

## **Job Creation Tax Credit (JCTC)**

Businesses that apply for the Job Creation Tax Credit are making a commitment to increase their employment by a specific number of employees within a five-year period. These employees, must be full-time positions located in the City of Philadelphia and be paid at least 150% of the Federal minimum wage or the City of Philadelphia minimum wage standard between January 1, 2019 and June 30, 2023 after this date then \$15 multiplied by the CPI multiplier for Philadelphia provided that the minimum wage is not less than the previous year's minimum wage.

The Job Creation Tax Credit is a one-time credit that is the greater of \$5,000 or 2% of the annual salary per job created, applied against City of Philadelphia Business Income and Receipts tax liability.

To qualify, a business must demonstrate the ability to create at least 25 new full-time jobs, or increase the company's full-time workforce in Philadelphia by at least 20% within a five-year period. More information about program benefits and requirements are available at <https://www.phila.gov/services/payments-assistance-taxes/tax-credits/job-creation-tax-credit/>.

## **Application Checklist**

Your submission must include:

- Application
- Tax Clearance Certificate
- Affirmation of Reliance on Tax Credit
- Preparer's Certification
- Financial Statements for the past 3 years
- Commitment Agreement

Your submission must be hand signed.

Scan and Email your completed application packet to:

[BizTaxCredits@phila.gov](mailto:BizTaxCredits@phila.gov)

Or file electronically through the Philadelphia Tax Center:

<https://tax-services.phila.gov>

Or mail to: Department of Revenue

Municipal Services Building, Rm. 480

1401 John F. Kennedy Blvd.

Philadelphia, PA 19102

Attention: Tax Credit & Assistance Programs Unit

## **Job Creation Tax Credit Process**

### **1. APPLY**

- Submit completed application packet.
- Approved applicants will receive a JCTC Agreement signed by the City. Approval is dependent on the applicant meeting the program requirements and the availability of credits.

### **2. HIRE**

- Bring your new employees on board.

### **3. REQUEST**

- Once a new position(s) have been filled for at least one year, you may request a job verification by the City. You will receive the request form and instructions with the JCTC Agreement.
- Once jobs are verified, the City will issue a Tax Credit Certificate (like a gift certificate you can use to pay your Business Income & Receipts Tax).

### **4. REDEEM**

- Include the Tax Credit and Tax Clearance Certificates when you file your Business Income and Receipts Tax return to claim your credit.
- Filing instructions will be included with your Tax Credit Certificate.

## Job Creation Tax Credit – APPLICATION (PART 1 of 3)

1. NAME \_\_\_\_\_
2. ADDRESS \_\_\_\_\_
3. CITY \_\_\_\_\_
4. STATE \_\_\_\_\_
5. ZIP CODE \_\_\_\_\_
6. PHILADELPHIA ADDRESS (if different) \_\_\_\_\_
7. ZIP CODE \_\_\_\_\_
8. CONTACT PERSON \_\_\_\_\_
9. TELEPHONE \_\_\_\_\_
10. EMAIL \_\_\_\_\_
11. FEDERAL EMPLOYER ID NO. / SOCIAL SECURITY NO. \_\_\_\_\_
12. PHILADELPHIA TAX ACCOUNT NO. \_\_\_\_\_
13. # OF JOBS IN PHILADELPHIA AS OF YOUR SELECTED START DATE \_\_\_\_
14. # OF JOBS WORLDWIDE AS OF YOUR SELECTED START DATE \_\_\_\_\_
15. TYPE(S) OF BUSINESS(ES)
  - Retail
  - Wholesale
  - Service
  - Manufacturing
  - Other
16. NAIC CODE \_\_\_\_\_
17. NAIC DESCRIPTION \_\_\_\_\_
18. TYPE OF ENTITY
  - Sole Proprietorship
  - S Corporation
  - C Corporation
  - Partnership
  - Other

IF DISREGARDED ENTITY, OWNER: \_\_\_\_\_

## **Job Creation Tax Credit – APPLICATION (PART 2 of 3)**

**TODAY'S DATE:** \_\_\_\_\_

**DESIRED START DATE:**

The Start Date will be the first day of the calendar quarter in which an application is submitted, unless the applicant requests and the Department agrees to a later start. Example: If today is February 15, 2017, the Start Date is January 1, 2017 unless the applicant requests and the Department grants a later date (e.g. April 1, 2017).

