



CITY OF PHILADELPHIA

DEPARTMENT OF REVENUE
Municipal Services Building
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June 28, 2018

FRANK BRESLIN, CPA
Revenue Commissioner
Chief Collections Officer

The Honorable James F. Kenney
Mayor
City of Philadelphia
215 City Hall
Philadelphia, PA 19107

Dear Mayor Kenney:

I am pleased to transmit herewith a report summarizing the City's experience in 2017 regarding the Healthy Beverage Tax Credit, as required by Section 19-2604(16)(e) of The Philadelphia Code. Copies of the report are also being sent to the President and the Chief Clerk of Council as required.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Frank Breslin".

Commissioner Frank Breslin
Chief Collections Officer

mnm

Enclosure

cc: Council President Darrell Clarke
Michael Decker, Chief Clerk of Council
Rob Dubow, Finance Director

CITY OF PHILADELPHIA



HEALTHY BEVERAGES TAX CREDIT

2017 ANNUAL REPORT

Submitted by:
The City of Philadelphia, Department of Revenue
June 2018

As required by Section 19-2604(16)(e) of The Philadelphia Code

Healthy Beverages Tax Credit 2017 Annual Report

The ordinance creating the Healthy Beverages Tax Credit (Bill No. 130224) was passed by City Council on June 16, 2016 and signed by Mayor Jim Kenney on June 20, 2016.

Eligibility

For any full year in which a business continuously meets the eligibility criteria set forth in Philadelphia Code § 19-2604(16) and Business Income and Receipts Tax ("BIRT") Regulations Section 509, the business shall be eligible to claim a non-refundable tax credit against its BIRT liability for such tax year. Tax Year 2017 was the first BIRT return for which the credit was available.

A store qualifies for the Healthy Beverages Tax Credit if it is located in Philadelphia and uses one of the following NAICS (North American Industry Classification System) codes to describe their business on Federal Tax Forms:

- Convenience Food Stores (NAICS 44512)
- Other Specialty Food Stores (NAICS 44529)
- Miscellaneous Food Retailers (NAICS 44599)
- Gasoline Stations with Convenience Stores (NAICS 44711)
- Limited-Service Restaurants (722513)

Healthy Beverage

A non-alcoholic beverage that does not list as an ingredient the following:

- Any form of caloric sugar-based sweetener (sucrose, glucose or high fructose corn syrup)
- Any form of artificial sugar substitute (stevia, aspartame, sucralose, neotame, acesulfame potassium, saccharin or advantame)

Credit Amounts

The amount of the credit is based on the dollar amount spent to purchase healthy beverages during the year, compared to the amount spent to purchase healthy beverages the previous year. The maximum credit is two thousand dollars (\$2,000). Unused Healthy Beverage tax credits may not be carried forward.

Applying for the Credit

To apply for the Healthy Beverages Tax Credit, the qualifying merchant must submit an application to the Department of Revenue on or before February 15. Applications are received on a "first come-first-served" basis until the total amount of credits for a particular year reaches one million dollars (\$1,000,000).

Activity

Three (3) businesses submitted applications in calendar year 2018 for the 2017 BIRT return.

Two (2) applications were denied based on the listed NAICS code for the merchant. The Department requested additional documentation from the third applicant before approval of their application. The requested documentation has not been received by the publication date of this report.