

**AN ORDINANCE**

[Brackets] indicate matter deleted.

*Italics* indicate new matter added.

Amending Chapter 19-2600 of The Philadelphia Code, entitled “Business Income and Receipts Taxes,” by expanding the distressed business tax credit to include businesses impacted by COVID-19 restrictions.

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. Chapter 19-2600 of The Philadelphia Code is amended to read as follows:

CHAPTER 19-2600. BUSINESS INCOME AND RECEIPTS TAXES.

\* \* \*

§ 19-2604. Tax Rates, Credits, and Alternative Tax Computation.

\* \* \*

(15) Distressed Business Tax Credit.

(a) Definitions.

\* \* \*

*(.4) COVID-19 Impacted Business. Any business that was in operation between March 15, 2020 through such time at which all COVID-19 restrictions were permanently terminated by the Governor, Mayor, or Health Commissioner, and subject to restrictions that limit hours of operation and/or customer capacity inside or outside the place of business.*

(b) Eligibility. This subsection (15) shall only apply to businesses that meet [all of the following criteria] *the below criteria in subsections (.1), (.2), and (.3) or subsections (.4), (.5), and (.6):*

\* \* \*

*(.4) COVID-19 Related Hardship. Any business impacted by COVID-19 restrictions as defined in section (15)(a)(.4) of this chapter.*

*(.5) Business Limitations. A business must suffer losses due to COVID-19 related restrictions implemented by the Mayor and/or Governor that limit hours of operation and/or number of customers that may access the place of business at any time during the period of March 15, 2020 through such time at which all COVID-19 restrictions were permanently terminated by the Governor, Mayor, or Health Commissioner.*

*(.6) Lost net income and sales/receipts. A business must suffer loss of net income in an amount that is at least ten percent (10%) of the business's total net income and loss of sales/receipts in the amount that is at least ten percent (10%) of the business's total sales/receipts in the tax year in which COVID-19 restrictions were implemented.*

(c) Application. Application for the distressed business tax credit shall be on such form as the Department of Revenue specifies and shall include documentation that the business meets all of the eligibility criteria under subsection (b). Such documentation shall include photographs clearly depicting the business obstruction under subsection (b)(.2); evidence documenting the proximity of the business to a public works project under subsection (b)(.1); lost income pursuant to subsection (b)(.3); the duration of the public works project; and such other proof as the Department may require.

*(1.) For businesses impacted by COVID-19, documentation shall include applicable order(s) by the Mayor, Department of Health, or Governor that restricted regular business operations or customer capacity. Documentation shall also include any records from the State that deny a request to be classified as a life-sustaining or essential business.*

(d) Tax Credit.

\* \* \*

*(.3) Starting in tax year 2020, and for any tax year in which a distressed business experiences a business obstruction caused by COVID-19 related restrictions, such business shall be eligible for a credit against its business income and receipts tax liability, in the amount of twenty percent (20%) of the business's lost sales/receipts amount, up to twenty thousand dollars (\$20,000) but no more than the after-tax loss in net income.*

*(.4) Unused distressed business tax credits may not be carried forward, except for businesses impacted by COVID-19 restrictions.*

\* \* \*

SECTION 2. This Ordinance shall be effective immediately.

**Introduced by:** Councilmember David Oh

February 4, 2021