\_\_\_\_\_

**NUMBER NEW JOBS TO BE CREATED WITHIN 5 YEARS OF THE START DATE:**

The jobs reported here must be full time, paying an average hourly rate (excluding benefits) which is the higher of 150% of the federal minimum wage or or the City of Philadelphia minimum wage standard between January 1, 2019 and June 30, 2023 after this date then \$12 \$15 multiplied by the CPI multiplier for Philadelphia provided that the minimum wage is not less than the previous year's minimum wage.

\_\_\_\_\_

**HOW MANY OF THE NEW JOBS WILL BE HELD BY RETURNING CITIZENS?**

A returning citizen is a person previously convicted of a felony, incarcerated, or currently on probation or parole.

\_\_\_\_\_

**ARE ANY OF THE NEW JOBS BEING CREATED THE RESULT OF A MERGER, ACQUISITION, OR REORGANIZATION OF AN ENTITY THAT HAS PREVIOUSLY FILED THE BUSINESS INCOME AND RECEIPTS TAX?**

YES / NO    If YES, how many? \_\_\_\_\_

**ARE ANY OF THE NEW JOBS BEING CREATED THE RESULT OF A BUSINESS ENTITY (THAT HAD PREVIOUSLY TERMINATED THEIR BUSINESS ACTIVITY IN PHILADELPHIA) SUBSEQUENTLY RESTARTING BUSINESS ACTIVITY IN PHILADELPHIA WITHIN FIVE (5) YEARS OF THE ORIGINAL TERMINATION DATE?**

YES / NO    If YES, how many? \_\_\_\_\_

## Job Creation Tax Credit – APPLICATION (PART 3 of 3)

### EXISTING PHILADELPHIA EMPLOYMENT:

	All full-time jobs	Full-time jobs paying at least \$13.25/hour <b>excluding</b> benefits
AS OF START DATE		
1 YEAR BEFORE START DATE		
2 YEARS BEFORE START DATE		
3 YEARS BEFORE START DATE		

**Describe the applicant's business activities.**

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**Describe the activity or project that will create the new jobs. For example, are you opening a new office or do you have a major new client? Is this general growth of your existing business?**

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**Is the job creation due to capital investment/ construction?**

**If yes, how much of that investment is from private capital? \$**\_\_\_\_\_

**How much public investment is in the project? \$**\_\_\_\_\_

## **Job Creation Tax Credit – TAX CLEARANCE (1 of 1)**

Your application submission must include a Tax Clearance Certificate for the applicant. The tax clearance check can be performed on the Department of Revenue website and will allow you to print out a Tax Clearance Certificate.

### **OBTAIN A TAX CLEARANCE CERTIFICATE AT:**

<https://rev.phila.gov/taxcompliance/>

Applicants must resolve all tax compliance issues either through payment in full or entering into a payment agreement with the City before your JCTC application will be considered.

You will also need to submit a tax clearance certificate each time you request and redeem your tax credits.

## Job Creation Tax Credit – AFFIRMATION (1 of 1)

***I AFFIRM THAT THE APPLICANT’S DECISION TO RELOCATE OR EXPAND ITS CURRENT OPERATIONS WITHIN THE CITY OF PHILADELPHIA IS DUE IN LARGE PART TO THE AVAILABILITY OF THE JOB CREATION TAX CREDIT.***

Representative Signature \_\_\_\_\_

Representative Name \_\_\_\_\_

Representative Title \_\_\_\_\_

Applicant Name \_\_\_\_\_

Representative Address \_\_\_\_\_

☐

Yes, please share my JCTC application job growth targets and my contact information with the Department of Commerce so that I can be contacted about other economic development incentives that may be available.

