

**CITY OF PHILADELPHIA
DEPARTMENT OF REVENUE**

**REAL ESTATE TAX REGULATIONS FOR CITY OF PHILADELPHIA AND SCHOOL
DISTRICT OF PHILADELPHIA**

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CITY OF PHILADELPHIA

REAL ESTATE TAX REGULATIONS FOR CITY OF PHILADELPHIA AND SCHOOL DISTRICT OF PHILADELPHIA

ARTICLE I

GENERAL PROVISIONS

Section 101. Definitions. The following words and phrases when used in these regulations shall have the meanings given to them in this Section unless specifically provided otherwise or unless the text clearly indicates otherwise:

- (a) “BRT.” Board of Revision of Taxes.
- (b) “Code.” The Philadelphia Code.
- (c) “Condominium.” Real estate, portions of which are designated for separate ownership and the remainder of which is designated for common ownership solely by the owners of those portions. Real estate is not a condominium unless the undivided interests in the common elements are vested in the unit owners. (68 Pa. C.S. §3103, relating to definitions.)
- (d) “Cooperative.” Real estate owned by an association, each of whose members is entitled, by virtue of his ownership interest in the association, to exclusive possession of a unit. (68 Pa. C.S. §4103, relating to definitions.)
- (e) “Department.” Department of Revenue.
- (f) “OPA.” Office of Property Assessment.
- (g) “Real Estate Tax.” The sum of any real estate tax imposed by the City of Philadelphia and by the School District of Philadelphia.
- (h) “Taxpayer.” Any person who is required to pay a Real Estate Tax.
- (i) “Tax Year.” A twelve month period from January 1 to December 31, inclusive.

**ARTICLE II
IMPOSITION AND RATE OF TAX**

Section 201. Real Estate Taxes.

- (a) For each of the following years, the Real Estate Taxes imposed by the City of Philadelphia (under §19-1301) and by the School District of Philadelphia (primarily under §19-1801) is levied at the following respective rates on each one hundred (100) dollars of the assessed value of taxable real property returned by the Board of Revision of Taxes in the year immediately preceding the stated year:

<u>Year of Tax¹</u>	<u>City Tax Rate</u>	<u>School District Tax Rate</u>	<u>Total Tax Rate</u>
2003 through 2007	\$3.474	\$4.790	\$8.264 (8.264%)
2008 through 2010 (8.264%)	\$3.305	\$4.959	\$8.264
2011	\$4.123	\$4.959	\$9.082 (9.082%)
2012	\$4.123	\$5.309	\$9.432 (9.432%)

In addition to the rate authorized by City Council pursuant to § 19-1801, the School District has imposed the following amounts authorized directly by state statute:

- 1.175% Per Pennsylvania School Code 24 P.S. 6-652.1(a)(1)(iv)
- .15% Per Pennsylvania School Code 24 P.S. 583.1
- .075% Per Pennsylvania School Code 24 P.S. 583.6
- .2% Per Pennsylvania School Code 24 P.S. 583.10
- .075 Per Pennsylvania School Code 24 P.S. 583.14
- 1.675% Total Additions

- (b) For Tax Year 2013, a Real Estate Tax is levied at the rate of \$9.771 on each one hundred (100) dollars (i.e., 9.771%) of the assessed value of taxable real property returned by the Office of Property Assessment or Board of Revision of Taxes for tax year 2011 (using the predetermined ratio of .32 then in effect), adjusted for subsequent improvements, demolition and destruction. Of this total, the tax rate levied by the City of Philadelphia is 4.462% and the tax rate levied by the School District of Philadelphia is 5.309%.²

¹ For prior years' tax rates, refer to §19-1301 and §19-1801 of the Code

² That School District rate includes the amounts directly authorized by state statute noted in subsection 201(a).

(c) For Tax Year 2014 and thereafter:

- (1) For Tax Year 2014 and 2015, a Real Estate Tax is levied at the rate of 1.34%, of which the Tax Rate levied by the City constitutes 0.6018% and by the School District 0.7382%.³
- (2) For Tax Year 2016 and thereafter, a Real Estate Tax is levied at the rate of 1.3998, of which the Tax Rate levied by the City constitutes 0.6317% and the School District 0.7681%.
- (3) The tax shall be calculated for all taxable real property in the City, by multiplying the Tax Rate by the Net Taxable Value of the property. Net Taxable Value shall be calculated by subtracting the amount of Homestead Exclusion, if any, provided for in § 19-1301.1 of the Code, from the assessed value of the property returned by the OPA in the year immediately preceding the tax year, but in no event may Net Taxable Value be less than zero.

Section 202. Homestead Exclusion.

(a) For purposes of this Section, the following terms have the following meanings:

- (1) "Homestead Property" shall mean a dwelling, including the parcel of land on which the dwelling is located and the other improvements located on the parcel, for which any of the following apply, as determined by the OPA upon application of the property owner:
 - (A) The dwelling is primarily used as the domicile of an owner who is a natural person. "Homestead Property" shall not include the land on which the dwelling is located if the land is not owned by a person who owns the dwelling.
 - (B) The dwelling is a unit in a condominium as the term is defined in 68 Pa. C.S. § 3103 (relating to definitions) and the unit is primarily used as the domicile of a natural person who is an owner of the unit; or the dwelling is a unit in a cooperative as the term is defined in 68 Pa. C.S. § 4103 (relating to definitions) and the unit is primarily used as the domicile of a natural person who is an owner of the unit. The homestead for a unit in a condominium or a cooperative shall be limited to the assessed value of the unit, which shall be determined in a manner consistent with the assessment of real property taxes on those units under 68 Pa. C.S. (relating to real and personal property) or as otherwise provided by law. If the unit is not separately assessed for real property taxes, the homestead shall be a pro rata share of the real property.

³ That School District rate includes the amounts directly authorized by state statute noted in subsection 201(a).

- (C) The dwelling does not qualify under paragraphs (1)(A) or (1)(B) of this subsection and a portion of the dwelling is used as the domicile of an owner who is a natural person. The homestead for real property qualifying under this paragraph shall be the portion of the real property that is equal to the portion of the dwelling that is used as the domicile of an owner.

- (b) Commencing in Tax Year 2014, a homestead exclusion is provided in the lesser amount of (A) thirty thousand dollars (\$30,000) multiplied by the established predetermined ratio; or (B) fifty percent (50%) of the median assessed value of properties granted a homestead exemption, as certified by the OPA by no later than November 15 of the year prior to the tax year.

- (c) The exclusion authorized under subsection (b) of this Section for a dwelling that is used as homestead property for only a portion of the year prior to the Year of Tax (i.e., the calendar year in which the tax is due), whether because of new construction or otherwise, shall be prorated in a manner consistent with the assessment of real property taxes on that dwelling.

- (d) Any homestead exclusion provided by § 19-1301.1 of the Code with respect to City real estate tax shall apply to the same extent and in like manner to any tax on real estate imposed by the Board of Education pursuant to § 19-1801 of the Code.

- (e) Administration and procedure.
 - (1) Except as otherwise provided in this subsection, no later than September 13 of the year prior to the year in which the tax is due, the owner or owners of real property may apply to the OPA for designation of property as Homestead Property. Such application shall be in such form as the OPA shall prescribe, consistent with any form mandated by the Department of Community and Economic Development.
 - (A) In the event that a property transfer takes place after the deadline specified in paragraph (1) of this subsection or within 30 days prior to such deadline, the owner or owners of real property may apply to the OPA for a designation of the property as Homestead Property within 30 days of the date on which said property is transferred into the new owner or owners' name(s), provided that such application is received by OPA no later than December 1 of the year prior to the year in which the tax is due.

 - (B) With respect to applications received by the OPA pursuant to paragraph (1)(A) of this subsection, if it is impracticable for the Department to include the homestead exclusion in the tax bill, the taxpayer shall pay the full amount set forth in the tax bill and the Department, by no later than May 31 of the tax year, shall refund to the taxpayer the amount of tax subject to the homestead exclusion. No refund application shall be required.

 - (C) Effective October 1, 2014, the OPA, at its discretion, is authorized to grant exceptions to the deadline specified in paragraph (1) of this subsection upon the

provision that an owner of real property provide evidence of hardship or evidence of other good cause, but in no case shall such an extension be beyond December 1 of the year prior to the year in which the tax is due. Hardship and evidence of other good cause may be determined based on consideration of various factors. The OPA shall determine whether such factors shall be considered individually or in combination with other relevant factors. The OPA shall promulgate such regulations and forms as are deemed necessary to effectuate the purpose of this subsection. The BRT is authorized to review any adverse final determination by the OPA relating to an individual's application for an exception in a manner consistent with the provision for appeal of assessments. Appeals under this subsection shall be limited to whether the OPA abused its discretion in denying the exception to the deadline.

- (2) The OPA shall provide sufficient notice to the public regarding the availability of applications to designate real property as Homestead Property and all filing deadlines. The OPA shall make applications available at least sixty (60) days before the filing deadline.
- (3) An application shall be deemed approved unless the OPA provides, by no later than the date set out below, a written statement setting out all reasons for any denial, in whole or in part, of an application.
 - (A) For applications timely filed on or before September 13 of the year prior to the year in which the tax is due: November 30 of the year prior to the year in which the tax is due.
 - (B) For applications timely filed, pursuant to subparagraph (e)(1)(A) above, after September 13 of the year prior to the year in which the tax is due: January 31 of the year in which the tax is due.
- (4) An owner aggrieved by the determination of the OPA hereunder may appeal to the BRT for a review of the determination in a manner consistent with the provisions for appeal of assessments under the applicable assessment law. Appeals under this subsection shall be limited to whether the application meets the requirements of paragraph (1) of this subsection and whether the parcel for which the appeal is made meets the definition of Homestead Property under subsection (a) of this Section.
- (5) Appeals regarding the assessed value of real property under the applicable assessment law shall be based on the assessed value of the real property before application of the exclusion for Homestead Property. The issue of qualification as Homestead Property shall not be raised in an appeal except as provided in paragraph (4) of this subsection.
- (f) Change of use. The owner of any property approved as Homestead Property shall notify the OPA within 45 days of any change in use that renders the property no longer eligible as Homestead Property.

- (g) False applications; Penalties. Any person who files an application under subsection (e) of this Section which is false as to any material matter, or who fails to file notice of change of use pursuant to subsection (f) of this Section, shall:
- (1) Pay any taxes which would have been due but for the false application or failure to provide notice, plus simple interest computed at the rate provided in section 806 of the act of April 9, 1929 (P.L. 343, No. 176), known as The Fiscal Code;
 - (2) Pay a penalty equal to 10% of the unpaid taxes computed under paragraph (1) of this subsection; and
 - (3) Upon conviction for failing to provide notice pursuant to subsection (f) of this Section or filing an application under subsection (e) of this Section which a person knows to be fraudulent, be guilty of a misdemeanor of the third degree and be sentenced to pay a fine not to exceed \$2,500.

Section 203.⁴ Reserved.

Section 204. Assessment Ratio.

For assessments returned by the OPA in the year 2012 other than as required pursuant to §§ 19-1301(1)(b) and 19-1801(2)(b) of the Code, the Established Predetermined Ratio to be used by the OPA in determining the assessed value of real property shall be one tenth of one percent (.1%). For assessments returned by the OPA in the year 2013 and thereafter, the Established Predetermined Ratio, to be used by the OPA in determining the assessed value of real property, shall be one hundred percent (100%).

Section 205. Administration and Enforcement by the School District of Philadelphia.

Pursuant to §19-1802 of the Code, except where otherwise provided by law, the real estate tax imposed by the School District of Philadelphia pursuant to §19-1801 of the Code shall be levied, assessed and collected in accordance with all provisions, restrictions, rights of notice, appeals, interest, penalties and such other matters as are applicable to the real estate tax imposed by the City of Philadelphia.

⁴ Section 203 is reserved for the provisions new Section 19-1306 (“Cap on Tax Increases”) added to provide that, notwithstanding the tax rate set forth in §19-1301 of the Code or any other law to the contrary, that the tax levied on any real shall not be greater than 104% of the prior year’s tax levy, Bill No. 020577 (December 5, 2002). Section 2 of the Ordinance provides "This Ordinance shall be effective upon enactment of authorizing legislation by the General Assembly." As of the effective date of the adoption of these regulations, the authorizing legislation has not been passed by the General Assembly.

ARTICLE III

INSTALLMENT PAYMENTS AND DEFERRAL OF TAXES

Section 301. Installment Payments.

The Department, at its discretion, may accept payment of real estate taxes in four equal installments, subject to the discounts, additions, interest and penalties prescribed in § 19-1303 of the Code and Section 401 of these regulations.

Section 302. Payment Agreements, Tax Foreclosure Prevention Programs, Waiving Additions to Tax and Abating Interest and Penalties Otherwise Due, and Requiring Commencement of Enforcement Action.

(a) Definitions. As used in this Section:

- (1) “Agreement” shall mean an Owner Occupied Payment Agreement or Homestead Agreement as authorized by Section 19-1305 of The Philadelphia Code (“Code”).
- (2) “Complete Application” see below at (b)(4)(B)(ii).
- (3) “Default” see below at subsection (d)(3).
- (4) “Department” shall mean the Philadelphia Department of Revenue, its officers, agents and employees. The term shall also include co-counsel or other entities hired or retained by the City of Philadelphia to collect property taxes owed to the City of Philadelphia. The term shall also include the Law Department or any other department or office of the City of Philadelphia, its officers, agents and employees to the extent that it is engaged or involved in the collection of property taxes covered by this Act.
- (5) “Homestead” means a dwelling used as a home, occupied by a taxpayer. A homestead shall also include mobile homes which are assessed as realty for local property tax purposes and the land upon which the mobile home is situated and other similar living accommodations, as well as a part of a multi-dwelling or multi-purpose building and a part of the land upon which it is built to the extent that the eligible taxpayer is chargeable by the City for property taxes. It shall also include premises occupied by an eligible taxpayer if he is required "by law" to pay a property tax by reason of his ownership or rental (including a possessory interest) in the dwelling, the land, or both; provided that the term "by law" shall not be deemed to include a contractual obligation between the eligible taxpayer and a person who would otherwise be responsible to the City for the payment of the tax.
- (6) “Income” means all regular and periodic income from whatever source derived, including but not limited to salaries, wages, income from self-employment, alimony, support money, cash public assistance and relief, the net amount of any pensions or annuities including railroad retirement benefits, all benefits received under the Federal

Social Security Act (except Medicare benefits), all benefits received under State employment insurance laws and veterans' disability payments, all interest received from the Federal or any State government, or any instrumentality or political subdivision thereof, net income from rentals, workmen's compensation, interest and dividends, and any regular and periodic monetary contributions from a non-household member. Income shall not include overtime; back pay; severance pay; bonuses; tuition reimbursements; loan disbursements; federal or state income tax refunds; lump sum payments of benefits such as loss of time insurance benefits, death benefits, life insurance benefits and other insurance proceeds; Supplemental Nutrition Access Program ("SNAP") benefits or any other form of surplus food or other relief in kind supplied by a governmental agency; or property tax rebate.

- (7) "Material Breach" see below at subsection (d)(2).
 - (8) "Owner" shall mean both (a) an owner of record, as recorded with the Department of Records, and (b) an equitable owner, defined as a person who can demonstrate an ownership interest in a property as provided by law. An equitable owner includes, but is not limited to: a person who has inherited an interest in a property; a person who has entered into a contract to purchase a property; and a person who was the owner of record before a fraudulent conveyance of the property. The term "owner" shall also include a person who is a trust beneficiary and a person holding a partial ownership interest in a property such as tenancy by the entirety, joint tenancy, tenancy in common, and life estate.
 - (9) "Senior Citizen" means a taxpayer who is sixty-five (65) years of age or over, or whose spouse, if a member of the household, is sixty-five (65) years of age or over, during a calendar year in which real property taxes are due and payable.
 - (10) "Submitted" an application is submitted to the Department on the date that it is received by the Department, whether in person, by e-mail, by United States mail or by delivery service.
 - (11) "Total Household Income" means all income received by the taxpayer and members of his or her household while residing in the homestead.
 - (12) "Tax Liabilities" shall mean both property taxes which are delinquent and property taxes which are currently due but not yet delinquent, including but not limited to associated attorneys' fees, eligible expenses, interest and penalties as allowed by law.
 - (13) "Pennsylvania Property Tax Rebate" shall mean the program provided for in 53 P.S. §§ 6926.1301–.1313, §§ 6926.701–.704.
- (b) Authorization for Installment Payments; Tax Foreclosure Prevention Programs; Waiver of Additions to Tax; Abatement of Interest and Penalties and Requiring Commencement of Enforcement Action.

