

Income/Franchise:

Pennsylvania: City of Philadelphia Ordinance Fixes Error to Lower Business Tax Rate a Year Earlier

Ordinance No. 220660, signed by mayor 11/9/22; *Ordinance No. 220659*, signed by mayor 11/9/22. Following enactment of the City of Philadelphia's (City) Fiscal Year 2023 Budget earlier this year, which incorporated several tax rate reductions – including on the net income portion of the City's business income and receipts tax (BIRT) such that beginning for tax year 2023, the rate on the net income portion of the BIRT would drop to 5.99% for returns due and taxes owed in 2024 and thereafter [see *State Tax Matters*, Issue 2022-26, for more details on these earlier tax rate changes] – subsequently signed ordinances fix the “mistake” in identifying when some of the underlying tax rate reductions begin to apply. For BIRT purposes, the new ordinance now provides that the rate on the net income portion of the BIRT will drop from 6.2% to 5.99% beginning for tax year 2022, for returns due and taxes owed in 2023 and thereafter. Please contact us with any questions.

URL: <https://phila.legistar.com/LegislationDetail.aspx?ID=5843382&GUID=13866A0B-53C7-4291-BC33-9D1B88BA1CD1&Options=ID|Text|&Search=tax>

URL: <https://phila.legistar.com/LegislationDetail.aspx?ID=5843381&GUID=854275BE-132C-466E-BF61-13912DD0CAD5&Options=ID|Text|&Search=tax>

URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2022/STM/220701_5.html

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