## **Job Creation Tax Credit – PREPARER CERTIFICATION (1 of 1)**

I hereby certify that all information contained in this application and attachments for the job creation tax credit are true and correct to the best of my knowledge.

Preparer Signature \_\_\_\_\_

Preparer Name \_\_\_\_\_

Preparer Title \_\_\_\_\_

Applicant Name \_\_\_\_\_

Preparer Address \_\_\_\_\_



## Job Creation Tax Credit – FINANCIAL STATEMENTS (1 of 1)

\_\_\_\_\_ Check if a new business (*no financial information required*)

### 1. Philadelphia Gross Receipts & Net Income for the past three (3) years as reported on Business Income and Receipts Tax Return.

Year	Gross Receipts	Net Income

### 2. Attach complete Financial Statements for the past three (3) years to your application packet.

“Financial Statements” include the following:

- *Statement of Financial Position*, also known as a *Balance Sheet*, presents the financial position of the business (i.e. assets, liabilities, and stockholders' equity) as of a given date.
- *Income Statement*, also known as a *Profit and Loss Statement*, reports the financial performance in terms of net profit or loss (i.e. revenues less expenses) over a specified period (i.e. a calendar or fiscal year).
- *Statement of Cash Flow* presents the movement in cash over a period (i.e. a calendar or fiscal year) from the operating, investing and financing activities of the business entity.
- *Statement of Changes in Equity* also known as a *Statement of Retained Earnings*, details the movement of stockholders' equity over a period (i.e. a calendar or fiscal year). The movement is derived from the business entity's net profit or loss, capital stock issued or redeemed, and dividend payments.
- *Notes to the Financial Statements* are summary disclosures of the significant accounting policies, procedures, and methods used in preparing the aforementioned statements, as well as significant events for the time period that would impact the financial and management decisions made by users of the financial statements.

## **Job Creation Tax Credit – COMMITMENT AGREEMENT OVERVIEW (1 of 1)**

The final section of the JCTC Application is the Commitment Agreement. This document outlines what a business must do to be eligible for the Job Creation Tax Credit, and what the City will provide in return if the terms of the Agreement are met. It must be signed by two representatives of the applicant prior to submission.

If your application is approved, the City will countersign this Commitment Agreement. Approval is dependent on the eligibility of the applicant and the availability of tax credits. The amount of available credits to be approved each year is capped at 2% of the City of Philadelphia's prior year's Business Income and Receipts Tax collections.

If you have questions about the JCTC program or the Commitment Agreement, please email:

[BizTaxCredits@phila.gov](mailto:BizTaxCredits@phila.gov).

# **Job Creation Tax Credit – COMMITMENT AGREEMENT (6 pages)**

## **Job Creation Commitment Agreement**

This Job Creation Agreement (the “Agreement”) is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, by and between the City of Philadelphia (the “City”), a corporation and body politic existing under the laws of the Commonwealth of Pennsylvania, acting through its Department of Revenue, with an address of Municipal Services Building, Department of Revenue, 6<sup>th</sup> Floor, 1401 John F. Kennedy Boulevard, Philadelphia, Pennsylvania 19102, and \_\_\_\_\_ (Taxpayer) with an address of \_\_\_\_\_

### **Background**

- A. This City is a City of the First Class under the law of the Commonwealth of Pennsylvania.
- B. Under Section 19-2604(7) of the Philadelphia Code (the “Code”) a business may receive a Business Income and Receipts Tax (BIRT) credit in an amount equal to two percent of the annual wages paid for each qualified new full-time job, or Five Thousand Dollars (\$5,000) for each qualified new full-time job, whichever is higher, up to the maximum job creation amount specified in sections C of this Agreement.
- C. Section 19-2604(7) of the Code further requires that the business seeking the tax credit and the City shall enter into a Job Creation Commitment Agreement under which the business agrees to create \_\_\_\_\_ new jobs within the City of Philadelphia within five (5) years from \_\_\_\_\_ (the “Start Date”).
- D. Taxpayer is engaged in the business of \_\_\_\_\_ within the City and desires to invest approximately \$\_\_\_\_\_ (dollars) in order to create new jobs in the City for which tax credits are being requested.
  - 1. The Background above is incorporated by reference in this Agreement.