- (1) Universal Applicability. Section 19-1305 of the Code and all regulations and policies adopted pursuant to it, shall apply equally to the Department of Revenue, the Law Department of the City of Philadelphia, the Philadelphia Tax Review Board, any other department, agency, office or employee of the City seeking to enforce or collect property taxes, and all co-counsel or other businesses or parties hired or retained by the City to collect property taxes.
- (2) Warning of Risk of Tax Foreclosure Action.
 - (A) First Notice. Should a taxpayer not remit payment for current year real estate tax liabilities or enter into a payment agreement by March 31st of such tax year, within sixty (60) days the Department shall send the taxpayer a Warning of Risk of Tax Foreclosure Action containing all the information listed in §19-1305(2)(b)(.1) of the Code that includes the availability of the free assistance of a housing counselor, and the right to apply for the tax payment deferral for financial hardships as provided in Sections 19-1305 and 19-1307 of the Philadelphia Code .
 - (B) Second Notice. Should a taxpayer not respond to such Notice of Risk of Foreclosure Action within ninety (90) days of the date of the notice, the Department shall send a second notice containing the same information required by §19-1305(2)(b)(.1) of the Code and any updates thereto, and a warning that the City may commence foreclosure proceedings against the taxpayer should he or she not pay the outstanding real estate tax liabilities or enter into a payment agreement or tax payment deferral program by December 31 of such year.
- (3) Information for Taxpayers.
 - (A) When a taxpayer contacts the Department regarding real estate tax liabilities the Department shall ask if the property is the taxpayer's residence, and shall provide the following information:
 - (i) If the taxpayer claims to reside in the property, the Department shall inform the taxpayer of the steps to apply for homestead recognition, the right to an Agreement for homestead properties and the steps to apply for such Agreements, and the availability of free advice and assistance from housing counseling agencies and legal services agencies for taxpayers who are eligible. The Department shall also provide written information regarding the Agreement options for homesteads, as well as a list, including addresses and phone numbers, of housing counseling agencies and legal service agencies available to assist the taxpayer.
 - (ii) If the taxpayer claims not to reside in the property, the Department shall inform the taxpayer of the right to request consideration for a payment agreement and the steps to apply for consideration for such payment agreements.

- (B) Information Available Online. The Department shall clearly and conspicuously post information regarding the available payment agreements, tax payment deferral programs, and assistance programs on its website. Such information shall summarize the program and terms of the agreements and the eligibility requirements. It shall include a question-and-answer section as well as application forms, sample agreements, and copies of all notices provided for in this Section. The Department's website shall also clearly and conspicuously post contact information, including addresses and phone numbers, for housing counseling agencies and legal service agencies that may be available to advise or assist eligible taxpayers.
 - (C) Language Access/Non-English Speakers. Consistent with applicable law and policy, the Department shall take reasonable steps to ensure meaningful access to payment agreements for Limited English Proficient (LEP) persons. Such steps shall include providing copies of all vital documents in English and Spanish, both on-site and on-line translations of all vital documents, including notices and agreements, as well as providing translated "taglines" on all English language notices, and advising LEP persons that telephone interpreter services are available at the Department.
 - (D) In-Person Meeting. A taxpayer seeking to enter into a payment agreement related to real estate tax liabilities on his or her primary residence shall have a right to an in-person meeting with the Department within 30 days of such request for the purpose of evaluating the taxpayer's payment agreement options. Taxpayers shall be affirmatively offered the assistance of an independent housing counselor or attorney, and shall be referred to housing counseling agencies and legal service agencies who may advise or assist them. All taxpayers shall be informed of the availability of an interpreter to assist the taxpayer in such a meeting. This provision applies even if litigation has commenced to recover the outstanding real estate taxes as defined in section 302(c)(1)(D) herein
- (4) Homestead Payment Agreements. Agreements with taxpayers are authorized for all amounts due on real estate tax liabilities on the homesteads of taxpayers, subject to the following terms and conditions:
- (A) Response. The Department shall respond in writing to all applications for an Agreement within thirty (30) days after receipt. Any denial shall include notice to the taxpayer of his or her right to Appeal, as well as deadlines for Appeals and information on resources and agencies that may assist with Appeals.
 - (B) Eligibility. Eligibility for an Agreement and for placement in any particular Tier, shall be understood in all cases to require showing of financial hardship or inability to pay, based on individual circumstances. A taxpayer may not establish

residency in a building that is not zoned for residential use. Taxpayers may be required to demonstrate proof of ownership including equitable ownership, residency, and up to two months of household income in order to be found eligible for an Agreement, provided however that a taxpayer shall not be required to liquidate any assets, including other real property, in order to qualify for an Agreement. The Department may also request a taxpayer's most recent federal tax return if applicable and, for good cause, such additional information as may be necessary to determine eligibility. The Department shall make any request for additional information in writing and shall allow the taxpayer at least thirty (30) days to respond. If the Department refuses to consider an application because the application is incomplete, it shall provide the taxpayer written notification of what information is missing. If the current year's overdue taxes are being handled by a different part or agent of the Department when the taxpayer requests an Agreement for her delinquent taxes, the current year's overdue taxes shall be reassigned so that all Tax Liabilities are the subject of a single Agreement.

- (i) **Eligibility for Equitable Owners.** Taxpayers who are equitable owners may qualify for Agreements, provided that the Department may discontinue such Agreements after three (3) years if the Department determines that the taxpayer has not made a good faith effort to obtain record title to the property covered by the Agreement. Any such discontinuance shall be made in writing and shall be appealable in the same manner as the denial of an Agreement. The Department shall notify the taxpayer in writing of this obligation to seek title at the time of the signing of the Agreement and that seeking help from a legal services agency will demonstrate good faith effort to obtain title. A taxpayer's application within six months of signing an Agreement to a legal services agency for assistance with obtaining title shall create a rebuttable presumption of good faith effort, even if the agency is unable to assign or pursue taxpayer's case promptly. Absent indicia of fraud, the Department shall not evaluate taxpayer's good faith effort to obtain title before three years has expired. An application by a second equitable owner, after an equitable owner has Defaulted (as defined in subsection (d)(3) below) shall be subject to heightened scrutiny before approval.
- (ii) **"Complete Application".** An initial application submitted by a taxpayer shall be deemed complete by the Department if the application includes an application form substantially completed and signed by the applicant as well as the following documents: (1) proof of Ownership as specified in subsection (b)(4)(C)(i) of this Section; (2) proof of Income or Inability to Pay as specified in subsection (b)(4)(C)(iv) of this Section; and (3) proof of Residency as specified in subsection (b)(4)(C)(v) of this Section. An initial application which does not include such documents may be treated as incomplete by the Department. The Department may request other documentation as provided by these regulations; however, an initial

application shall not be considered incomplete for failure to include documents other than those stated herein.

- (iii) The Department may deny a taxpayer's eligibility for an Agreement for good cause, provided that such denial may be appealed pursuant to subsection (e)(1) of this Section and §19-1305(5)(a) of the Code. A taxpayer who is otherwise eligible for an Agreement under this Section shall not be denied a an Agreement based on the taxpayer's Default (defined in subsection (d)(3) of this Section) upon or failure to comply with a payment agreement executed prior to October 15, 2013.
- (C) Documentation. The Department shall accept a photocopy of any document listed in this subparagraph, except where a certified or sealed document is specified.
- (i) Ownership. To establish an ownership interest under this Section, a taxpayer who is not the record owner of her homestead must submit at least one of the documents listed in this subparagraph or, where specified, combination of documents. A taxpayer who establishes residence does not need to have sole ownership of the homestead to qualify for an Agreement. Where appropriate, a taxpayer may submit documents from multiple categories listed in this subparagraph to show his or her ownership interest in the property. For example, if her mother entered into a rent-to-own agreement with the property owner and her mother is deceased, she can provide documentation from subparagraph (C)(i)(X) (proving the rent-to-own agreement) and from subparagraphs (C)(i)(VI), (C)(i)(VIII), or (C)(i)(IX) (proving her relationship with her mother):
 - (I) Proof showing that taxpayer lived in the property at least fourteen (14) years ago.
 - (II) If taxpayer was the owner listed on the deed *but* a fraudulent deed was recorded taking title out of her name:
 - (a) A police report that taxpayer has filed for the fraudulent deed ("property theft"); or
 - (b) Proof of court action (e.g., a "complaint") that has been filed in court to get rid of the fraudulent deed.
 - (III) If taxpayer's relative (or someone else through whom taxpayer has a claim to the property) was the owner listed on the deed (the "original owner") *but* a fraudulent deed was recorded taking title out of the original owner's name:

someone else, and that other person then left a will leaving the property to taxpayer, taxpayer should provide wills and death certificates for both people.

- (X) A rent-to-own agreement (AKA lease/purchase agreement or installment land contract) signed by the property owner AND documentation showing that taxpayer has made payments to the property owner in at least three (3) different months.
 - (XI) A letter of representation from an attorney who is helping taxpayer establish legal title to the property. The letter should be on the law firm's letterhead; explain the facts and taxpayer's legal claim to the property; state that the attorney is representing taxpayer to help taxpayer obtain title; state that the attorney will notify the City if he/she stops representing taxpayer; and include the attorney's Pennsylvania attorney identification number.
 - (XII) A letter from a legal services agency that is helping taxpayer obtain title to the property. The letter should be on the agency's letterhead; explain the facts and taxpayer's legal claim to the property; state that the agency is looking for an attorney to help taxpayer obtain title; state that the agency will notify the City if it is not able to find an attorney to help taxpayer; and include the Pennsylvania attorney identification number for an attorney at the agency.
- (ii) Age. To establish his or her age under this Section, a taxpayer may provide any one of the following documents. The Department also may accept additional documents for this purpose as long as the taxpayer is required to prove his or her age when obtaining the document in question.
- (I) Birth Certificate;
 - (II) Church Baptismal Record;
 - (III) Hospital Birth Record;
 - (IV) Driver's License or PA Identification Card;
 - (V) Passport;
 - (VI) PACE/PACENET Card;
 - (VII) Blue Cross or Blue Shield 65 Special Card;
 - (VIII) Medicare Card;
 - (IX) Military Discharge Paper (if age shown); or
 - (X) Naturalization/Immigration Paper (if age shown).
- (iii) Disability. To establish disability under this Section, a taxpayer must produce a copy of an award letter issued by the armed services, Social

- Security Administration, SSI, Railroad Retirement or Black Lung or comparable official documentation of disability benefits.
- (iv) Income or Inability to Pay.
 - (I) To establish income for taxpayer and all members of his or her household while residing in the homestead under this Section, taxpayer may produce his or her Federal Income Tax return. The Department also may accept other documents as proof of income or expenses including, but not limited to, pay stubs, W-2 forms, and benefit award letters.
 - (II) Social security numbers or other identification shall not be required for minors, for persons over the age of sixty-five (65) or for disabled persons. A taxpayer who has supplied social security numbers or other tax identification number for all other household residents shall have satisfied this requirement. Where a household member is unable to provide an otherwise required tax identification number, the Department may accept a signed affidavit in lieu for good cause shown.
 - (III) Where the Department possesses inconsistent information or for other good cause shown, the Department may request additional documentation to substantiate taxpayer's actual income.
 - (v) Residency. To establish residency under this Section, a taxpayer must submit one (1) document from any two (2) separate categories below proving residency at the property. Documentation must include the taxpayer's name and the property address. Acceptable documents include:
 - (I) Government-issued ID that has not expired:
 - (.a) Photo ID issued by the U.S. Federal Government or the Commonwealth of Pennsylvania (including the Department of State Voter ID Card);
 - (.b) PA Driver's License or Non-Driver's License Photo ID;
 - (.c) U.S. Passport;
 - (.d) U.S. Military ID; active duty and retired military (A military or veteran's ID must designate an expiration date or designate that the expiration date is indefinite. Military dependents: ID must contain an expiration date.); or

- (.e) Employee Photo ID issued by U.S. Federal Government, Commonwealth of Pennsylvania, Pennsylvania County or Municipal government.
 - (II) Utility Bills: the Department shall accept PGW, Water Revenue, PECO, cable, or landline telephone bills as proof of residency if taxpayer presents at least two from bills at least two different months from within the last six (6) months. The two bills may be for the same utility service or for two different utility services.
 - (III) Voter Registration Card.
 - (IV) Employment/Income Tax records:
 - (.a) At least two pay stubs from current employer from the last six (6) months;
 - (.b) Most recent year's W-2 form; *or*
 - (.c) Most recent year's state or federal income tax records.
 - (V) Government-issued benefit or award letter (federal, state, or local) from the last twelve (12) months:
 - (.a) Social Security, SSI, DPW, or SNAP (food stamp) benefit award letter or COMPASS printout;
 - (.b) Unemployment compensation award letter;
 - (.c) LIHEAP award letter; *or*
 - (.d) Homestead Exemption award letter or OPA print-out showing Homestead Exemption has been approved.
 - (VI) At least two mortgage statements from the last six (6) months.
 - (VII) At least two student loan billing statements from the last six (6) months.
 - (VIII) At least two bank statements from the last *six* (6) months.
 - (D) Agreements shall provide for payment of 100% of all tax liabilities, including capitalized additions, owing through the date of the Agreement or March 31 of the year of the Agreement, whichever is later, less any waiver of interest or penalties as provided in subsection (b)(4)(H), below.
 - (i) Effective October 1, 2014, the Department shall provide an opportunity for taxpayers entering into payment agreements to apply for the following programs: Homestead Exclusion, pursuant to §19-1301.1(4)(a)(.3) of the Code – and Section 202(e)(1)(C) of these

regulations; Deferral, pursuant to §19-1307(6)(c) of the Code – and Section 303(e)(3) of these regulations; Longtime Owner-Occupant Exemption pursuant to §19-3905(3)(a) – and Section 407(d)(3)(A) of these regulations; and Senior Citizen Low Income Special Tax Provisions pursuant to §2904(1)(a) of the Code – and Section 501(c)(1)(A) of these regulations. Should the taxpayer opt to meet with one, the housing counselor may assist the taxpayer in applying for the aforementioned programs. If a taxpayer is approved for any of these programs and such approval results in the reduction of the taxpayer's total tax liabilities, within thirty (30) days of such approval the Department shall adjust the total amount due under the payment agreement as well as the monthly payment amounts, and shall promptly notify the taxpayer of any adjustments. In negotiating settlements with delinquent taxpayers, the Department may consider the taxpayer's eligibility for relief for which he or she failed to apply.

- (E) Monthly Payments Based on Income. Monthly payment amounts due pursuant to Agreements shall be based upon the taxpayer's monthly household income as a percentage of Area Median Income for the Philadelphia metropolitan area, for the most recent fiscal year, as determined (and published) annually by the United States Department of Housing and Urban Development ("Area Median Income"), as follows, and shall not require initial lump sum payments or down payments unless elected by the taxpayer:
- (i) Tier 1. For taxpayers with monthly household income above seventy percent (70%) of Area Median Income, Agreements shall be made available at the discretion of the Department, provided that the Department shall take into consideration evidence of financial hardship submitted to it by the taxpayer. Agreements shall be affordable in light to taxpayer's entire circumstances;
 - (ii) Tier 2. For taxpayers with monthly household income ranging from greater than fifty percent (50%) up to and including seventy percent (70%) of Area Median Income, payments shall equal ten percent (10%) of such monthly household income;
 - (iii) Tier 3. For taxpayers with monthly household income ranging from greater than thirty percent (30%) up to and including fifty percent (50%) of Area Median Income, payments shall equal eight percent (8%) of such monthly household income;
 - (iv) Tier 4. For taxpayers with monthly household income at or below thirty percent (30%) of Area Median Income, payments shall equal five percent (5%) of such monthly household income, provided that twenty-five dollars (\$25) is the minimum monthly payment;

- (v) Individual Financial Assessments and Financial Incapacity Taxpayers may request an individual financial assessment comparing household income and expenses, and shall be considered for the following relief:

I. Individual Financial Assessments

(.a) Where the taxpayer meets the criteria under subsection(ii)(“Tier 2”,)(iii) (“Tier 3”), or (iv)(“Tier 4”), but the minimum monthly payment would, based on the individual financial assessment, present a hardship to the taxpayer, the Department may allow the taxpayer to elect an alternative monthly payment amount provided it is not less than twenty-five dollars (\$25).

(.b) When the Department finds that a taxpayer in any Tier, based on the individualized financial assessment, lacks the ability to make a regular monthly payment of any amount, the Department may allow the taxpayer to elect an agreement with no minimum monthly payment.

II. Financial Incapacity. The Department will generally allow a taxpayer in Tier 4 to elect an agreement with no minimum monthly payment upon a showing of Financial Incapacity as defined herein when the taxpayer:

(.a) Has a Household Income at or below 15% of Area Median Income; or

(.b) Has a Household Income at or below 30% of Area Median Income and satisfies one of the following:

(.1) is age sixty-five or older; or

(.2) is an unremarried widow(er) age 55 or older whose spouse was age 65 or older at the time of death; or

(.3) has a permanent disability; or

(.4) based on the individualized financial assessment, lacks the ability to make a regular monthly payment of any amount

- (vi) Every year within sixty (60) days after the publication of Area Median Income, the Department shall create and post on its website a table that relates Area Median Income to Household size to assist with Tier determinations.

- (F) **Installment Payment Agreements for Current Real Estate Tax Liabilities.** Installment payment agreements for current year real estate tax liabilities are specially authorized for taxpayers who are senior citizens, taxpayers with monthly income up to and including fifty percent (50%) of Area Median Income, and taxpayers who demonstrate hardship, for a term not to extend beyond December 31 of the tax year, except that a longer term may be granted at the discretion of the Department. The Department shall determine hardship based on consideration of various factors such as household income, household expenses, household size, available excess liquid assets or any other factor(s) or combination thereof. The Department may issue a statement of policy for this purpose. Notwithstanding any provision of Title 19 of the Code to the contrary, for applications received no later than the 31st day of March of the year in which the tax is due and payable, the Department shall waive any additions to a current tax liability due on the homestead of a taxpayer who enters into an installment payment agreement pursuant to this subsection, provided that the terms of the agreement are fully complied with by the taxpayer. Notwithstanding any provision of Title 19 of the Code to the contrary, any interest and penalties related to current year tax liabilities which shall accrue or become due and payable by any taxpayer shall be abated upon successful completion of an installment payment agreement entered into pursuant to this subsection.

