

CITY OF PHILADELPHIA



HEALTHY BEVERAGES TAX CREDIT

2018 ANNUAL REPORT

Submitted by:
The City of Philadelphia, Department of Revenue
June 2019

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

Healthy Beverages Tax Credit **2018 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)
- 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

A Qualifying Merchant wishing to apply for the credit must complete an application on a form and in a manner as specified by the Department. Applications for tax credits for the prior tax year will be accepted between the first and last day of February each year. 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) applications were received in calendar year 2018 for the 2017 BIRT return. Two (2) applications were denied based on the listed NAICS code for the merchant. Additional documentation was requested from the third applicant before approval of their application; but, was never received. No applications were approved.

No applications were submitted in calendar year 2019 for the 2018 BIRT return.

No Healthy Beverages Tax Credits have been approved since the inception of this program.