2. (a) Taxpayer intends to maintain its operation in the City of Philadelphia for five (5) years from the date the business submits its first tax credit certificate to the Department of Revenue.

(b) In the event Taxpayer fails to substantially maintain operations related to the Job Creation Tax Credit in the City of Philadelphia for a period of five (5) years from the date the business first submits a Tax Credit Certificate to the Department of Revenue, the business shall be required to refund to the City of Philadelphia the total amount of credit or credits granted.

3. Taxpayer shall receive a tax credit certificate for each new job created after the Department of Revenue has verified the new job was created. The credit must be claimed within five (5) years of the date of issuance of the tax credit certificate from the Department of Revenue, but in no case can it be longer than eight (8) years from the Start Date. Credits not claimed within this period will be forfeited.

4. Taxpayer may only apply the tax credit against its total BIRT liability. Cash refunds will not be issued for unused credits. The use of tax credits may neither be assigned nor transferred to any other business or subsidiary of the business awarded the tax credits. The business may not receive tax credits for relocating operations from one location in Philadelphia to another location in the City.

5. Taxpayer shall comply with all Applicable Laws in connection with this Agreement. "Applicable Laws" shall mean all applicable present and future federal, state, municipal laws, ordinances, codes, rules, regulations, statutes, orders and requirements, including, without limitation, Section 19-2604 of the Code, and all regulations promulgated hereunder, including without limitation, Section 502 of the Department of Revenue BIRT Regulations.

6. Without limiting the generality of Section 5 above, throughout the term of this Agreement, Taxpayer shall comply with all City laws, ordinances and regulations relating to taxes.

7. Taxpayer shall comply with the Economic Development Reporting requirements of Philadelphia Code Chapter 18-300 as if the taxpayer were a "Covered Business" as defined by that Chapter. The taxpayer shall file with the Department of

Revenue by May 1 (for the prior calendar year) an Economic Development Report containing the data required by Philadelphia Code §18-302 on a form as provided by the Department of Revenue. The taxpayer will file an Economic Development Report for each of the five (5) years following a year in which the tax credit certificate is received by the taxpayer. The Department of Revenue will maintain confidentiality as to the taxpayer's specific information, but will provide the City of Philadelphia Department of Commerce the aggregated information of all reporting taxpayers.

8. All activities of Taxpayer under this Agreement shall be subject to monitoring and evaluation by the City or its authorized representatives. The business shall provide City with such additional information and data as may be required from time to time by Federal, State, or City authorities. Authorized representatives of the City shall have access to the books and records maintained by the Taxpayer with respect to the rights and obligations granted under this Agreement at all reasonable times and for all reasonable purposes including but not limited to, the right to inspect or copy such books and records and any and all memoranda, checks, correspondence, or documents pertaining thereto. Taxpayer shall maintain such books and records for at least (5) years following the expiration or earlier termination of this Agreement.

9. Any notice, demand, request, consent or waiver to be given in accordance with this Agreement shall be in writing and shall be sent by United States certified mail, postage prepaid, return receipt requested, or overnight mail through a nationally recognized courier addressed to the following party:

If to the City:

Department of Revenue  
Municipal Services Building, Rm. 480  
1401 John F. Kennedy Blvd.  
Philadelphia, PA 19102  
Attention: Tax Credit & Assistance Programs Unit

If to the Company (Name/Address):

Applicant Name \_\_\_\_\_

Address \_\_\_\_\_

City, State Zip \_\_\_\_\_

Attention: Representative \_\_\_\_\_

10. (a) This Agreement is entered into under the terms of the Philadelphia Home Rule Charter and, in its performance, Taxpayer shall not discriminate nor permit discrimination against any person because of race, color, religion, sex, sexual orientation or national origin. Taxpayer's noncompliance with the provisions of this Section 10 shall constitute a substantial breach of this Agreement entitling the City to take appropriate action to enforce compliance, including without limitation, at the City's option, termination of this Agreement and/or pursuit of such other remedies as may be provided in this Agreement or at law or in equity.