- (G) **Pennsylvania Senior Citizen Real Property Tax Rebates.** If and when the Commonwealth allows the assignment of such rebates to local tax authorities, the Department shall allow that assignment by senior citizens and persons with disabilities 18 years or older and shall promulgate such regulations, rules, written policies, forms and other documentation deemed necessary to enable the assignment of such rebates.

- (H) **Completion of Agreements; Forgiveness.**
 - (i) An Agreement shall be considered completed upon payment of all tax liabilities, as provided in subsection (b)(4)(E) of this Section, less a waiver of interest or penalties, as follows:
 - (I) For taxpayers in Tier 1, no waiver of interest or penalties accrued as of the date of the Agreement;
 - (II) For taxpayers in Tier 2, waiver of one hundred percent (100%) of penalties accrued as of the date of the Agreement;
 - (III) For taxpayers in Tier 3, waiver of one hundred percent (100%) of penalties and fifty percent (50%) of all interest accrued as of the date of the Agreement;

- (IV) For taxpayers in Tier 4, waiver of one hundred percent (100%) of penalties and one hundred percent (100%) of interest accrued as of the date of the Agreement;
 - (V) For taxpayers who request an individual financial assessment under subsection (b)(4)(E)(v), the amount of waiver of interest and penalties shall be determined by the Tier in which their monthly household income falls.
- (ii) Notwithstanding any provision of Title 19 of the Code to the contrary, within thirty (30) days of a taxpayer, who is enrolled in an income-based Agreement, making all payments required thereunder, the Department shall:
- (I) immediately waive, forgive, and abate all interest and penalties, as provided for in subsection (b)(4)(H)(i);
 - (II) certify that the entire real estate tax liability is paid in full;
 - (III) correct any records (written, computerized, or otherwise) the City maintains regarding the taxpayer's account to reflect that the account is current; and
 - (IV) inform the taxpayer in writing by first-class mail that his or her real estate tax account is current and that the outstanding tax liabilities are paid in full.
- (5) Non-Homestead Payment Agreements. Payment agreements with taxpayers are authorized for all amounts due on real estate tax liabilities on properties other than homesteads, in the discretion of the Department. The Department shall have broad discretion to grant or deny such agreements, including acting on information supplied by the Department of Licenses and Inspections.
- (6) Terms of Agreements.
- (A) Maintenance of Current Taxes. While enrolled in an Agreement pursuant to this Section, a taxpayer is obligated to pay the current year real estate taxes that come due and owing during each subsequent year, which payment may be made either by a lump sum payment or installment payment agreement as permitted by law, but which payment may not be made pursuant to an Agreement, other than an installment payment agreement as provided for under subsection (b)(4)(F). Nothing in this paragraph shall preclude a taxpayer enrolled in an Agreement from entering into a deferral of taxes under §19-1307 of the Code and Section 303 of these regulations.

- (B) Inclusion of Current and Future Taxes. Notwithstanding the requirement that a taxpayer maintain his or her current taxes as provided in subsection 302(b)(6)(A) above, it is further provided that so long as a taxpayer is eligible for a Tier 4 agreement or an agreement based on an Individual Financial Assessment and has not defaulted on that agreement, the Department shall automatically add current year taxes to the payment agreement on April 1 of each year the taxes are due for any amount of current year taxes still outstanding unless the taxpayer directs the Department otherwise.
- (C) Right to Installment Agreement on Current Taxes. Taxpayers with no tax delinquency but who are eligible for a Tier 4 agreement or an agreement based on an Individual Financial Assessment may opt into an installment agreement for the current year taxes as provided under §19-1305 of the Code and Section 302 of these regulations.
- (D) Compliant Taxpayer Not in Default. A taxpayer who has their current year taxes added to a payment agreement as provided in subsection 302(b)(6)(B) herein; or a taxpayer who pays the current year taxes in full or under an installment agreement, and who is otherwise compliant with the agreement shall be deemed not be in default on his or her real estate taxes
- (E) Tolling of Charges. While a taxpayer is making payments toward real estate tax liabilities under an Agreement, all amounts for additions, interest, penalties, fees, and other charges provided for under §19-1303 of the Code and Section 401 of these regulations will be tolled and shall not continue to accrue after the date of the Agreement, provided, however, that such amounts will be added to the taxpayer's total liability should he or she fail to successfully complete the Agreement.
- (F) Application of Payments. Notwithstanding any provision of Title 19 of the Code to the contrary, unless otherwise provided in any applicable bond covenant, payments made pursuant to an Agreement shall be credited to the taxpayer's delinquent account as follows:
 - (i) Until such time as the total principal included in the taxpayer's Agreement is repaid, one hundred percent (100%) of all payments made under the terms of such Agreement shall be credited and accounted toward such total principal amount and any associated attorneys' fees, in the same proportion as the two liabilities bear to each other. The only exception to this rule shall be for reimbursable expenses actually incurred by the Department that shall be paid before any other item, including the above allocations to principal and attorneys' fees. No part of any payment made under the Agreement may be used to pay or reduce other amounts demanded as due under §19-1303 of the Code and Section 401 of these regulations, including, but not limited to, charges for additions,

interest and penalties, or other fees, until such time as the taxpayer shall have made payments equal to the amount of the total principal due.

- (ii) Notwithstanding paragraph(i) immediately above, where a taxpayer is not required to pay current taxes in addition to their monthly payments under an agreement pursuant to subsection (6)(A) and is either a senior citizen or a person with a disability age 18 or older (and eligible for the Pennsylvania Property Tax Rebate) one hundred percent (100%) of all payments made under the terms of such agreement, up to the amount due there under for the current year shall be applied to current taxes so as to be eligible for the Rebate.
 - I. When the Department of Revenue has evidence that a taxpayer enrolled in the Owner Occupied Payment Agreement is likely eligible for the Pennsylvania Property Tax Rebate; the taxpayer will have payments automatically applied first to current year taxes prior to providing those amounts to the Commonwealth of Pennsylvania. Evidence may include enrollment in the City of Philadelphia Senior Citizen Tax Freeze program, the Pennsylvania Property Tax Rebate in the prior year (if available) and other data sources deemed appropriate by the Department of Revenue as to likely eligibility.
 - II. Taxpayers whose payments are not automatically applied to the current year first and who are eligible for the Pennsylvania Property Tax Rebate may request that payments be applied first to current year taxes. Requests will be granted upon a reasonable demonstration to the Department of Revenue of eligibility.
 - III. Taxpayers whose payments are automatically applied to the current year taxes first due to the Department of Revenue having evidence that they are likely eligible for the Pennsylvania Property Tax Rebate will be notified and given the opportunity to opt out of having the taxes applied to the current year first if they prefer.

- (G) Agreements in Writing. All Agreements shall be in writing and a copy provided to the taxpayer. Failure by the taxpayer to return the signed Agreement within thirty (30) days shall be a Breach of Agreement. All Agreements shall include but are not limited to the following terms:
 - (i) the monthly payment amount;
 - (ii) the payment due date;
 - (iii) the specific address to which payment should be mailed as well as a location where payments may be made in person;
 - (iv) the length or period of the Agreement including the number of payments;

- (v) the total amount agreed as due under the Agreement;
 - (vi) a statement of the delinquent tax years covered by the Agreement as well as an itemization of the amounts due for each year specifying amounts due for principal, interest, penalties, attorney's fees and other costs or charges;
 - (vii) the requirement of maintenance of current property tax payments during the length of the Agreement as well as an explanation of how current payments should be tendered to the Department in order to avoid misapplication of payments to delinquent tax years.
 - (viii) a brief explanation regarding how payments will be applied to the delinquency;
 - (ix) a brief explanation of the consequences of Material Breach and Default on Agreement including possible legal action;
 - (x) a brief explanation of the taxpayer's right to cure payments missed under the Agreement as well as the specific address to which cure payments should be sent;
 - (xi) a brief explanation of conditional forgiveness, if applicable, and the effect of completion of the Agreement; and
 - (xii) a brief explanation of any additional terms or requirements, including recertification of eligibility if applicable.
- (H) Prohibition against Stipulated or Consent Judgments Relating to Homesteads. No Agreement under this Section for tax liabilities due on a homestead shall contain a term requiring the taxpayer to stipulate or consent to judgment being entered against him or her in any legal action filed to collect delinquent property taxes or any other liens pertaining to his or her homestead.
- (I) No Waiver of Defenses. No Agreement for tax liabilities due on a homestead shall contain a term requiring the taxpayer to waive or release all defenses or claims which the taxpayer may have in any legal action filed to collect delinquent property taxes or any other liens pertaining to his or her homestead, provided that the Department may require the taxpayer to stipulate to the total amount of tax liabilities owed.
- (J) Modification of Agreements. Upon written request of the Department no more frequently than once per year, a taxpayer must re-certify to the Department his or her income and eligibility, and the Agreement shall be modified accordingly. A taxpayer may request a modification of his or her Agreement due to a change

in income or other exigent circumstances, and such a request, received prior to Default, shall not constitute a Material Breach of that Agreement.

Example (i) Taxpayer A originally enters into a Tier 1 Agreement but subsequently becomes unemployed so that her household income is significantly reduced and she would qualify for a Tier III Agreement. As long as Taxpayer A submits a request for a modified Agreement and supporting documentation before missing two payments, her Agreement will be modified and she will not have breached.

Example (ii) Taxpayer B misses four payments on his Tier III Agreement before contacting the Department to explain that the payments he previously received from a law suit settlement have been discontinued and his income has been reduced. Provided that Taxpayer B has received notice of Material Breach and Default as provided below, he has Defaulted on his Agreement and is not entitled to a new Agreement.

Example (iii) Taxpayer C, who previously was unemployed, responds to the Department's recertification request with information changing her household income so that she qualifies for a Tier II Agreement, rather than a Tier IV Agreement. Within thirty (30) days of written notice from the Department, including a new Tier II Agreement, Taxpayer C is required to sign and return the new Tier II Agreement. If Taxpayer C fails to sign and return the new Agreement within thirty (30) days, she is in breach of her Agreement.

Example (iv) Taxpayer D fails to respond within thirty (30) days to the Department's written recertification request. Taxpayer D is in breach, notwithstanding that he has made all payment due under his Agreement.

(c) Impact of Applications or Agreements on Litigation.

(1) Definitions. This subsection outlines the impact of a Complete Application or an Agreement on Litigation by the Department against the Owner of a Homestead and is not applicable to any other type of case. For purposes of this subsection, the following terms shall mean:

(A) "Appeal," taxpayer's appeal of an adverse decision on his or her Complete Application for an Agreement or for an Agreement on more favorable terms, either within the Department or to the Tax Review Board.

(B) "Civil Tax Action," an *in personam* lawsuit filed to collect Tax Liabilities as defined in this Section. A Civil Tax Action shall be deemed commenced when a Statement of Claim or Complaint is filed with the Court of appropriate jurisdiction.

- (C) “Hold,” a non-permanent cessation of all collection and litigation by the Department. As a condition of a Hold, unless different more specific conditions are described below, the Owner of a Homestead shall agree and actually shall (i) make timely good faith monthly payments of \$25 or whatever reasonable sum the Department shall require in writing and (ii) pay any real estate taxes that become due and owing during the Hold – either in full or pursuant to an approved installment payment plan.
 - (D) “Litigation,” a Sheriff’s Sale Action or Civil Tax Action as defined in this Section.
 - (E) “Sheriff’s Sale Action,” an *in rem* lawsuit filed to collect Tax Liabilities, as defined in this Section, pursuant to the Municipal Claim and Tax Lien Law, 53 P.S. §§ 7101, *et seq.* or any other form of legal action to collect delinquent real estate taxes under the Municipal Claim and Tax Lien Law is filed with the appropriate Court. A Sheriff’s Sale Action shall be deemed commenced when a Petition pursuant to 53 P.S. § 7283 is filed with the Court of appropriate jurisdiction.
- (2) No Litigation Commenced. Incomplete applications shall receive written notice of what information or documentation is missing, and the first incomplete application will receive a Hold of thirty days for the taxpayer to complete the application. If the Owner submits a Complete Application and no Litigation has been commenced:
- (A) The Department shall Hold and no Litigation shall be commenced while the Complete Application is being reviewed.
 - (B) If the Complete Application is approved, no Litigation shall be commenced absent Default by the Owner.
 - (C) If the Complete Application is denied and the Owner does not file a timely Appeal, the Department at its discretion may end the Hold and may commence litigation.
 - (D) Complete Application – Failure to Establish Residency; Incomplete Application – Timely Filing of Appeal.
 - (i) If the Complete Application is denied for failure to establish Residency and the Owner files a timely Appeal or if the application is incomplete and the Owner files a timely Appeal, the Department shall Hold until sixty (60) days after the denial has been issued, provided that:

- (I) The Owner makes timely monthly payments to the Department equal to the monthly payment amount that would have been required under the Agreement as though it had been approved. If the Complete Application is denied for the Owner's failure to properly document household income information, the Owner shall make timely monthly payments as determined by the Department; and
 - (II) The Owner pays any current-year real estate taxes that are due and owing at the time the Appeal is filed or which become due and owing during the Hold period, either in full or pursuant to an approved installment payment plan.
 - (III) The Department shall notify the Owner in writing of his or her obligations under subparts (I) and (II).
- (ii) If within the sixty (60) day Hold period in subsection (c)(2)(D)(i) of this Section, a legal services or a housing counseling agency contacts the Department on behalf of the Owner, the Department shall continue the Hold for a minimum of an additional sixty (60) days from the expiration of the initial sixty (60) day hold and shall have discretion to continue the Hold for longer for good cause shown.
- (E) If the Complete Application is denied on the basis of the Owner's Default of a prior Agreement and the Owner files a timely Appeal, the Department shall Hold, provided that:
- (i) The Owner enters into a payment agreement with the Department for a term and amount determined by the Department not to exceed twenty-four (24) months (such agreement shall plainly state Owner's obligations, including the obligation to remain compliant with current taxes);
 - (ii) The Owner timely makes all payments required under such payment agreement while the Appeal is pending; and
 - (iii) The Owner pays any current-year real estate taxes that are due and owing at the time the Appeal is filed or which become due and owing during the Hold period, either in full or pursuant to an approved installment payment plan.
- (F) If the Complete Application is denied for any other reason and the Owner files a timely Appeal, the Department shall Hold while the Appeal is pending, provided that:

- (i) The Owner makes timely monthly payments to the Department equal to the monthly payment amount that would have been required under the Agreement as though it had been approved; and
 - (ii) The Owner pays any current-year real estate taxes that are due and owing at the time the Appeal is filed or which become due and owing during the Hold period, either in full or pursuant to an approved installment payment plan.
 - (iii) The Department shall notify the Owner in writing of his obligations under (i) and (ii).
- (G) If the Complete Application is approved but the Owner files an Appeal disputing monthly payment amount, Agreement Tier placement or other term(s) of the Agreement, the Department shall Hold while the Appeal is pending, provided that:
 - (i) The Owner makes timely monthly payments to the Department equal to the monthly payment amount that would have been required under the Tier proposed by the Department or such lesser amount as shall be required by the Department; and
 - (ii) The Owner pays any current-year real estate taxes that are due and owing at the time the Appeal is filed or which become due and owing during the Hold period, either in full or pursuant to an approved installment payment plan.
 - (iii) The Department shall notify the Owner in writing of his or her obligations under (i) and (ii).
- (3) Sheriff's Sale Action Commenced. Incomplete applications shall receive written notice of what information or documentation is missing, and the first incomplete application will receive a Hold of thirty (30) days for the taxpayer to complete the application. If the Owner submits a Complete Application on or after the date that a Sheriff Sale action has been commenced:
 - (A) The Department shall Hold while the Complete Application is being reviewed and during the appeal period from any denial of the Complete Application, except that the Department may obtain a decree, where none has yet been entered, but shall thereafter Hold.
 - (B) If the Complete Application is approved and signed by the taxpayer, the Department may proceed to obtain a decree but shall not list the property for Sheriff Sale unless the Owner Defaults on the Agreement. If property already has been listed for Sheriff Sale, that sale shall be stayed indefinitely unless the Owner Defaults on the Agreement.

