates that two public meetings must be held to receive feedback and suggestions from the public. One was held on May 21<sup>st</sup> and the second is scheduled for August 13<sup>th</sup> at 4pm in City Council chambers in City Hall.

The Task Force will deliver its final report in September, detailing all of its recommendations to improve Philadelphia's competitiveness. The report will also include any draft legislation necessary to bring to fruition any of the recommendations.

The Task Force of eighteen members began to meet during the spring, holding its first meeting on April 13<sup>th</sup>. During the meeting, Chair Harold Epps asked everyone to envision what the headline of a Philadelphia newspaper would say in 2020 if the Task Force was a success. This exercise created the desired goals, and started the discussion of how to achieve them. Mr. Epps decided that the most efficient way to accomplish these objectives was to divide into two committees – one to concentrate on tax policy and the other development.

The two committees, in their bi-weekly meetings, have been hearing testimonies and presentations by experts from academia, government, and the private sector about the challenges and possible solutions to various challenges facing Philadelphia. In recent weeks, the committees have been reviewing all of the information, and are now developing a list of the top issues that Philadelphia must address to increase job opportunities and wealth for its residents. Once the priority areas are settled upon, the group will develop strategies to address those issues.

In the coming weeks, the Task Force will be launching a website to provide information about its progress to date. For more information or to share your thoughts email [Competitive\\_Philly@Phila.Gov](mailto:Competitive_Philly@Phila.Gov).

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## Delinquent Collection Efforts Update

The Administration continues to expand and enhance its delinquent collection efforts to ensure that the vast majority of Philadelphians who pay their taxes and water bills on time and in full are not being burdened by those who fail to pay their fair share.

As of May 2009, the City has generated more than \$3.5 million in additional revenue as a result of publishing the names of tax delinquents and expanding audit functions. An

### Helpful Links

Philadelphia Tax Forms  
*Print coupons and download Philadelphia tax forms*  
[http://www.phila.gov/revenue/Form\\_2008.html](http://www.phila.gov/revenue/Form_2008.html)

Plain Talk Tax Guide  
*An overview of all Philadelphia tax types*  
<http://www.phila.gov/revenue/pdfs/Rev%20PDFs/Tax%20Guide%20Rev.%2005-03.pdf>

Tax Rulings & Regulations  
*Questions of a technical nature? Check out the rulings and regulations.*  
[http://www.phila.gov/revenue/Technical\\_Rulings.html](http://www.phila.gov/revenue/Technical_Rulings.html)

Electronic Filing & Payment  
*File and pay taxes online or by phone.*  
[http://www.phila.gov/revenue/Electronic\\_Filing.html](http://www.phila.gov/revenue/Electronic_Filing.html)

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Plain Talk Tax Guide  
*An overview of all  
Philadelphia tax types*

additional \$23 million in Real Estate revenue was collected through collection agencies. In the coming months, the City will continue to aggressively utilize every tool legally available to go after those who withhold tax revenue.

On Tuesday, May 6, 2009 Mayor Nutter announced a new weapon in the City's fight against tax delinquency. You can now report tax fraud to the City of Philadelphia's Revenue Department in four convenient ways:

1. Dial the Tax Fraud Hotline – 216-686-3852
2. Send an email to – [taxfraud@phila.gov](mailto:taxfraud@phila.gov)
3. Complete and submit a form online – visit [www.phila.gov/revenue](http://www.phila.gov/revenue)
4. Mail information on tax fraud to – City of Philadelphia Revenue Department, P.O. Box 1680, Philadelphia, PA 19105-1680

Law abiding citizens may report businesses or individuals suspected of tax fraud which includes, but is not limited to, unlicensed businesses, failure to file correct tax returns or any type of tax evasion. Anonymous and confidential tips can be sent using the online form, through the mail or by calling the hotline. The hotline is answered by a representative of the Revenue Department during the hours of 8:30am to 5:00pm; however, after normal business hours, you may leave a message in Spanish or English. Since launching the tax fraud program, many leads have been provided. The Revenue Department's Compliance Division is actively investigating all leads.

In addition to the tax fraud program, the Revenue Department has a voluntary compliance program. We encourage businesses and individuals who become aware of unaddressed prior and current tax obligations to come forward through the Voluntary Disclosure Program before the Department of Revenue contacts you. Participants meeting the requirements of the program are eligible for the abatement of all penalties. The self reporting mechanism will soon be available online. Until such time, please call 215-686-6614 for information about the Voluntary Disclosure Program.

The Revenue Department is also discovering vendors that are active in Philadelphia but are not filing and paying taxes. This year we have added a new mechanism - a review of vendors for the Philadelphia Parking Authority. We will work with the Parking Authority to require such compliance by contract in the future, so that tax-delinquent vendors will have their payments interrupted similar to delinquent City vendors. We will also expand our compliance review to vendors of quasi-municipal organizations and other government entities. Soon, all contractors will be required to complete a tax status application and obtain clearance prior to doing business with the City of Philadelphia.

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## Job Creation Tax Credit Increasing to \$3,000

On June 11, 2009, City Council passed Councilman Goode's bill to increase the amount of the Job Creation Tax Credit in 2010 and 2011 from \$1,000 to \$3,000 (or 2% of salaries paid) for each new job created by new, participating companies. Mayor Nutter intends to sign this bill shortly.

Currently, the City of Philadelphia offers the Job Creation Tax Credit or the JCTC. The JCTC program is administered by the Department of Revenue and provides approved companies with a non-refundable tax credit against their Business Privilege Tax for the creation of certified new jobs in Philadelphia. Application forms and procedures were developed and incorporated in amendments to the Business Privilege Tax regulations which became effective at midnight on March 23, 2003.

The Job Creation Tax Credit program offers credits against a firm's Business Privilege Tax liability if they create either 25 new jobs or increase the number of employees by at least 20 percent within five years of the designated start date. If the Department of Revenue is satisfied that the appropriate number of jobs have been created, the Department issues a certificate stating the amount of credit the firm is entitled to, either \$1,000 or 2 percent of the annual wages for each job.

Through 2008, 43 firms were participating in the program, promising the creation of 3,195 jobs. To date, 347 jobs have been certified as created, resulting in \$347,233 in Business Privilege Tax credits being awarded, of which \$250,650 has been redeemed.

Bill No. 090012 expands the City's efforts to incentivize job creation, by offering a higher credit amount, \$3,000 for Tax Years 2010 and 2011 in light of the challenging economic environment. Applications for the JCTC program can be found on the Department of Revenue website at [http://www.phila.gov/revenue/pdfs/2007\\_Application\\_for1.pdf](http://www.phila.gov/revenue/pdfs/2007_Application_for1.pdf).

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## Starting a Business? Register Online

The quickest and easiest way to register your new business with the City of Philadelphia is on the Department of Revenue's website. From there you can select which taxes you need to register for and obtain a Business Privilege License all at once. You can pay online with a credit card (a \$5.95 fee applies) or mail in your payment. There is no need to stand in line in the Municipal Services Building Concourse, and the online system checks to make sure that you have submitted complete information to ensure speedy processing.

We are eager for you to start your business in Philadelphia and are striving to make it as easy as possible. Register today at <https://ework.phila.gov/revenue/> and select "Apply for a Tax Account Number."

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