(b) In accordance with Chapter 17-400 of The Philadelphia Code, Taxpayer agrees that its payment or reimbursement of membership fees or other expenses associated with participation by its employees in an exclusionary private organization, insofar as such participation confers an employment advantage or constitutes or results in discrimination with regard to hiring, tenure of employment, promotions, terms, privileges or conditions of employment, on the basis of race, color, sex, sexual orientation, religion, national origin or ancestry, constitutes, without limiting the generality of Section 8 of this Agreement, a substantial breach of this Agreement entitling the City to all rights and remedies provided in this Agreement or otherwise available at law or in equity.

(c) Taxpayer further agrees to cooperate with the Commission on Human Relations of the City of Philadelphia in any manner such Commission deems reasonable and necessary to carry out its responsibilities under Chapter 17-400 of The Philadelphia Code. Failure to so cooperate shall, without limiting the generality of any other provision of this Agreement, constitute a substantial breach of this

Agreement and entitle the City to all rights and remedies provided in this Agreement or otherwise available at law or in equity.

11. Taxpayer hereby certifies and represents to the City that the business is not currently indebted to the City, and will not during the term of this Agreement be indebted to the City, for or on account of any delinquent taxes (including, but not limited to, taxes collected by the City on behalf of the School District of Philadelphia), liens, judgments, fees or other debts for which no written Agreement or payment plan satisfactory to the City has been established. Any breach or failure to conform to the aforesaid certifications shall constitute a default by Taxpayer and entitle the City to exercise any rights or remedies available to it under this Agreement.

12. If any term, covenant or condition of this Agreement or the Application thereof to any party or circumstance shall, to any extent, be invalid, or unenforceable, the remainder of this Agreement, or the application of such term, covenant or condition to parties or circumstances other than those to which the Agreement was held invalid or unenforceable, shall not be affected thereby and each remaining term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

13. This Agreement may only be amended, modified or supplemented by an Agreement in writing signed by City and Taxpayer.

14. Nothing in this Agreement, express or implied, is intended or shall be construed to confer or give to any person, firm, corporation or legal entity, other than the City and Taxpayer any rights, remedies or other benefits under or by reason of this Agreement.

15. This Agreement sets forth all the promises, agreements, conditions and understanding by and between City and Taxpayer with respect to the Tax Credit. There are no promises, agreements, conditions or understandings by and between City and Taxpayer with respect to the Tax Credit other than those set forth in the Agreement.

16. This Agreement is made in Philadelphia, Pennsylvania, and shall be governed, construed, and decided by the laws of the Commonwealth of Pennsylvania.

Any proceeding instituted in connection with this Agreement shall be brought exclusively in the United States District Court for the Eastern District of Pennsylvania or the Court of Common Pleas of Philadelphia County.

17. Any and all provisions set forth in this Agreement, which, by its nature or their nature, would reasonably, be expected to perform after the expiration or earlier termination of this Agreement shall survive and be enforceable after the expiration or earlier termination of this Agreement. Any and all liabilities, actual or contingent, which shall have arisen in connection with this Agreement, shall survive any expiration or termination of this Agreement.

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IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date and year first above written.

**THE CITY OF PHILADELPHIA**

By: \_\_\_\_\_

Name: Frank Breslin

Title: Revenue Commissioner

Per: \_\_\_\_\_

Name: Marissa O'Connell

Title: Divisional Deputy City Solicitor

☐ In signing this Commitment Agreement, I acknowledge that no alterations have been made to this document.

**COMPANY** \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Seal:**