

Income/Franchise:

Pennsylvania: Philadelphia DOR Announces Business Tax Rate Reductions Under Recently Enacted Budget

Posts: Philly announces new tax rates for Wage, Earnings, and other taxes, City of Philadelphia Department of Revenue (6/27/22); Weekly Report: City Council Passes a Budget with Tax Reductions for Homeowners, Businesses and Workers, City Council, City of Philadelphia, Pa. (6/24/22); Press Release: Mayor Kenney's Statement on City Council's Final Approval of FY23 Budget, Office of the Mayor, City of Philadelphia, Pa. (6/23/22). The City of Philadelphia, Pennsylvania (City) recently enacted its Fiscal Year 2023 Budget, and the legislation provides several tax rate reductions including on the net income portion of the City's business income and receipts tax (BIRT) (*i.e.*, lowering the tax rate from 6.2% to 5.99%). More specifically, according to the City Department of Revenue (Department), for tax year 2023, the rate on the net income portion of the BIRT will drop to 5.99% from its current 6.2% rate for returns due and taxes owed in 2024.

URL: <https://www.phila.gov/2022-06-27-philly-announces-new-tax-rates-for-wage-earnings-and-other-taxes/>

URL: <https://phlcouncil.com/weekly-report-83/>

URL: <https://www.phila.gov/2022-06-23-mayor-kenneys-statement-on-city-councils-final-approval-of-fy23-budget/>

The Department summarizes that, under the new law, the following City taxes also will undergo tax rate reductions:

- Wage tax
- Earnings tax
- Net profits tax (NPT); and
- School income tax (SIT).

According to the Department, changes to the wage and earnings tax rates become effective July 1, 2022; and the new NPT and SIT rates are applicable to income earned in tax year 2022, for returns due and taxes owed in 2023. Please contact us with any questions.

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