

April 30, 2020

Taxability of Economic Impact Payments for Philadelphia Wage/Earnings Tax and School Income Tax Purposes

Economic Impact Payments received by individual taxpayers under the CARES Act are not subject to the Philadelphia Wage and Earnings Tax, nor subject to the School Income Tax.

The CARES Act provides tax relief for individual taxpayers through direct cash payments (“Economic Impact Payments”). Eligible individuals are entitled to Economic Impact Payments in the amount of \$1,200 for a single individual or \$2,400 for married couples filing jointly to be paid in the 2020 tax year. Qualifying children will generate an additional \$500 each.

For federal income tax purposes, the economic impact payments are *not* counted as taxable income for recipients.

Philadelphia Wage and Earnings Tax

Economic Impact Payments received by individuals are *not* subject to the Philadelphia Wage or Earnings Tax. These payments are not:

- a) Salaries, wages, commissions, and other compensation paid by an employer to any person who is employed by or renders services to him; or
- b) Net profits of any business, profession, or enterprise carried on by any person as owner, either individually or in association with some other person or persons.

School Income Tax

Economic Impact Payments received by individuals are *not* “net income” subject to the School Income Tax.