- (C) If the Complete Application is denied and the Owner does not file a timely Appeal, the Department at its discretion may end the Hold and may list the property and expose it to Sheriff Sale upon expiration of the appeal period.
- (D) Complete Application – Failure to Establish Residency; Incomplete Application – Timely Filing of Appeal.
 - (i) If the Complete Application is denied for failure to establish Residency and the Owner files a timely Appeal or if the application is incomplete and the Owner files a timely Appeal, the Department shall Hold until sixty (60) days after the denial has been issued, provided that:
 - (I) The Owner makes timely monthly payments to the Department equal to the monthly payment amount that would have been required under the Agreement as though it had been approved. If the Complete Application is denied for the Owner’s failure to properly document household income information, the Owner shall make timely monthly payments as required by the Department; and
 - (II) The Owner pays any current-year real estate taxes that are due and owing at the time the Appeal is filed or which become due and owing during the Hold period, either in full or pursuant to an approved installment payment plan.
 - (III) The Department shall notify Owner in writing of his or her obligations under (I) and (II).
 - (ii) If within the sixty (60) day Hold period in (c)(3)(D)(i) of this Section, a legal services or a housing counseling agency contacts the Department on behalf of the Owner, the Department shall continue the Hold for a minimum of an additional sixty (60) days and shall have discretion to continue the Hold for longer for good cause shown. The agency shall notify the Department within thirty (30) days if the agency ceases to assist or represent the Owner.
- (E) If the Complete Application is denied on the basis of the Owner’s Default of a prior Agreement and the Owner files a timely Appeal, the Department shall Hold, provided that:
 - (i) The Owner enters into a payment agreement with the Department for a term and amount determined by the Department not to exceed twenty-four (24) months (such agreement shall plainly state Owner’s obligations, including the obligation to remain compliant with current taxes);

- (ii) The Owner timely makes all payments required under such payment agreement while the Appeal is pending; and
 - (iii) The Owner pays any current-year real estate taxes that are due and owing at the time the Appeal is filed or which become due and owing during the Hold period, either in full or pursuant to an approved installment payment plan.
- (F) If the Complete Application is denied for any other reason and the Owner files a timely Appeal, the Department shall Hold while the Appeal is pending, provided that:
 - (i) The Owner makes timely monthly payments to the Department equal to the monthly payment amount that would have been required under the Agreement as though it had been approved; and
 - (ii) The Owner pays any current-year real estate taxes that are due and owing at the time the Appeal is filed or which become due and owing during the Hold period, either in full or pursuant to an approved installment payment plan.
 - (iii) The Department shall notify Owner of writing of his or her obligations under (i) and (ii).
- (G) If the Complete Application is approved but the Owner files an Appeal disputing the balance due, monthly payment amount, Agreement Tier placement or other term(s) of the Agreement, the Department shall Hold while the Appeal is pending, provided that:
 - (i) The Owner makes timely monthly payments to the Department equal to the monthly payment amount that would have been required under the Tier proposed by the Taxpayer; and
 - (ii) The Owner pays any current-year real estate taxes that are due and owing at the time the Appeal is filed or which become due and owing during the Hold period, either in full or pursuant to an approved installment payment plan.
 - (iii) The Department shall notify Owner in writing of his or her obligations under (i) and (ii).
- (H) The Department shall not list a property for sale based upon a decree within forty-eight (48) months of the first payment date of an Agreement unless the Owner has Defaulted. If a Default occurs within forty-eight (48) months, the Department may list a property for sale based on the original decree. If a Default occurs after forty-eight (48) months, the Department must obtain a new decree

before listing the property for sale. In all cases, the Department shall provide the Owner with notice as required by law. The Department shall request of the court or shall submit proposed decrees all that explicitly note that they are subject to the provisions of this subsection (c)(3)(H) and include a copy of the Agreement executed by the taxpayer that shall be incorporated by reference into the decree.

- (I) In the event of a Default following the forty-eight (48) month period, the Department shall be permitted to initiate new Litigation, at its discretion, to recover any Tax Liabilities still due and owing, and the Owner shall maintain the right to defend any such Litigation.

(4) Civil Tax Action Commenced.

- (A) Incomplete applications shall receive written notice of what information or documentation is missing, and the first incomplete application will receive a Hold of thirty days for the taxpayer to complete the application. If the Owner submits a Complete Application and a Civil Tax Action has already commenced but judgment has not been entered:

- (i) The Department, shall hold while the Complete Application is being reviewed and during the appeal period from any denial of the Complete Application, shall seek a continuance of any scheduled hearing and shall not seek judgment, provided that the Owner is not in Default of an earlier Agreement and the Owner meets the requirements for a Hold pursuant to these regulations.

- (ii) The Department shall withdraw the Civil Tax Action without prejudice, provided that the Owner's Complete Application is approved and Owner timely makes three (3) consecutive monthly payments under the Agreement; or

- (iii) The Department may obtain a judgment, provided that:

- (I) The Owner's Complete Application is denied and Owner does not timely file an Appeal; or

- (II) The Owner is in Default of the Agreement.

- (B) If the Owner submits a Complete Application after a Civil Tax Action has commenced and judgment has been entered, the Department shall not execute on the judgment, provided that:

- (i) The Owner's Complete Application is being reviewed;

- (ii) The Owner's Complete Application has been approved and the Owner is not in Default of the Agreement; or
 - (iii) The Owner has timely appealed the denial of the Complete Application and meets the requirements for a Hold pursuant to these regulations.
- (5) Appeals of Determinations Made by the Department after Effective Date of Agreement.

Following the effective date of an Agreement, if the Owner files an Appeal disputing a Risk of Material Breach, Material Breach, Default (all described in these regulations and the Code) or any other determination of the Department regarding the Owner's Agreement, the Department shall Hold provided that the Owner makes timely monthly payments to the Department equal to the monthly payment amount required under the Owner's Agreement, unless otherwise provided in these regulations. The Department shall provide Owner written notice of his or her obligations under this section.

- (6) Discretionary Department Hold.

Notwithstanding any other provision of these regulations, if the Owner or his or her representative contacts the Department about his or her account, the Department shall have discretion to Hold for good cause shown.

- (7) The Department shall respond within ten (10) days to a request from taxpayer or her representative for confirmation as to whether or not a property is on Hold, except in cases where a Sheriff Sale is scheduled less than thirty (30) days after a request, in which case the Department shall respond within forty-eight (48) hours.

- (d) Prohibited Conduct.

- (1) False Statements. No person shall intentionally make any false statement when applying to enter into an Agreement. If it is determined that a taxpayer entered into an Agreement on the basis of an intentionally false statement, the Agreement shall be null and void. The Department shall send taxpayer written notice if it determines a false statement has been submitted and therefore an Agreement is null and void. Such a determination shall be subject to appeal pursuant to subsection (e) of this Section.
- (2) Material Breach. A taxpayer may be declared in material breach ("Material Breach") of an Agreement if the taxpayer fails to make a required payment, provided Material Breach may not be declared earlier than the sixty-fifth (65th) day from the agreed-upon payment due date and the forty-fifth (45th) day from the mailing of a notice of risk of Material Breach, and subject to the following terms and conditions:
 - (A) Notice of Risk of Material Breach. If a taxpayer fails to make a required payment within twenty (20) days of an agreed-upon payment due date, the Department shall send a notice including (i) a clear statement that the taxpayer is at risk of

Material Breach, (ii) the entire amount required to cure the missed payment(s) as well as any payments currently due, (iii) the location where this amount may be tendered, (iv) the form(s) of payment accepted, and (v) the process to seek a modification of the Agreement based on a change in income or other exigent circumstances including any applicable deadlines to seek such a modification. The risk of Material Breach notice shall also state the date on which the Agreement will be considered in Material Breach, and a brief description of the consequences of Material Breach of an Agreement. If a taxpayer has two prior Material Breaches of an Agreement, the notice shall additionally include a clear statement that a third Material Breach will put the taxpayer at risk of Default (defined in subsection (d)(3) of this Section) and a brief description of the consequences of Default.

- (B) Notice of Material Breach. If a taxpayer is declared in Material Breach of an Agreement, the Department shall send a notice including (i) a clear statement that the taxpayer has been declared in Material Breach, (ii) the date on which the Material Breach was declared, (iii) the entire amount required to cure the missed payment(s) as well as any payments currently due and lump sum payments that may be required, (iv) the location where this amount may be tendered, (v) the form(s) of payment accepted, and (vi) the process to seek a modification of the Agreement based on a change in income or other exigent circumstances including any applicable deadlines to seek such a modification. The Material Breach notice shall also include a brief description of the consequences of Material Breach of an Agreement. If a taxpayer has two prior breaches of an Agreement, the notice shall additionally include a clear statement that a third breach will put the taxpayer at risk of Default and a brief description of the consequences of Default.
- (C) Reinstatement Following Material Breach. To reinstate an Agreement after a Material Breach, a taxpayer may be required to make a lump sum payment equal to as much as twice the regular monthly payment due.
- (3) Default. Effective October 16, 2013, a taxpayer may be declared in default (“Default”) by written notice sent to the taxpayer after either having failed to cure a Material Breach within forty-five (45) days of the date the taxpayer is declared in Material Breach or after a third (3rd) Material Breach following two (2) cured Material Breaches within a thirty-six (36) month period. If a taxpayer is declared in Default of an Agreement, such Agreement shall be null and void. A taxpayer may appeal the Department’s declaration that she is in Default if she believes the declaration is unjustified. A taxpayer who has Defaulted pursuant to Section 19-1305 of the Code and this Section will not be entitled to additional Agreements under Section 19-1305 of the Code and this Section, provided that the Department may at its discretion approve additional payment agreements on terms which it deems suitable. The Department’s refusal to approve additional payment agreements following Default shall not be subject to administrative review or appeal.

- (4) Effect of Cure. If payment or action sufficient to cure is received by the Department before a taxpayer is declared in Material Breach and/or Default, the Department shall not declare the taxpayer in Material Breach and/or Default and the Agreement shall remain in effect, except that a payment received after a third declaration of Material Breach within a thirty-six (36) month period shall not preclude or cure a declaration of Default.
- (5) Commencement of Enforcement Action. In the case of taxpayers who do not enter into a payment agreement or otherwise satisfy outstanding liabilities by December 31 of the first year in which the tax is registered as delinquent, and in the case of taxpayers who Default on payment agreements, the Department shall timely take all steps as provided for in the Act of 1923, May 16, P.L. 207, No. 153, § 39.4, as amended, 53 P.S. §§ 7147 and 7193.4, or elsewhere. Pursuant to 53 Pa. C.S. § 7147, the Department shall be authorized to assign or transfer to third-parties, real estate tax claims filed or to be filed, for an amount to be determined by the Department. When proceeding under 53 Pa. C.S. § 7147 (related to assignments and transfers) the Department shall:
 - (A) Not transfer or assign claims valued at less than One Thousand Dollars (\$1,000.00);
 - (B) Before assigning or transferring real estate tax claims to other third-parties, grant a right-of-first-refusal to any existing third-party assignee of a real estate tax claim related to the property;
 - (C) Require that any attorney or other professional services fees be capped at a rate not to exceed \$200.00 per hour; and
 - (D) Require that any expenses including, attorneys' fees, professional services fees and any other fees or charges related to the assignment, transfer, or sale of a given real estate tax claim not exceed \$2,500.00; and
 - (E) Require that interest rates charged by lien holders be capped at 10%, pursuant to 53 Pa. C.S. § 143; and that penalty rates be capped at 5%, pursuant to 53 Pa. C.S. § 7203; and
 - (F) In the case of Homestead Properties, pursuant to § 19-1301, require that sheriff sale of the property cannot be initiated by a lien holder until two years have passed from the date of purchase of the lien.
 - (G) Except for subsections (d)(5)(B) and (E) above, the restrictions in subsection (d)(5) shall not apply to the assignment or transfer of liens on commercial property.

From time to time the Department may by regulation adjust the fees and charges a lien holder may collect and any caps on such fees and charges.

- (e) Review by Tax Review Board.

The Tax Review Board is authorized to review any adverse final decision or determination of the Department relating to initial or continued eligibility for an Agreement or to the taxpayer's performance of his or her obligations under an Agreement with the same effect as a petition for review pursuant to Chapter 19-1700 of the Code.

(f) Communications with Representatives of Taxpayers.

Copies of all payment agreements, notices, letters, emails and other documents sent to a Taxpayer pursuant to Section 19-1305 of the Code shall also be sent to any representative designated in writing by the Taxpayer. E-mail may satisfy this requirement where the representative has agreed to accept documents by e-mail rather than regular mail.

(g) Access to payment history.

- (1) Upon request, any taxpayer shall be provided a payment history or account history regarding his or her real estate tax payments.
- (2) The Department shall make available in its offices and on its website a form for making such a payment history request; must accept such requests by mail, hand-delivery, or email; and must clearly indicate on the request form how to submit a request through each such means.
- (3) Within thirty (30) days of receiving a payment history request from a taxpayer, the Department must send the taxpayer a payment history for the subject property setting forth:
 - (A) the amount of current year real estate tax;
 - (B) the amount of any prior year real estate tax liability, specifically indicating what amount of such prior year liability is principal, penalty, interest, and other eligible expenses including attorney's fees and costs; and
 - (C) the taxpayer's real estate tax payment history, including how each such payment by the taxpayer was applied (i.e., to principal, penalty, or interest).
- (4) Such payment history shall be sent to the taxpayer through the means selected by the taxpayer on the request form, which must include the option of first class mail or email.

(h) Reporting

By January 31 of each year, the Department shall submit a written report to the Mayor, with a copy to the President and Chief Clerk of Council and publication on a Department website visible to the public, regarding activities undertaken during the previous calendar year. In addition to the information outlined pursuant to § 19-1305, when presenting the breakdown of payment agreements by type, term and amount of liability, this shall include a breakdown for each tier plus agreements based individual financial assessments, broken down by those agreements with no minimum monthly payment due and all others.

Section 303. Deferrals of Real Estate Tax for Taxpayers Based Upon Household Income, Household Expenses, and Available Liquid Assets.

- (a) Under §19-1307 of the Code, the Department of Revenue is authorized to grant deferrals, in whole or in part, of increases in real estate tax on any real property, that may be due the City of Philadelphia or the School District of Philadelphia, upon making a determination of the eligibility for deferral of an Owner.

- (b) Definitions. For purposes of this Section:
 - (1) "Household Income." All income received by the taxpayer and members of his or her household while residing in the homestead during the tax year immediately preceding the tax year for which a deferral of Real Estate Tax is requested.

 - (2) "Income." All income from whatever source derived, including, but not limited to: wages, salary, bonuses, commissions, pensions, annuities, social security income, disability income, distributions (K-1, IRA, etc.), interest, dividends, capital gains, child support, alimony, cash public assistance and relief, net self-employment income, net rental income, unemployment income, workers compensation, gambling and lottery winnings, estate and trust income, life insurance benefits and proceeds.

 - (3) "Owner" shall mean:
 - (A) The owner of record, as recorded with the Department of Records; or

 - (B) An equitable owner, defined as a person who has inherited an interest in the property from the deceased owner of record; a person who has entered into an installment land contract to purchase the property from the owner of record; a person who was the owner of record before a fraudulent conveyance of the property occurred; or a person who can demonstrate some other ownership interest in the property; or

 - (C) Where the owner of record either is deceased or cannot be located, a person who has registered his or her name with the Department as the person to whom tax bills should be sent and who has been paying such bills for at least the preceding five years.

 - (D) Where the Owner acquired the property from a spouse, due to death or divorce, or from a life partner, due to death or termination of the life partnership, the Owner shall be deemed to have been the Owner throughout the period of ownership of the transferring spouse or life partner.

 - (4) "Principal Residence" shall mean the dwelling place of a person, including the principal house and lot, and such lots as are used in connection therewith which contribute to its enjoyment, comfort and convenience. For purposes of this Section, the term may also include a building with a maximum of one commercial

establishment and a maximum of three residential units of which one residential unit must be the principal residence of the Owner.

(c) Hardship deferral. A deferral of payment of an increase in real estate tax may be granted for any increase, or portion thereof, of real estate tax that is greater than fifteen percent (15%) in any given year, when such increase would create a financial hardship. Hardship may be determined by consideration of the factors set forth in subsections (c)(2) through (c)(4) of this Section.

(1) An increase in real estate taxes to two and a half (2.5) times the amount of real estate tax on the property in the immediately preceding tax year shall be considered to support a finding of hardship without regard to the factors set forth in subsections (c)(2) through (c)(4) of this Section.

(2) Household Income:

(A) Real estate tax greater than the following percentages of annual household income shall be considered to support a finding of hardship:

(i) Tier 1. For taxpayers with annual household income above seventy percent (70%) of Area Median Income for the Philadelphia metropolitan area, as determined by the United States Department of Housing and Urban Development (“HUD”), real estate tax greater than twenty-five percent (25%) of annual household income.

(ii) Tier 2. For taxpayers with annual household income ranging from greater than fifty percent (50%) up to and including seventy percent (70%) of Area Median Income, real estate tax greater than twelve percent (12%) of such annual household income;

(iii) Tier 3. For taxpayers with annual household income ranging from greater than thirty percent (30%) up to and including fifty percent (50%) of Area Median Income, real estate tax greater than eight percent (8%) of such annual household income;

(iv) Tier 4. For taxpayers with annual household income at or below thirty percent (30%) of Area Median Income, real estate tax greater than five percent (5%) of such annual household income;

Examples: The following examples are based on the Area Median Income which is \$79,200 for the Philadelphia metropolitan area as determined by HUD for Fiscal Year 2013. Based on this Area Median Income, the four (4) tiers of annual household income to support a finding of hardship for a taxpayer would be as follows:

- Tier 1 – Annual Household Income greater than \$55,440 (\$79,200 x 70%) i.e., \$55,441 or greater;

- Tier 2 – Annual Household Income greater than \$39,600 ($\$79,200 \times 50\%$) up to and including \$55,440 ($\$79,200 \times 70\%$) i.e., income range would be \$39,601 - \$55,440;
- Tier 3 – Annual Household Income greater than \$23,760 ($\$79,200 \times 30\%$) but less than or equal to \$39,600 ($\$79,200 \times 50\%$) i.e., income range would be \$23,761 - \$39,600;
- Tier 4 – Annual Household Income \$23,760 ($\$79,200 \times 30\%$) or less.

EXAMPLE 1. A taxpayer's annual Household Income is \$60,000.

The taxpayer's annual Household Income is within the income criteria for Tier 1. The taxpayer's real estate tax liability would have to be greater than \$15,000 ($\$60,000$ household income $\times 25\%$) i.e., \$15,001 or higher.

EXAMPLE 2. A taxpayer's annual Household Income is \$48,000.

The taxpayer's annual Household Income is within the income criteria for Tier 2. The taxpayer's real estate tax liability would have to be greater than \$5,760 ($\$48,000 \times 12\%$) i.e., \$5,761 or higher.

EXAMPLE 3. A taxpayer's annual Household Income is \$30,000.

The taxpayer's annual Household Income is within the income criteria for Tier 3. The taxpayer's real estate tax liability would have to be greater than \$2,400 ($\$30,000 \times 8\%$) i.e., \$2,401 or higher.

EXAMPLE 4. A taxpayer's annual Household Income is \$20,000.

The taxpayer's annual Household Income is within the income criteria for Tier 4. The taxpayer's real estate tax liability would have to be greater than \$1,000 ($\$20,000 \times 5\%$) i.e., \$1,001 or higher.

- (B) A taxpayer's whose percentage of annual household income and real estate tax meets the criteria specified in subsection (c)(2)(A) for Tier 1, Tier 2, Tier 3, or Tier 4 would be eligible for hardship deferral. The household expenses and available excess liquid assets factors described in subsections (c)(3) and (c)(4) of this Section would not have to be considered to support a finding of hardship.
 - (C) Taxpayers with real estate tax that is equal to or less than their percentage of annual household income as outlined in subsection (c)(2)(A) may be found eligible for hardship deferral based on consideration of the totality of factors.
- (3) Reasonable Household Expenses including, but not limited to, housing, food, utilities, transportation, education, health care, debt service payments, and overall tax burden;

- (4) Available excess liquid assets. Available excess liquid assets shall be those liquid assets (cash, stocks, bonds, etc.) available for use after subtracting reasonable household expenses.
- (d) For purposes of determining whether a property has experienced an increase of greater than 15% for purposes of subsection (c), above ("Hardship deferral"), any abatements for the prior tax year, pursuant to §§402, 403, 404 or 405 of these regulations, or pursuant to Section 19-1303(2), (3), (4) or (5) or otherwise of the Code, shall be disregarded.
- (e) Except as otherwise provided in this subsection, an Owner requesting deferral pursuant to this Section and Section 19-1307 of the Code shall apply on a form as prescribed by the Department no later than January 31 of the tax year for which the deferral is requested, certifying that the Owner:
 - (1) Uses the property as the Owner's principal residence; and
 - (2) Would suffer substantial hardship in the absence of the requested deferral. The Department may require the Owner to submit such materials as the Department deems necessary to evaluate the Owner's assertion of hardship.
 - (3) Effective October 1, 2014, the Department, at its discretion, is authorized to grant exceptions to the deadline provided in this subsection (e) upon the provision that an owner of real property present evidence of hardship or evidence of other good cause, provided that no exception to the deadline shall be granted with respect to any application received at the time of or after the certification by the Department that total deferrals equal the maximum permitted under subsection 19-1307(13) of the Code and subsection (1) of this Section. The Department shall determine hardship either based on the provisions of subsection (c) of this Section and/or based on consideration of any other factor(s) or combination thereof that shall be outlined in a policy guideline that may be established by the Department from time to time. The Department shall consider and determine "evidence of other good cause" based on the facts as presented by an Owner. The Tax Review Board is authorized to review any adverse final determination by the Department relating to an individual's application for an exception, in like manner and with the same effect as a Petition for Review, as provided in Chapter 19-1700 of the Code.
 - (4) The application (form) to participate in the deferral program shall include the following:
 - (A) Owner's name and social security number (SSN);
 - (B) Property address to be enrolled in the program – must be the principal residence of the Owner;
 - (C) Office of Property Assessment ("OPA") account number – which is the real estate property number indicated on the Real Estate Tax bill;

- (D) Total (annual) household income for all persons residing in the homestead (See subsection 303(c)(2));
 - (E) Number of persons residing in the household;
 - (F) Total amount of household expenses (See subsection 303(c)(3));
 - (G) Available excess liquid assets (See subsection 303(c)(4));
 - (H) Certification statement signed by the Owner asserting the conditions specified in paragraphs (e)(1) and (e)(2) above, for whom the property is his or her principal residence;
 - (I) Such other information that the Department may deem necessary.
- (f) The Department shall determine the deferral amount for which the Owner is eligible, if any, and shall advise the Owner of its decision no later than thirty (30) days after receiving a completed application. The Owner may elect to defer an amount less than the eligible amount. Subject to continuing eligibility and the conditions set forth in Section 19-1307(9) of the Code and subsection (h) of this Section, such deferral amount shall also be deferred from Real Estate Tax owing on the property in future years, so long as the Real Estate Tax on the property in such tax years is at least equal to 115% of the Real Estate Tax in the year immediately preceding commencement of deferral.

EXAMPLE 1

For this example, assume that the Owner is eligible for the “hardship deferral” pursuant to this Section.

The Real Estate Tax due on the property for tax year 2013 was \$3,100; Real Estate Tax due for tax year 2014 is \$4,000 (tax due after taking into consideration any Homestead Exclusion provided pursuant to §19-1301.1 of the Code). Calculation of the “hardship deferral” would be as follows:

$$\$3,100 \times 115\% = \$3,565; \$4,000 - \$3,565 = \$435 \text{ (eligible deferral amount)}$$

The Owner may elect to defer an amount less than \$435. Subject to the continuing eligibility of the Owner and the conditions set forth in subsection (h) of this Section, the \$435 deferral amount (or the lesser deferral amount elected by the Owner) shall be deferred from the Real Estate Tax due on the property in future years (i.e., 2015, 2016), as long as the Real Estate Tax due on the property in such tax years is at least equal to or more than \$3,565.

- (g) The Tax Review Board is authorized to review any adverse final determination by the Department relating to an individual's initial or continued eligibility for a deferral pursuant

to this Section, in like manner and with the same effect as a petition for review, as provided in Chapter 19-1700 of the Code.

- (h) Deferrals under this Section shall be subject to the following conditions:
 - (1) The deferred payments shall carry simple interest at an annual interest rate no greater than two (2) percentage points above the interest rate in effect on one year United States Treasury bills on the first day of each year for which interest is assessed.
 - (2) Deferred payments shall be exempt from additions and interest under Section 19-1303 of the Code and Section 401 of these regulations.
 - (3) Deferred payments shall be subject to lien by the City and School District, until payment of the total amount due.
 - (4) The deferral shall terminate upon transfer of the property.
 - (5) All real estate taxes on the property are current or subject to a payment agreement that is not in default, except in the following circumstances:
 - (A) A taxpayer shall not be found ineligible pursuant to this paragraph while the taxpayer has an application for a payment agreement pending determination by the Department.
 - (6) An Owner may satisfy the debt, consisting of the deferred amount and the accumulated interest, at any time prior to the sale of the property.
- (i) Any deferred payment shall remain deferred, subject to the conditions set forth in subsection (h) of this Section.
- (j) At its discretion, no more than once every twelve (12) months, the Department may request that a taxpayer recertify eligibility for deferral, including by providing necessary documentation. In the event a taxpayer is determined no longer to be eligible for deferral, no further deferrals shall be granted, but any previously granted deferrals shall remain in effect, subject to the conditions set forth in subsection (h) of this Section.
- (k) The Department shall include a notice clearly describing the deferral program authorized by this Section, the steps a taxpayer must take to enter into the program, and the deadline for doing so, with the annual property tax bill sent to each taxpayer. The Department and the Office of Property Assessment shall post a downloadable version of the form on their respective websites.
- (l) If, for any tax year, the total City and School District taxes deferred pursuant to the foregoing on all properties in the City, as certified by the Department no later than forty-five (45) days after the deadline for applications under this Section, are in excess of three million dollars (\$3,000,000.00) then, notwithstanding the initial determination of the

deferral amount for which a taxpayer is eligible under subsections (c) and (e) of this Section, deferrals shall be allocated among all eligible taxpayers on a pro rata basis so that the total taxes deferred do not exceed \$3,000,000.00 or such other amount greater than \$3,000,000.00 as the Mayor may authorize.

ARTICLE IV

DISCOUNTS AND ADDITIONS TO TAX; EXEMPTIONS FROM REAL ESTATE TAXES

Section 401. Discounts and Additions to Tax.

Unless otherwise provided by special ordinance:

- (a) Upon all real estate taxes paid up to and including the last day of February of the year in which such taxes shall be assessed and payable, or within twenty (20) days of the date of mailing of the tax bill, a discount of one percent (1%) shall be allowed.
- (b) Upon all real estate taxes paid during the month of March of the year in which such taxes shall be assessed and payable, no discounts shall be allowed.
- (c) Upon all real estate taxes paid thereafter, additions shall be imposed as follows:
 - (1) if paid during the month of April, an addition of one and one-half percent (1 1/2%);
 - (2) if paid during the month of May, an addition of three percent (3%);
 - (3) if paid during the month of June, an addition of four and one-half percent (4 1/2%);
 - (4) if paid during the month of July, an addition of six percent (6%);
 - (5) if paid during the month of August, an addition of seven and one-half percent (7 1/2%);
 - (6) if paid during the month of September, an addition of nine percent (9%);
 - (7) if paid during the month of October, an addition of ten and one-half percent (10 1/2%);
 - (8) if paid during the month of November, an addition of twelve percent (12%);
 - (9) if paid during the month of December, an addition of thirteen and one-half percent (13 1/2%).
- (d) Upon all real estate taxes remaining due and unpaid on the first day of January of the year following the year for which such taxes are assessed and payable, there shall be added:
 - (1) as an addition to tax fifteen percent (15%) of the tax due; and
 - (2) interest at the rate of three-quarters of one percent (.75%) per month, or part thereof; and

- (3) an additional penalty of 1% on the first day of each month from February through August during the first year in which such tax is registered as delinquent.
- (e) The Department shall at all times display, in large figures and in a conspicuous place in the tax collection office, the amount of tax and discount or penalty fixed by Chapter 19-1300 or by special ordinance.
- (f) Notwithstanding the provisions of subsections 19-1303(3) through (5) of the Code and subsections (c) through (e) of this Section, for real estate taxes due for Tax Year 2014, no additions, interest or penalties shall accrue while an appeal of a property's assessed value is pending, provided:
 - (1) the Taxpayer has timely filed an appeal of the assessed value with the Board of Revision of Taxes or court of competent jurisdiction; and
 - (2) the Taxpayer has paid by March 31 of the year in which such taxes shall be assessed and payable, an amount equal to the real estate taxes due on the property in the immediately preceding tax year.
- (f.i) Notwithstanding the provisions of 19-1303(3) through (5) of the Code and subsections (c) through (e) of this Section, for real estate taxes due for Tax Year 2019 and thereafter, no additions, interest or penalties shall accrue while an appeal of a property's assessed value is pending, provided:
 - (1) the Taxpayer has timely filed with the Board of Revision of Taxes such appeal of the property's assessed value for Tax Year 2019; and
 - (2) the Taxpayer has paid by March 31 of the year in which such taxes are due an amount equal to the real estate taxes due on the property for Tax Year 2018.
- (g) Where the Taxpayer has timely filed an appeal of the assessed value with the Board of Revision of Taxes or court of competent jurisdiction, the Department shall bill the taxpayer for the year in which such taxes shall be assessed and payable, no more than the amount due for real estate taxes in the immediately preceding tax year.
 - (g.i) Where the Taxpayer has timely filed an appeal of the assessed value with the Board of Revision of Taxes within the time period specified in subsection (f.i)(1), and a final determination has not been made on the appeal by the Board or by a court of competent jurisdiction upon further appeal, the Department shall bill the taxpayer for the year in which such taxes are payable no more than the amount due for real estate taxes for Tax Year 2018.
- (h) Where a taxpayer has complied with the provisions of subsections (f) and (f.i) of this Section, any outstanding balance for any tax year which remains due after a final determination of an assessment appeal shall be deemed to have been paid when due if payment in full is received by the Department within thirty (30) days of the date of the final determination. Commencing thirty (30) days after final determination of the appeal, amounts due and unpaid shall accrue additions, interest and penalties in accordance with

subsections (c) through (e) of this Section as if the thirty-first day after the date of final determination were April 1 of the tax year.

Section 402. Exemption from Real Estate Taxes on Improvements to Residential Properties.

(a) Definitions. In this Section the following definitions shall apply:

- (1) “Delinquent City and School District of Philadelphia Taxes, Charges, Fees, Rents or Claims.” All City and School District of Philadelphia taxes, charges, fees, rents or claims not paid when due whether or not liens for such have been filed in the Office of the Prothonotary of the county, and shall include all penalties, additions, interest, and costs due on such delinquent taxes, charges, fees, rents or claims.
- (2) “Eligible Residential Property.” Any property containing one or more dwelling units located in an eligible neighborhood; or any property containing one or more dwelling units which has been, or, upon request, is, certified by the Department of Licenses and Inspections or by the Department of Health as unfit for human habitation; or any property containing one or more dwelling units which has been the subject of any order to be vacated, condemned, or demolished by reason of noncompliance with laws, ordinances, or regulations of the City of Philadelphia.
- (3) “Improvements.” Any repairs, constructions, or reconstruction, including additions and alterations, which have the effect of rehabilitating a structure so that it becomes habitable or attains a higher degree of housing safety, health or amenity, or is brought into compliance with the laws, ordinances, or regulations of the City of Philadelphia. Ordinary upkeep and maintenance shall not be deemed an improvement.

(b) Eligible Neighborhoods.

Persons making improvements to eligible residential properties as defined in subsection (a) of this Section and §19-1303(2) of the Code and located in any ward in the City of Philadelphia, may apply for, and the OPA may grant, a real estate tax exemption upon such improvements in the amount and in the manner hereinafter provided.

(c) Exemption Amount.

- (1) The exemption from real estate taxes shall be limited to that portion of the additional assessment attributable to the actual cost of improvements to eligible property.
 - (A) The exemption from real estate taxes shall be limited to that improvement for which an exemption has been requested in the manner set forth below, and for which a separate assessment has been made by the OPA.

(d) Exemption Schedule.

- (1) The additional assessment attributable to the actual cost of improvements to the eligible property shall be exempted from real estate taxes for ten (10) years. The

exemption shall commence for the first year for which improvements would otherwise be taxable. After the tenth year, the exemption shall terminate.

- (2) The exemption from taxes granted under this Section and §19-1303(2) of the Code shall be upon the property and shall not terminate upon the sale of the property.
 - (3) If an eligible property is granted tax exemption pursuant to this Section and §19-1303(2) of the Code, the improvement shall not, during the exemption period, be considered a factor in assessing other properties.
- (e) Procedure for Obtaining Exemption.
- (1) At the time a building permit for the construction of an improvement, for which exemption is desired, is approved, the permit issuing division of the Department of Licenses and Inspection shall notify, in writing, the taxpayer of the possibility of an exemption under this Section and §19-1303(2) of the Code, the taxpayer shall apply to the OPA⁵ for such exemption. The application shall be in writing upon forms prescribed by the OPA.
 - (2) The OPA shall determine whether the exemption shall be granted. A copy of the approved request for exemption shall be forwarded by the OPA to the taxpayer.
 - (3) The OPA in determining whether the exemption shall be granted shall inquire of the Department of Revenue of the City of Philadelphia whether the taxpayer is indebted to the City or School District of Philadelphia for or on account of any delinquent taxes, charges, fees, rents or claims. The OPA shall withhold approval of the application until the taxpayer pays or enters into an agreement with the City of Philadelphia to pay the tax, charge, fee, rent or claim. The OPA shall withdraw approval where the taxpayer fails to pay delinquent taxes, charges, fees, rents or claims during the exemption period or fails to comply with his agreement to pay as provided herein. Any withholding or withdrawal of the exemption by the OPA pursuant to this subsection shall not be construed to stay the tolling of the exemption period for which a taxpayer would otherwise qualify.
 - (4) Upon completion of the improvement, the taxpayer shall notify the OPA, so that the OPA may assess the improvements separately for the purpose of calculating the amount of assessment eligible for exemption.

⁵ Although the Code provides that the application is made to the BRT, the OPA assumed the BRT's assessment functions as of October 1, 2010. The voters approved an ordinance abolishing the Board of Revision of Taxes at a special election held on May 18, 2010. Thereafter, the Supreme Court of Pennsylvania invalidated the addition of Sections [2-301](#), [2-302](#) and [2-303](#) to the Code, Section [2-307](#) insofar as it transfers employees of the Board of Revision of Taxes to the Board of Appeals, and such other parts of the ordinance relating to the Board of Property Assessment Appeals; and upheld the ordinance in all other respects. See *Board of Revision of Taxes v. City of Philadelphia*, 4 A.3d 610 (Pa. Sept. 20, 2010). In essence, the decision allowed City Council to transfer the assessment function of the BRT to the newly-formed Office of Property Assessment but said City Council did not have power to transfer the Board of Revision of Taxes' appellate function to another entity.

- (5) The OPA shall notify the taxpayer of the amount of assessment eligible for exemption.
- (6) Appeals from the reassessment and the amount eligible for the exemption may be taken by the City or by the Taxpayer as provided by law.

Section 403. Exemption from Real Estate Taxes on Improvements to Deteriorated Industrial, Commercial or Other Business Properties.

(a) Definitions. In this Section, the following definitions shall apply:

- (1) “Delinquent City and School District of Philadelphia Taxes, Charges, Fees, Rents or Claims.” All City and School District of Philadelphia taxes, charges, fees, rents or claims not paid when due whether or not liens for such have been filed in the Office of Prothonotary of the county, and shall include all penalties, additions, interest, and costs due on such delinquent taxes, charges, fees, rents or claims.
- (2) “Deteriorated Property.” Any industrial, commercial or other business property in an eligible deteriorating area.
- (3) “Improvement.” Repair, construction or reconstruction, including alterations and additions, having the effect of rehabilitating a deteriorated property so that it becomes habitable or attains higher standards of safety, health, economic use or amenity or is brought into compliance with laws, ordinances or regulations governing such standards. Ordinary upkeep and maintenance shall not be deemed an improvement.

(b) Eligible Areas.

- (1) Persons making improvements to a “deteriorated property” as defined in this Section and §19-1303(3) of the Code and located in an eligible deteriorating area (i.e., any ward in the City of Philadelphia), may apply for, and the OPA may grant, a real estate tax exemption upon such improvements in the amount and in the manner hereinafter provided.
- (2) Pursuant to §19-3204 of the Code relating to the conditions for exemptions, abatements and credits in the Keystone Opportunity Zone, Economic Development District and Strategic Development Area, no abatement or exemption shall be available under this Section with respect to any real property or improvements in the Economic Development District until calendar year 2019. (See §19-3204(4).)

(c) Exemption Amount.

- (1) The amount to be exempted from real estate taxes shall be limited to that portion of the additional assessment attributable to the actual cost of improvements.
- (2) The exemption from real estate taxes shall be limited to that improvement for which an exemption has been requested in the manner set forth below, and for which a separate assessment has been made by the OPA.

(d) Exemption Schedule.

- (1) The additional assessment attributable to the actual improvement costs shall be exempted from real estate taxes for ten (10) years. The exemption shall commence in the tax year immediately following the year in which the initial certificate of occupancy for the property is issued. After the tenth year, the exemption shall terminate.
- (2) The exemption from taxes granted under this ordinance shall be upon the property and shall not terminate upon the sale or exchange of the property.

(e) Procedure for Obtaining Exemption.

- (1) At the time a building permit for the construction of an improvement is applied for, the Department of Licenses and Inspections shall notify the applicant by a printed notice of the possibility of a tax exemption under this bill. Within sixty (60) days of the date the building permit is issued, the taxpayer shall apply to the OPA⁶ for such exemption. The application shall be in writing upon forms prescribed by the OPA and must be filed within the specified time period.
- (2) The OPA shall determine whether the exemption shall be granted. A copy of the approved request for exemption shall be forwarded by the OPA to the taxpayer.
- (3) The OPA in determining whether the exemption shall be granted shall inquire of the Department of Revenue of the City of Philadelphia whether the taxpayer is indebted to the City or School District of Philadelphia for or on account of any delinquent taxes, charges, fees, rents or claims. The OPA shall withhold approval of the application until the taxpayer pays or enters into an agreement with the City of Philadelphia to pay the tax, charge, fee, rent or claim. The OPA shall withdraw approval where the taxpayer fails to pay delinquent taxes, charges, fees, rents or claims during the exemption period or fails to comply with his agreement to pay as provided herein. Any withholding shall not be construed to stay the tolling of the exemption period for which a taxpayer would otherwise qualify.
- (4) The OPA shall, after it has determined that the improvement is completed, assess separately the improvement and calculate the amounts of assessment eligible for exemption in accordance with the exemption schedule in paragraph (d)(1) above.
- (5) The OPA shall notify the taxpayer of the amount of assessment eligible for exemption.
- (6) Appeals from the reassessment and the amount eligible for the exemption may be taken by the City or by the taxpayer as provided by law.

(f) Continuation of Tax Exemption; Termination of Tax Exemption.

⁶ Although the Code provides that the application is made to the BRT, the OPA assumed the BRT's assessment functions as of October 1, 2010. See note 5 for details.

- (1) The tax exemption granted by the OPA shall continue in accordance with this Section, provided that the applicant files an annual certificate of continuing use stating that the property continues to be used for industrial or commercial purposes justifying the granting of the tax exemption. The certificate of continuing use shall be filed with the OPA on such forms and containing such information as shall be prescribed by it. The OPA shall have authority to terminate a tax exemption on the failure of the taxpayer to file an annual certificate of continuing use, or on the failure of the taxpayer to pay delinquent taxes, charges, fees, rents or claims, or to comply with his agreement to pay, or on its own determination that the property has ceased to be used for industrial or commercial purposes justifying the granting of an exemption.
 - (A) Any person granted a tax exemption prior to July 1, 1983, shall be subject to the requirement of filing an annual certificate of continuing use as provided above. However, any tax exemption granted prior to July 1, 1983 shall not be terminated provided that the use, for which the exemption was granted, continues and the person receiving the tax exemption has paid delinquent taxes, charges, fees, rents or claims and is in compliance with any agreement to pay which he or she may have entered into pursuant hereto.

Section 404. Exemption from Real Estate Taxes on New Construction of Residential Properties.

- (a) Definitions. In this Section, the following definitions shall apply:
 - (1) “Applicant.” Any person who applies for a building permit or tax exemption pursuant to this Section, and, when the application and implementation of this Section so indicates, a builder, developer, taxpayer or other appropriate interested party.
 - (2) “Delinquent City and School District of Philadelphia Taxes, Charges, Fees, Rents or Claims.” All City and School District of Philadelphia taxes, charges, fees, rents or claims not paid when due whether or not liens for such have been filed in the Office of the Prothonotary of the county, and shall include all penalties, additions, interest, and costs due on such delinquent taxes, charges, fees, rents or claims.
 - (3) “Dwelling unit.” A room or group of rooms located within a dwelling and forming a single habitable unit with facilities which are used or intended to be used for living, sleeping, cooking and eating.
 - (4) “Eligible dwelling unit.” A dwelling unit located in a single house, double house, duplex, townhouse, row house, apartment building, condominium unit or cooperative unit.
 - (5) “Residential construction.” means the building or erection of dwelling units, as defined above, upon vacant land or land specifically prepared to receive such structures.
- (b) Eligible Areas.

- (1) Persons undertaking residential construction of new dwelling units within the definition contained in this Section within any eligible areas (i.e., any ward in the City of Philadelphia), may apply for, and the OPA may grant, a real estate tax exemption upon such new residential construction in the amount and in the manner hereinafter provided on the condition that any exemption granted by the OPA shall be contingent upon the payment of delinquent taxes, charges, fees, rents or claims or compliance with any agreement to pay that he or she may have entered into pursuant hereto.
 - (2) The OPA shall extend to ten (10) years the term of any three (3) year real estate tax exemption issued pursuant to this Section and §19-1303(4) of the Code and §404 of these regulations upon any new residential construction for which a certificate of occupancy was issued after October 27, 1999.
- (c) Exemption Amount.
- (1) The exemption from real estate taxes shall be limited to that portion of the assessment valuation attributable to the cost of construction of the new eligible dwelling unit.
 - (2) The exemption from real estate taxes shall be limited to that construction for which an exemption has been requested in the manner set forth below, and for which a separate assessment has been made by the OPA.
- (d) Exemption Schedule.
- (1) One hundred percent of the assessable amount of the construction costs shall be exempted from real estate taxes for a period of ten years immediately following the date on which settlement is made, and a required certificate of use and occupancy is issued on an eligible dwelling unit. After the tenth year, the exemption shall terminate.
 - (2) The exemption from taxes granted under this ordinance shall be upon the property and shall not terminate upon the sale or exchange of the property, so long as the dwelling units retain their eligibility.
 - (3) If an eligible dwelling unit is granted tax exemption pursuant to this ordinance, the value of the improvement shall not, during the exemption period, be considered as a factor in assessing the value of other properties in the same area
- (e) Procedure for Obtaining Exemption.
- (1) At the time a building permit for residential construction is applied for, the Department of Licenses and Inspections shall notify the applicant by a printed notice of the possibility of a tax exemption under this ordinance. Within sixty (60) days of the date that the building permit is issued, or within 365 days of the date that the certificate of occupancy of the property is issued provided that the certificate of occupancy is issued after March 1, 2000 and prior to June 30, 2002, the applicant shall apply to the OPA⁷

⁷ Although the Code provides that the application is made to the BRT, the OPA assumed the BRT's assessment functions as of October 1, 2010. See note 5 for details.

for an exemption. The application shall be upon forms prescribed by the OPA and must be filed within the specified time period.

- (2) The OPA shall determine whether the exemption shall be granted. The OPA shall forward a copy of the approved request for exemption to the applicant. At the same time, the OPA shall notify the applicant that the grant of exemption is contingent upon the payment of delinquent taxes, charges, fees, rents or claims.
 - (3) The OPA in determining whether the exemption shall be granted shall inquire of the Department of Revenue of the City of Philadelphia whether the taxpayer is indebted to the City of Philadelphia or School District of Philadelphia for or on account of any delinquent taxes, charges, fees, rents or claims. The OPA shall withhold approval of the application until the taxpayer pays or enters into an agreement with the City of Philadelphia to pay the tax, charge, fee, rent or claim. The OPA shall withdraw approval where the taxpayer fails to pay delinquent taxes, charges, fees, rents or claims during the exemption period for failure to comply with his agreement to pay as provided herein. Any withholding or withdrawal of the exemption by the OPA pursuant to this subsection shall not be construed to stay the tolling of the exemption period for which a taxpayer would otherwise qualify.
 - (4) Upon completion of the construction, the applicant shall notify the OPA, so that the OPA may assess the construction for the purpose of calculating the amount of assessment eligible for exemption. In order to determine the assessment valuation attributable to the cost of construction of the new eligible dwelling unit, the OPA shall assess separately the dwelling unit and the land upon which the new residential construction stands.
 - (5) The OPA shall notify the applicant of the amount of assessment eligible for exemption.
 - (6) In no event shall an exemption be granted for an eligible dwelling unit which has obtained and used, in whole or in part, another exemption under Chapter 19-1300 of the Code.
 - (7) Appeals from the reassessment and the determination of the amount eligible for exemption may be taken by the City or by the applicant as provided by law.
- (f) Effective Date.

The provisions of this Section shall apply to applications for exemptions initially applied for on or after July 1, 1990.

Section 405.⁸ Reserved.

⁸ This Section reserved in the event that the provisions of Section 19-1303(5) entitled "Authorization to Offer Exemptions from Real Estate Taxes on Improvements to Convert Deteriorated Industrial, Commercial or Other Business Property to Commercial Residential Use" which terminated June 30, 2002 is re-enacted.

Section 406. Exemption from Real Estate Taxes for Properties located in Philadelphia Keystone Opportunity Zone.

(a) Conditions for Real Estate Tax Exemption.

- (1) A resident of real property located in the Zone (as defined in §19-3202 of the Code), other than in the Economic Development District and Strategic Development Area, shall not be entitled to an abatement of real estate taxes on such property unless such resident invests in improvements to the real property an amount equal to no less than twenty-five percent (25%) of all real property taxes which would have been due if the real property was not located in the Zone.
- (2) A nonresident owner of real property located in the Zone (as defined in §19-3202 of the Code), other than in the Economic Development District and Strategic Development Area, who leases such property directly or indirectly to a person for residential use shall not be entitled to an abatement of real estate taxes on such property unless such nonresident owner invests in improvements to the real property no less than fifty percent (50%) of all real property taxes which would have been due if the real property was not located in the Zone.
- (3) Application Deadlines.
 - (A) Any taxpayer requesting a real estate tax abatement pursuant to Chapter 19-3200 of the Code shall notify the OPA⁹ in writing on a form provided by the OPA within 30 days of the designation of the Zone by the Department of Community and Economic Development of the Commonwealth or within 30 days of the transfer of ownership of the real property subject to abatement. A copy of the abatement request shall be forwarded by the OPA to the Department.
 - (B) A taxpayer applying outside the prescribed deadline set forth in subparagraph (A) above shall nonetheless be granted a real estate tax abatement according to the provisions of Chapter 19-3200 of the Code, beginning in the calendar year following the year in which the taxpayer submitted such application, but only if one of the following conditions is met:
 - (i) An active trade or business is being conducted on the subject real property, but only such portion of the property that is devoted to the active trade or business shall be eligible for the real estate tax abatement.
 - (iii) Substantial improvements to the subject real property are being made, or have been made since the time of the late application, but only such portion of the property upon which the improvements are being or have

⁹ Although the Code provides that the application is made to the BRT, the OPA assumed the BRT's assessment functions as of October 1, 2010. See note 5 for details.

been erected or performed shall be eligible for the real estate tax abatement.

- (C) The provisions of this subsection relating to application deadlines shall not apply to real property located in the Philadelphia Keystone Opportunity Expansion Zone, the Philadelphia Keystone Opportunity Improvement Zone or the Economic Development District.
- (4) Interest and Penalties. If the Department finds that a taxpayer claimed an abatement of real property tax to which the taxpayer was not entitled under Chapter 19-3200 of the Code, the taxpayer shall be liable for the abated taxes and subject to interest, additions and penalties under Section 19-1303 of the Code and Section 401 of these regulations.

Section 407. Exemptions for Longtime Owner-Occupants of Residential Properties.

- (a) Definitions. For purposes of this Section, the following definitions shall apply:
 - (1) “Certified Market Value.” The assessed value of the property as certified by the Office of Property Assessment in the year immediately preceding the tax year.
 - (2) “Eligible Property.” The Principal Residence and domicile of an eligible taxpayer under § 19-3903 of the Code and under subsection (b) of this Section.
 - (3) “Homestead Exclusion.” As described in §19-1301.1 of the Code and in §202 of these regulations.
 - (4) “Household Income.” Household income shall mean all income received by the Longtime Owner-Occupant, and members of his or her household while residing in the taxpayer’s Principal Residence, during the year immediately preceding the tax year for which the real estate tax exemption is requested.
 - (5) “Income.” As defined at 24 Code of Federal Regulations (CFR) Section 5.609 (referred to as “Part 5 annual income”). Income includes, but is not limited to:
 - (A) The full amount, before any payroll deductions, of wages, salaries, overtime pay, commissions, fees, tips, bonuses, and other compensation for personal services;
 - (B) The net income from the operation of a business or profession; (See 24 CFR §5.609(b)(2) for details.)
 - (C) Interest, dividends, and other net income of any kind from real or personal property; (See 24 CFR §5.609(b)(3) for details.)
 - (D) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and

other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in 24 CFR §5.609(c)(14) – see for details);

- (E) Payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation and severance pay (except as provided in 24 CFR §5.609(c)(3) – see for details);
- (F) Welfare assistance payments made under Temporary Assistance for Needy Families (“TANF”). Welfare assistance payments made under the TANF program are included in annual income only to the extent such payments:
 - (i) qualify as assistance under the TANF program definition at 45 CFR §260.31; and
 - (ii) are not otherwise excluded under 24 CFR §5.609(c);

(See 24 CFR §5.609(b)(6) for details.)

- (G) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;
- (H) All regular pay, special pay and allowances of a member of the Armed Forces (except as provided under 24 CFR §5.609(c)(7) – see for details);
- (I) Such other items of income as described at 24 CFR §5.609.

Income shall not include items specifically excluded under 24 CFR §5.609(c), such as, Income of Children; Foster Care Payments; Inheritance and Insurance Income; Medical Expense Reimbursements; Income of Live-in Aides; Disabled Persons; Student Financial Aid; Armed Forces Hostile Fire Pay; Self-Sufficiency Program Income; Gifts; Reparations; Income from Full-time Students; Adoption Assistance Payments; Social Security & SSI Income; Property Tax Refunds; Home Care Assistance; Other Federal Exclusions – see 24 CFR §5.609(c) for details.

- (6) “Longtime Owner-Occupant.” Any person who, as of July 1 of the year immediately preceding the tax year has owned and occupied the same dwelling as a Principal Residence and domicile within the City of Philadelphia for at least ten (10) continuous years, or any person who, as of July 1 of the year immediately preceding the tax year has owned and occupied the same dwelling as a Principal Residence and domicile within the City of Philadelphia for at least five (5) continuous years if that person received assistance in the acquisition of the property as part of a government or nonprofit housing program.

- (7) Longtime Owner-Occupants Program (“LOOP”). The real estate tax exemption program authorized under Chapter 19-3900 of the Code and granting tax exemptions for longtime owner-occupants of residential properties.
 - (8) “Owner.” Owner shall mean:
 - (A) The owner of record, as recorded with the Department of Records;
 - (B) An equitable owner, defined as a person who has inherited an interest in the property from the deceased owner of record; a person who has entered into an installment land contract to purchase the property from the owner of record; a person who was the owner of record before a fraudulent conveyance of the property occurred; or a person who can demonstrate some other ownership interest in the property;
 - (C) Where the owner of record either is deceased or cannot be located, a person who has registered his or her name with the Department as the person to whom tax bills should be sent and who has been paying such bills for at least the preceding ten years;
 - (D) Where the owner of record acquired the property from a spouse, due to death or divorce, or from a life partner, due to death or termination of the life partnership, the owner of record shall be deemed to have been the owner of record throughout the period of ownership of the transferring spouse or life partner; or
 - (E) Where the owner of record or equitable owner (i) acquired the property from a spouse, life partner, parent, stepparent, child, brother, sister, aunt, uncle, grandparent or step-grandparent, (ii) as of July 1 of the year immediately preceding the tax year, has been resident in the property for at least ten years, and (iii) has paid the majority of the expenses – including property taxes, maintenance and utilities bills – for the property during those ten years, that owner shall be deemed to have been the owner throughout the period of his or her residence in the property.
 - (9) “Principal Residence.” The dwelling place of a person, including the principal house and lot, and such lots as are used in connection therewith which contribute to its enjoyment, comfort and convenience. For purposes of this Section, the term may also include a building with a maximum of one commercial establishment and a maximum of three residential units of which one residential unit must be the principal residence of the longtime owner-occupant.
- (b) Eligibility for Exemption of Real Property Taxes.
- (1) Real property shall be eligible for the exemptions provided for under Chapter 19-3900 of the Code if it meets all of the following conditions:

- (A) The property is owned and occupied by a Longtime Owner-Occupant on January 1 of the tax year.
- (B) The property is the Principal Residence and domicile of the Longtime Owner-Occupant.
- (C) The property is located in an eligible long-established residential area or area of deteriorated, vacant or abandoned homes and properties as defined by Section 19-3904 of the Code and subsection (c) of this Section.
- (D) All real estate taxes on the property are current or subject to a payment agreement that is not in default, except in the following circumstances:
 - (i) A taxpayer shall not be found ineligible pursuant to this paragraph while the taxpayer has an application for a payment agreement pending determination by the Department.
- (E)
 - (i) For applications filed in or before calendar year 2018: The property has not previously received an abatement of taxes under § 19-1303(2), § 19-1303(3), § 19-1303(4) or § 19-1303(5) of the Code or under Section 402, Section 403, Section 404, or Section 405 of these regulations.
 - (ii) For applications filed in or after calendar year 2019: The property has not received an abatement under § 19-1303(2), § 19-1303(3), § 19-1303(4) or § 19-1303(5) of the Code (or under Section 402, Section 403, Section 404, or Section 405 of these regulations) during the time in which the property was owned by the current owner or, where the owner qualifies as an owner under 19-3903(3)(d) or (e), during the time in which the property was owned by the spouse, life partner, parent, stepparent, child, brother, sister, aunt, uncle grandparent or step-grandparent from which the current owner acquired the property.
 - (iii) This condition of eligibility shall not apply to a property the owner of which received or benefited from assistance provided in connection with the acquisition of the property as part of a government or nonprofit subsidized low or moderate income housing program.
- (F) For each year, the total household income is less than or equal to one hundred fifty percent (150%) of the Area Median Income, adjusted for household size, as established by the U.S. Department of Housing and Urban Development (“HUD”) in its most recent publication for Philadelphia County.

EXAMPLE: Area Median Income for Philadelphia County as determined by HUD for Fiscal Year 2013 is \$79,200;

Household Size	1	2	3	4	5	6	7	8
Maximum Income (150% of Area Median Income)								
	\$83,200	\$95,050	\$106,950	\$118,800	\$128,350	\$137,850	\$147,350	\$156,850

(G) Where the owner is not the owner of record, the owner makes a good faith effort to obtain record title within three years of applying for the exemption provided for by this section, Upon a determination that the owner has not made the required good faith effort, the OPA may notify the owner in writing that the exemption is being revoked; provided that, the OPA shall not revoke an exemption unless the OPA had previously notified the owner in writing of this obligation at the time of the owner’s application or thereafter, and at least three years prior to the revocation.

(2) The OPA may request, at its discretion, that an owner submit documentation for proof of eligibility i.e., ownership, residency.

(c) Eligible Areas.

(1) The following areas of the City are hereby declared to be established residential areas or areas of deteriorated, vacant or abandoned homes and properties:

(A) All wards of the City.

(d) Benefit Determinations.

(1) For purposes of calculating City and School District real estate taxes, upon application pursuant to paragraph (3) of this subsection:

(A) If the Certified Market Value of an eligible property for any tax year through and including 2018, minus any Homestead Exclusion, is more than three times the Certified Market Value of such property for the immediately preceding tax year, then the Certified Market Value of such property for such tax year shall be deemed to equal three times the Certified Market Value of such property for the immediately preceding tax year, and no further Homestead Exclusion shall be allowed.

(B) If the certified market value if an eligible property for any tax year after tax year 2018, minus any homestead exclusion, is more than one and a half (1.5) times the certified market value of such property for the immediately preceding tax year, then the certified market value of such property for such tax year shall be deemed to equal one and a half (1.5) times the certified market value of such property for the immediately preceding tax year , and no further homestead exclusion shall be allowed; provided that:

- (i) For Tax year 2019 only: the taxes exempted by this subparagraph (B) shall be paid in full in tax year 2019, as if there were no exemption, and shall be credited against the taxes owing by the taxpayer for tax year 2020; provided, further, that, if the property is no longer the principal residence and domicile of the long-time owner occupant on January 1, 2020, no credit shall be provided and the credit shall immediately expire.

(C) For purposes of this subsection, regardless of whether the property is subsequently assessed at a lower or higher market value, the foregoing deemed Certified Market Value shall remain the deemed Certified Market Value as long as the eligible taxpayer remains eligible, until such property is sold, transferred or is no longer the Principal Residence of the eligible taxpayer, or until the eligible taxpayer voluntarily opts out of the program.

- (2) Opting out of the program. An eligible taxpayer who is participating in the program authorized by Chapter 19-3900 of the Code may subsequently opt out of the program, provided that such election shall be irrevocable with respect to the property being removed from the program. A taxpayer who opts out of the program may then apply for a homestead exclusion with respect to such property, which shall be evaluated according to the provisions of Section 19-1301.1 of the Code.

EXAMPLE 1

The Certified Market Value (“CMV”) of the taxpayer’s property (Principal Residence) for Tax Year 2014 is \$350,000 and the Homestead Exclusion is \$30,000; the CMV for Tax Year 2013 is \$100,000. Determination of the benefit would be as follows:

- $\$350,000 - \$30,000 = \$320,000$; $\$320,000/\$100,000 = 3.2$
- The deemed (i.e., recalculated) CMV for Tax Year 2014 would be:
 $x \$100,000 = \$300,000$

EXAMPLE 2

The CMV of the taxpayer’s property (Principal Residence) for Tax Year 2014 is \$350,000 and the Homestead Exclusion is \$0 because the taxpayer either did not apply for the Homestead Exclusion or did not timely file an application for such exclusion; the CMV for Tax Year 2013 is \$100,000. Determination of the benefit would be as follows:

- $\$350,000 - \$0 = \$350,000$; $\$350,000/\$100,000 = 3.5$
- The deemed (i.e., recalculated) CMV for Tax Year 2014 would be:
 $3 x \$100,000 = \$300,000$

Provided all of the eligibility conditions as described in subsection (b) of this Section are met, the taxpayer in Examples 1 and 2 would be entitled to an exemption because the CMV of the eligible property for Tax Year 2014, minus the Homestead Exclusion, is more than three times the CMV of such property for Tax Year 2013. No further Homestead Exclusion would be allowed. The \$300,000 CMV deemed for Tax Year 2014 would remain the deemed CMV until the property is sold, transferred or is no longer the Principal Residence of the eligible taxpayer – for a maximum of ten (10) years.

EXAMPLE 3

The CMV of the taxpayer's property (Principal Residence) for Tax Year 2014 is \$300,000 and the Homestead Exclusion is \$30,000; the CMV for Tax Year 2013 is \$100,000. Determination of the benefit would be as follows:

- $\$300,000 - \$30,000 = \$270,000$; $\$270,000/\$100,000 = 2.7$
- The property is not eligible because the CMV for the property for Tax Year 2014 minus the Homestead Exclusion is not more than three times the CMV of such property for Tax Year 2013. The property cannot be enrolled in LOOP but the taxpayer can still take advantage of the Homestead Exclusion.

EXAMPLE 4 – For Tax Year 2019 only

The CMV of the taxpayer's principal residence for Tax Year 2018 was \$300,000. The CMV for Tax Year 2019 is \$520,000 and the Homestead Exclusion is \$40,000.

Determination of the tax benefit is as follows:

- $\$520,000 - \$40,000 = \$480,000$; $\$480,000/\$300,000 = 1.6$
 - The property is eligible for the benefit since the 2019 CMV less the Homestead Exclusion (i.e. \$480,000) is more than one and a half (1.5) times the CMV of the property for Tax Year 2018 (i.e. $\$300,000 * 1.5 = \$450,000$). However, as required under subparagraph 1(B) of this subsection, the Real Estate Tax for 2019 will be paid in full (as if the benefit did not exist) based on the taxable value of \$480,000 (\$520,000 CMV - \$40,000 Homestead Exclusion). The $\$480,000 - \$450,000 = \$30,000$ benefit that was not used in Tax Year 2019 will be credited to Tax Year 2020 provided that the property remains to be the principal residence of the long-time owner occupant on January 1, 2020. However, the new CMV for Tax Year 2019 is \$450,000
- (3) The Department of Revenue shall provide notice prior to the annual property tax bill to each taxpayer who could benefit from applying for or opting out of the program, including:

- (A) A notice clearly describing the program authorized by this Chapter;

- (B) The steps a taxpayer must take to enter into the program and the deadline for doing so;
 - (C) The steps a taxpayer must take to opt out of the program and thereafter apply for a homestead exemption, and an explanation that if the taxpayer opts out, the real estate taxes due on the property will thereafter be based on its actual certified market value (minus any homestead exemption, if any); and
 - (D) An application for and an opt-out form, which may be combined into one form. The Department and the OPA shall post a downloadable version of the application and opt-out forms on their respective websites.
- (4) Except as otherwise provided in this subsection, no later than February 17 of each tax year, the owner of any property that meets the criteria set forth in Section 19-3903 of the Code – and subsection (b) of this Section – and who wishes to participate in the program must apply to the OPA for certification as a participant in the program. (See subsection (e).)
- (A) Effective October 1, 2014, the OPA, at its discretion, is authorized to grant exceptions to the deadline provided in paragraph (3) of this subsection upon the provision that an owner of real property provide evidence of hardship or evidence of other good cause, provided that no exception to the deadline shall be granted with respect to any application received at the time of or after the certification by the Department that total exemptions equal the maximum amount permitted under subsection 19-3905(7) of the Code and paragraph (6) of this subsection. Hardship and “evidence of other good cause” may be determined based on consideration of various factors. The OPA shall determine whether such factors shall be considered individually or shall be based on a combination of factors or the totality of such factors. The OPA shall promulgate such regulations and forms as are deemed necessary to effectuate the purpose of this subsection (d)(3)(A). The Tax Review Board is authorized to review any adverse final determination by the Department relating to an individual’s application for an exception, in like manner and with the same effect as a Petition for Review, as provided in Chapter 19-1700 of the Code.
 - (B) Extended deadline for first year of the program.¹⁰ An owner of property who would have been eligible for the exemption of real property taxes beginning in Tax Year 2014, but who failed to submit an application by February 17, 2014, shall be deemed to have submitted a timely application if such application is submitted no later than February 17, 2021, subject to the following:
 - i. The owner must be eligible for the exemption as of the date the application is actually submitted;

¹⁰ Added by regulation filed with the Department of Records on August 11, 2015 (effective September 10, 2015).

- ii. If the OPA approves an application pursuant to subsection 19-3905 (3)(b) of the Code and subsection (d)(3)(B) of this Section, the resulting "deemed certified market value" shall first take effect with respect to taxes due on or after the date a timely application is filed, but no sooner than tax year 2020, and shall remain the deemed certified market value no longer than an exemption applied for on or before February 17, 2014;
- iii. If the total City and School District taxes exempted pursuant to subsection 19-3905(3)(b) of the Code and subsection (d)(3)(B) of this section, for any tax year, as certified by the Department no later than forty-five days after the deadline for applications under this subsection, when added to the total City and School District taxes already exempted pursuant to this Section for such tax year, exceeds the maximum exemptions permitted pursuant to subparagraph (6), below, the exemptions allocated pursuant to subsection 19-3905(3)(b) of the Code and subsection (d)(3)(B) of this section shall be allocated among all eligible taxpayers on a pro rata basis so that the total taxes exempted do not exceed such maximum; and
- iv. Each exemption authorized pursuant to subsection 19-3905(3)(b) of the Code and subsection (d)(3)(B) of this Section, shall in all other respects be subject to the requirements of Chapter 19-3900 of the Code.

(C) For tax year 2019 only, a property owner shall have until June 30, 2019, to apply to OPA for certification as a participant in the program.

- (5) The OPA shall approve or deny the application and shall determine the exemption amount to which the Longtime Owner-Occupant is entitled. The OPA may also deny the application for lack of complete documentation with leave to refile within a stated period of time. This may include requiring recertification of income eligibility under Section 19-3903(1)(f).
- (6) Nothing in this Section and Chapter 19-3900 of the Code shall be construed as a limitation on the eligibility or the amount of any special tax provisions of any Longtime Owner-Occupant who qualifies for the special tax provisions established in Chapter 19-2900 of the Code entitled "Senior Citizen Low Income Special Tax Provisions".

(A) If, for any tax year, through and including tax year 2018, the total City and School District of Philadelphia taxes exempted pursuant to the foregoing on all properties in the City, as certified by the Department no later than forty-five days after the deadline for applications under Chapter 19-3900 of the Code, are in excess of twenty million dollars (\$20,000,000) then, notwithstanding subsection 19-3905(1) of the Code and this subsection,

the exemptions shall be allocated among all eligible taxpayers on a pro rata basis so that the total taxes exempted do not exceed \$20,000,000.

(B) If, for tax year 2019 or any tax year thereafter, the total City and School District taxes exempted pursuant to the foregoing on all properties in the City, as certified by the Department no later than forty-five days after the deadline for applications under this Section, are in excess of twenty-five million dollars (\$25,000,000) then, notwithstanding subsection (d) above, the exemptions shall be allocated among all eligible taxpayers on a pro rata basis so that the total taxes exempted do not exceed \$25,000,000; provided that, for tax year 2019 only, this five million (\$5,000,000) increase in the maximum taxes exempted shall be applied instead to the following tax year, so that the total taxes exempted for tax year 2020 only shall not exceed thirty million dollars (\$30,000,000).

(e) Application Process.

- (1) The owner of any property that meets the criteria set forth in subsection (b) of this Section and who wishes to participate in the program must apply to the OPA for certification as a participant in the program, no later than February 17 of the tax year or with a request that OPA exercise its discretion to extend the deadline. An applicant approved as a participant in the LOOP Program does not have to apply to OPA for certification for each applicable tax year thereafter.
- (2) The application to participate in the LOOP Program shall contain the following information:
 - (A) Certification statement signed by an owner (as defined in subsection (a) of this Section), for whom the property is his or her Principal Residence, asserting that he or she is the owner of the property listed on the application and that all information provided on the application is true and correct;
 - (B) Owner's name and social security number (SSN) or individual taxpayer identification number (ITIN). If there are multiple owners, the SSN or ITIN must be provided for at least one owner, and that owner must be the Longtime Owner-Occupant (as defined in subsection (a) of this Section);
 - (C) Property address to be enrolled in the LOOP Program;
 - (D) OPA account number – which is the real estate property number indicated on the Real Estate Tax bill;
 - (E) Telephone number;
 - (F) Date of ownership of the property;
 - (G) Number of individuals residing in the household;

- (H) Total annual income for all individuals residing in the household;
 - (I) Such other information that the Department or OPA may deem necessary to determine eligibility.
- (3) Completed signed application shall be mailed to the address designated by OPA.
 - (4) An owner may be required to submit documents to verify the information provided in the application. If so, the owner will be contacted accordingly by the Department or OPA.
 - (5) The OPA shall approve or deny the application. The OPA may also deny the application for lack of complete documentation with leave to re-file within a stated period of time.
 - (6) An applicant/owner approved for LOOP shall be required to notify the OPA if the owner's use of the property changes such that the property is no longer eligible, or may no longer be eligible, for the exemption.
- (f) Prohibited Conduct: Penalties and Additions.

No taxpayer shall intentionally make any false statement when making application for eligibility to receive an exemption of real property taxes. If it is determined that a taxpayer made application for the real property tax exemption program on the basis of a false statement the eligibility for the exemption provisions is null and void and the applicant shall be required to pay the City outstanding tax liability and any additions, interest or penalties computed as if the taxpayer had never been granted any exemption.

- (g) Review by Tax Review Board.

The Tax Review Board is authorized to review any adverse final decision or determination of the OPA relating to a taxpayer's initial and continued eligibility for the real property tax exemption program as provided herein, in like manner and with the same effect as a petition for review, as provided in Chapter 19-1700 of the Code.

ARTICLE V
SPECIAL TAX PROVISIONS

Section 501. Senior Citizen Low Income Special Tax Provisions.

(a) Definitions. For the purpose of this Section, the following definitions shall apply:

- (1) "Homestead." A dwelling used as a home, occupied by a taxpayer as a primary residence. A homestead shall also include mobile homes which are assessed as realty for local property tax purposes and the land upon which the mobile home is situated and other similar living accommodations, as well as a part of a multi-dwelling or multi-purpose building and a part of the land upon which it is built to the extent that the eligible taxpayer is chargeable by the City for property taxes. It shall also include premises occupied by an eligible taxpayer if he or she is required "by law" to pay a property tax by reason of his or her ownership or rental (including a possessory interest) in the dwelling, the land, or both or is a resident owner of a cooperative; provided that the term "by law" shall not be deemed to include a contractual obligation between the eligible taxpayer and a person who would otherwise be responsible to the City for the amount of the tax. An owner includes a person in possession under contract of sale, deed of trust, life estate, joint tenancy, tenancy in common or a cooperative interest.
- (2) "Low Income Taxpayer."
 - (A) For Tax Year 2008 and all prior tax years, a taxpayer whose income does not exceed the "maximum annual income" allowable for an "eligible claimant" to participate in the Commonwealth's program for Pharmaceutical Assistance for the Elderly ("PACE") pursuant to the Lottery Fund Preservation Act, 72 P.S. §§ 3762-101 et seq.
 - (B) For Tax Year 2009 and thereafter, a taxpayer whose income does not exceed the maximum annual income allowable for an eligible claimant to participate in either the Pharmaceutical Assistance Contract for the Elderly (PACE) program or the Pharmaceutical Assistance Contract for the Elderly Needs Enhancement Tier (PACENET) established under Chapter 5 of the State Lottery Law, 72 P.S. §§ 3761-501 et seq.
 - (C) For purposes of this Section, "income", shall be as defined in Chapter 5 of the State Lottery Law, 72 P.S. §3761-502, which generally means¹¹ all income from whatever source derived, including, but not limited to, the following:
 - Salaries, Wages, Bonuses, Commissions;
 - Income from Self-Employment;
 - Alimony;

¹¹ See 6 Pa. Code § 22.24 for a more precise definition of "income."

- Support Money;
- Cash Public Assistance and Relief;
- Gross Amount of any Pensions or Annuities, including Railroad Retirement Benefits (i.e., RRB1099 and RRB1099R)
- Benefits received under the Social Security Act (49 Stat. 620, 42 U.S.C. §301 et. seq.)(except Medicare Benefits) – i.e., Gross Social Security and Supplemental Security Income (including Medicare Premiums);
- Benefits received under State Unemployment insurance laws and Veterans' Disability Payments;
- Interest, including interest received from the Federal Government or any state government or any instrumentality or political subdivision thereof;
- Realized Capital Gains;
- Rentals (i.e., Net Rental Income);
- Workmen's Compensation and the gross amount of Loss of Time Insurance Benefits;
- Life Insurance Benefits and Proceeds – except the first \$10,000 of the total death benefits payments;
- Gifts and Inheritance of Cash or Property (other than transfers by gift between members of a household) in excess of a total value of \$300;
- Dividends;
- Income from Partnerships;
- Royalties;
- Any amount of money or the fair market value of a Prize, such as a car or trip won in a Lottery, Contest, or Gambling Winnings;

Losses are not to be offset against income. Income shall not include surplus food or other relief in kind supplied by a government agency or property tax rebate.

- (3) "Real Estate Taxes." All taxes on a homestead imposed or authorized to be imposed by the City or School District of Philadelphia.
 - (4) "Senior Citizen." A taxpayer who is sixty-five (65) years of age or over, or whose spouse, if a member of the household, is sixty-five (65) years of age or over, during a calendar year in which real property taxes are due and payable or was a widow or widower of someone who was sixty-five (65) years of age or over and was fifty (50) years of age or over during a calendar year in which real estate taxes were due and payable. For the purpose of this Section, the term "widow" or "widower" shall mean the surviving unmarried wife or the surviving unmarried husband, as the case may be, of a deceased individual.
 - (5) "Special Tax Provision." The eligibility for and the refund or forgiveness of a portion of the taxpayer's real estate tax liability.
- (b) Special Tax Provisions, Refund or Forgiveness of Real Estate Taxes.

- (1) For the Tax Year 1996 and each tax year thereafter taxpayers who meet the standards of eligibility established by Chapter 19-2900 of the Code shall be deemed a separate class of subjects of taxation and, as such, shall be entitled to the benefit of special provisions of this Section and Chapter 19-2900 of the Code.
 - (2) Eligible taxpayers shall be entitled to a refund or forgiveness of real estate taxes which have been paid over to (or would except for the provisions of this Section and Chapter 19-2900 of the Code be payable to) the City and School District of Philadelphia for real estate taxes under the provisions of §19-1301 and §19-1801 of the Code, in accordance with the following provisions:
 - (A) Low income senior citizen taxpayers (as defined in subsection (a) of this Section) shall be entitled to receive refunds or forgiveness of that part of their real estate tax liability attributable to any real estate tax rate increase or an increase in the assessed value of the taxpayer's homestead occurring after January 1, 1996.
 - (B) In the event that a taxpayer who had previously been eligible to receive refunds or forgiveness of taxes pursuant to this Section and Chapter 19-2900 of the Code is no longer eligible by reason of failing to meet the low income requirement provided for herein, the taxpayer shall be billed and shall pay real estate taxes at the then current real estate tax rate and assessed value. If a taxpayer reestablishes eligibility by meeting the low income requirement in subsequent tax years, the amount of real estate taxes that the taxpayer is then eligible to have refunded or forgiven is that part of the real estate tax liability attributable to any real estate tax rate increase or an increase in the assessed value of the taxpayer's homestead occurring no earlier than the calendar year prior to the tax year for which the taxpayer reestablishes eligibility.
 - (3) If a homestead is owned for only a portion of a year or is owned in part by a person who is not a low income taxpayer, the Department shall apportion the real estate taxes in accordance with the period or portion of ownership of the eligible taxpayer in determining the amount of refund or forgiveness for which a taxpayer is eligible.
- (c) Application; Proof of Claim.
- (1) Except as otherwise provided in this subsection, an application for real estate tax refund or forgiveness of taxes shall be filed with the Department on or before the thirty-first day of January of the calendar year in which real estate taxes are due and payable, provided however, that for calendar year 2019, an application for real estate tax refund or forgiveness of taxes shall be filed with the Department or before the 15th day of March. Only one taxpayer for each homestead shall be entitled to the real estate tax refund or forgiveness of taxes. If two or more persons residing at any homestead meet the qualification for a real estate tax refund or forgiveness of taxes they may determine among themselves who shall receive the refund or forgiveness of taxes. If

they are unable to agree, the Department shall determine to whom the refund or forgiveness of taxes is to apply.

- (A) Effective October 1, 2014, the Department, at its discretion, is authorized to grant exceptions to the deadline provided in paragraph (1) of this subsection upon the provision that an owner of real property provide evidence of hardship or evidence of other good cause. Hardship shall be determined based on a consideration of various factors such as, but not limited to, household income, household expenses, household size, available excess liquid assets, or any other factors that the Department may decide to consider in determining hardship. The Department shall establish by policy as to whether such factors shall be considered individually or shall be based on a combination of factors. The Department shall consider and shall determine “evidence of other good cause” based on the facts as presented by an owner of real property. A request for an exception to the deadline shall be on a form as prescribed by the Department. The Tax Review Board is authorized to review any adverse final determination by the Department relating to an individual’s application for an exception, in like manner and with the same effect as a Petition for Review, as provided in Chapter 19-1700 of the Code.
- (2) Each application shall include reasonable proof of household income, the location and nature of the property claimed as a homestead and the tax bill or receipt for the real estate taxes owed or paid in connection with the occupancy of the homestead. It shall not be necessary that real estate taxes are paid directly by the taxpayer. The first application filed shall include proof that the taxpayer or his spouse is or will be age sixty-five (65) or older during the calendar year in which real estate taxes are due and payable.
- (A) A copy of the applicable document, or a combination thereof, listed for each of the following items are acceptable as proof for purposes of this Section:
- (i) Proof of Household Income.
 - Federal Income Tax Return
 - PA State Income Tax Return
 - Form W-2
 - Paycheck Stubs, Earnings Statements, etc.
 - Forms 1099-INT, 1099-R, 1099-MISC, etc.
 - Forms RRB-1099, SSA-1099, etc.
 - (ii) Proof of Residency.
 - Utility Bills
 - Voter Registration
 - Valid Driver’s License
 - Any other document which may indicate the Homestead (as defined in these regulations) is a dwelling used as a home and occupied by the taxpayer as a primary residence.

(iii) Proof of Age.

- Birth Certificate
- Church Baptismal Record
- Hospital Birth Record
- Driver's License or PA Identification Card
- Passport
- PACE/PACENET Card
- Blue Cross or Blue Shield 65 Special Card
- Medicare Card
- Military Discharge Paper (if age shown)
- Naturalization/Immigration Paper (if age shown)
- Any other document which indicates the taxpayer's date of birth if none of the above listed documents are available.

The following documents are not acceptable as proof of age:

- Social Security Card
- Hunting License
- Fishing License
- Any other document on which the taxpayer has supplied the date of birth arbitrarily and without proof.

- (B) Applications for residents of a cooperative shall be in the manner and form prescribed by the Revenue Commissioner. Only eligible resident owners (i.e. those meeting the definitions of Low Income Taxpayer and Senior Citizen pursuant to this section) of a cooperative may submit applications. The cooperative may render assistance to the resident in the completion of the application, but the tax relief provided pursuant to this section is for the benefit of the eligible resident only. Under no circumstances may any of the tax relief attributable to the eligible resident be shared with the cooperative or with other residents who are ineligible due to their age or income.

(d) Prohibited Conduct: Penalties and Additions.

No taxpayer shall intentionally make any false statement when making application for eligibility to receive the benefit of the special tax provisions pursuant to this Section and Chapter 19-2900 of the Code. If it is determined that a taxpayer made application for such special tax provisions on the basis of a false statement the eligibility for the special tax provisions is null and void and the applicant shall be required to pay the outstanding tax liability and any additions, interest or penalties computed as if the taxpayer had never been granted the special tax provisions.

(e) Review by Tax Review Board.

The Tax Review Board is authorized to review any adverse final decision or determination of the Department relating to a taxpayer's initial and continued eligibility for the special tax

provisions as provided herein, in like manner and with the same effect as a petition for review, as provided in Chapter 19-1700 of the Code.

(f) Effect of Reduction in Tax Rates or Property Assessment.

(1) As used in this Section:

(A) "Program" refers to the low income senior citizen tax freeze authorized by Chapter 19-2900 of the Code.

(2) If a reduction in tax rates or a reassessment of property for the next calendar year would cause the taxes owed by a current participant in the program to be lower in the next calendar year than the level at which such taxes are currently frozen but for the freeze, then the participant's application on file with the Department shall be deemed a re-application to participate in the program beginning the next calendar year at the lower amount of tax. No additional application shall be required for the purpose of benefiting from the reduced tax rate or reassessment.

(3) With respect to a taxpayer whose real estate taxes have been frozen for the current calendar year pursuant to this Section and Chapter 19-2900 of the Code: Before sending such taxpayer a bill for real estate taxes due for the next calendar year, the Department shall compare the amount of taxes due for the current calendar year under the program to the amount that would be due for the next calendar year as if the taxpayer were first applying to participate in the program for the next year, and shall bill the taxpayer for the lesser amount.

(A) In performing this calculation, the Department shall take into account the homestead exemption authorized by §19-1301.1 of the Code. If the taxpayer has not filed an application for that exemption, the Department shall, for the purposes of determining the taxes due under Chapter 19-2900 of the Code, treat the most recently approved application for the tax freeze authorized by Chapter 19-2900 as a completed homestead exemption application.

(4) The Department shall provide taxpayers with the following information:

(A) A clear explanation of the provisions in paragraph (2) of this subsection and the calculation performed pursuant to paragraph (3) of this subsection;

(B) An explanation that, so long as the taxpayer remains an active, approved participant in the tax freeze program authorized under Chapter 19-2900 of the Code, if he or she receives a notice of an increased property assessment, that increase will not trigger an increase in taxes due; and

(C) Notification that the taxpayer should formally apply for the homestead exclusion provided for in §19-1301.1 of the Code if he or she has not already done so, along with a copy of the application.

Section 502. Real Estate Tax Exemption for Disabled Veterans.

- (a) Pursuant to the Pennsylvania Constitution (Article VIII, Section 2(c)), and legislation of the Commonwealth of Pennsylvania (51 Pa. C.S. § 8902), a veteran shall be exempt from the payment of all real property taxes provided that such person meets all of the following requirements:
 - (1) Honorably discharged or released under honorable circumstances from the Armed Forces of the United States for service in any war or armed conflict in which the United States was engaged – served during established war service dates as determined by the United States Department of Veterans Affairs;
 - (2) Total or 100% permanent service-connected disability declared/rated by the United States Department of Veterans’ Affairs or its successors, or as a result of the military service, is blind or paraplegic or has sustained the loss of two or more limbs;
 - (3) State Veterans’ Commission determines that such person is in need of the tax exemption;
 - (4) Is a resident of the Commonwealth of PA;
 - (5) Occupies the real estate as his or her principal residence/dwelling;
 - (6) Principal residence/dwelling is owned solely by the veteran or as an estate by the entirety;
- (b) This exemption shall be extended to the unmarried surviving spouse upon the death of an eligible veteran provided that the State Veterans’ Commission determines that such person is in need of the exemption.
- (c) Applying for the Exemption. Persons who are interested in applying for the exemption must contact the Philadelphia County Veterans Affairs Director. Information regarding this tax exemption may be found on the City of Philadelphia’s Office of Property Assessment’s website.

**ARTICLE VI
TAX CREDITS**

Section 601. Tax Credit for Reserve and National Guard Members Called to Active Duty.

- (a) Definitions. As used in this Section:
 - (1) “Base Year.” The calendar year prior to the Tax Year.

- (2) "Principal Residence." The dwelling place of a person, including the principal house and lot, and such lots as are used in connection therewith which contribute to its enjoyment, comfort and convenience.
- (3) "Real Estate Tax Bill." The tax bill issued by the Department which includes the real estate tax due amount imposed by the City of Philadelphia and the real estate tax due amount imposed by the School District of Philadelphia
- (4) "Tax Year." The calendar year in which the real estate tax imposed by the City of Philadelphia pursuant to § 19-1301 of the Code is due.

(b) Computation of the Tax Credit.

- (1) A member of the National Guard or a member of a reserve component of the Armed Forces of the United States who is called to active duty outside the Commonwealth of Pennsylvania shall only be entitled to a credit against the tax imposed by § 19-1301 of the Code, as follows:
 - (A) The credit shall apply only with respect to property that is the Principal Residence of the person called to active duty and is owned by such person.
 - (B) For a given Tax Year, the credit shall equal the amount of tax due on the property, multiplied by a fraction equal to the number of days the person served on active duty outside the Commonwealth of Pennsylvania during the Base Year, divided by the number of days in the Base Year. If the person called to active duty owns the property as a tenant in common, the credit amount shall be reduced by multiplying such amount by the person's fractional share of ownership of the property (there shall be no reduction of the credit amount if the person called to active duty owns the property as a joint tenant or as a tenant by the entireties).
 - (C) The tax credit provided by this Section, and pursuant to §19-1309 of the Code, shall be effective for Tax Year 2007 and thereafter.
 - (D) To receive the tax credit provided by this Section, a taxpayer must make application on a form to be provided by the Revenue Department.
 - (E) Unless otherwise provided by ordinance or statute, a person entitled to a tax credit pursuant to this Section and §19-1309 of the Code is not be entitled to take this tax credit against the portion of the Real Estate Tax imposed by the Board of Education of the School District of Philadelphia.
- (c) Application Process. To receive a tax credit as provided by this Section, a person who meets the qualifications described in subsection (b) of this Section must submit an application to the Department on or before the due date of such bill. However, under no circumstances shall an application submitted after the Tax Year be accepted by the Department. Refer to

paragraph (6) of this subsection for limitations regarding an applicant who submits an application to the Department for the tax credit after the Real Estate Tax has been paid – either on or before the due date of the Real Estate Tax Bill.

- (1) An applicant must own the property for which the tax credit is requested. The applicant may own the property as a sole owner, joint tenant with right of survivorship, tenant by the entirety, or tenant in common.
- (2) An applicant must submit an application which shall contain the following:
 - (A) Certification statement signed and dated by the following persons:
 - (i) An eligible applicant asserting that the property listed on the application is his or her Principal Residence and that he or she is the owner of such property and that all information provided on the application is true and correct; and
 - (ii) An authorized official or representative of the National Guard or reserved component of the Armed Forces of the United States attesting that the applicant's assertion and information regarding the number of the active duty days outside Pennsylvania is true and correct based on available duty records.
 - (B) Applicant's/owner's name, social security number (SSN) or individual taxpayer identification number (ITIN), and telephone number;
 - (C) Property address for which the tax credit is being requested;
 - (D) Real estate tax account number for such property – which is the account number indicated on the Real Estate Tax Bill;
 - (E) Telephone number of the officer or authorized representative of the National Guard or reserved component of the Armed Forces of the United States signing the certification/attestation statement;
 - (F) Total Real Estate Tax amount due before any credits;
 - (G) Number of days the applicant was on active duty outside Pennsylvania;
 - (H) Such other information or documentation as the Department may require in determining eligibility for – and calculation of – the tax credit.
- (3) Completed signed application shall be mailed to the address designated by the Department on the application.

- (4) A person who meets the qualifications described in subsection (b) of this Section may submit an application to the Department for each year the person is eligible to receive the tax credit.
- (5) An applicant may be required to submit documents (e.g., military orders) to verify the information provided in the application and must provide such documents to establish eligibility for the tax credit, if requested by the Department. If so, the applicant will be contacted accordingly by the Department.
- (6) At the Department's discretion, an applicant may submit, and the Department may accept, an application for the tax credit after the due date for payment of the tax.
 - (A) Circumstances that may warrant the Department's acceptance of an application submitted after the due date of the "Real Estate Tax Bill" include, but is not limited to, the following:
 - (i) The Real Estate Tax is paid directly by the mortgage company or other third-party agency.
 - (ii) The applicant is away on active duty and unable to timely submit an application for the tax credit.

ARTICLE VII
MISCELLANEOUS PROVISIONS

Section 701. Compliance with City and School District of Philadelphia Tax Code and Regulations

Except for the Homestead Exclusion as provided for in Section 202 of these regulations, no taxpayer shall receive the benefit of any tax deferrals, exemptions, special tax provisions or tax credits as provided in these regulations unless the taxpayer is in full compliance with all City and School District of Philadelphia tax code and regulatory provisions. In order to be in compliance, a taxpayer must either have paid all tax obligations due or be in compliance with a payment agreement with the Department.

Clarena I.W. Tolson
Revenue Commissioner and Chief Revenue Collections Officer

Date: _____