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# MEMORANDUM

**To:** Kathleen McColgan, Revenue Commissioner

**CC:** Rebecca LopezKriss, Deputy Revenue Commissioner  
Laurice Smith, Director of Tax Policy and Planning

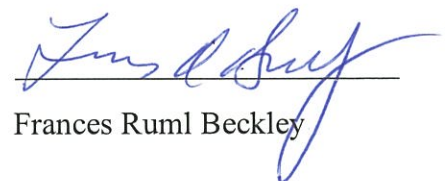
**From:** Frances Ruml Beckley, Chief Revenue Counsel

**Date:** January 9, 2025

**Re:** Amendments to the Real Estate Tax Regulations

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The attached amendments reflect the recent passage of legislation that, among other things, changed the millage split between the City and the School District, increased the Homestead exemption, made changes to the Senior Tax Freeze, and created a new Low-Income Tax Freeze not dependent on age. I have reviewed the attached amendments. I find the regulations to be legal and in proper form. In accordance with Section 8-407(a) of the Philadelphia Home Charter Rule, you may now forward the amendment to the Department of Records where it will be made available for public inspection.

  
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Frances Ruml Beckley

**City of Philadelphia—Department of Revenue**

**AMENDMENTS TO REAL ESTATE TAX REGULATIONS FOR CITY OF  
PHILADELPHIA AND SCHOOL DISTRICT OF PHILADELPHIA**

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**ARTICLE II: IMPOSITION AND RATE OF TAX**

**Section 201. Real Estate Taxes.**

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(c) For Tax Year 2014 and thereafter:

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(2) For Tax Year 2016 ~~and thereafter~~ ***through tax year 2024***, a Real Estate Tax is levied at the rate of 1.3998%, of which the Tax Rate levied by the City constitutes 0.6317% and the School District 0.7681%.

***(3) For Tax Year 2025 and thereafter, a Real Estate Tax is levied at the rate of 1.3998%, of which the Tax Rate levied by the City constitutes 0.6159% and the School District 0.7839%.***

~~(3)~~ (4) The tax shall be calculated for all taxable real property in the City, by multiplying the Tax Rate by the Net Taxable Value of the property. Net Taxable Value shall be calculated by subtracting the amount of Homestead Exclusion, if any, provided for in §19-1301.1 of the Code, from the assessed value of the property returned by the OPA in the year immediately preceding the tax year, but in no event may Net Taxable Value be less than zero.

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**Section 202. Homestead Exclusion.**

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(b)(1) Commencing in Tax Year 2014, ***through and including tax year 2018***, a homestead exclusion is provided in the lesser amount of (A) thirty thousand dollars (\$30,000) multiplied by the established predetermined ratio; or (B) fifty percent (50%) of the median assessed value of properties granted a homestead exemption, as certified by the OPA by no later than November 15 of the year prior to the tax year.

***(b)(2) For tax year 2019, a homestead exclusion is hereby provided in the amount of forty thousand dollars (\$40,000).***

***(b)(3) Commencing in tax year 2020, through and including tax year 2022, a homestead exclusion is hereby provided in the amount of forty-five thousand dollars (\$45,000).***

***(b)(4) Commencing in tax year 2023, through and including tax year 2024, a homestead exclusion is hereby provided in the amount of eighty thousand dollars (\$80,000).***

***(b)(5) Commencing in tax year 2025, and continuing thereafter, a homestead exclusion is hereby provided in the amount of one hundred thousand dollars (\$100,000).***

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**(e) Administration and procedure**

- (1) Except as otherwise provided in this subsection, no later than ~~[September 13]~~ ***December 1*** of the year prior to the year in which the tax is due, the owner or owners of real property may apply to the OPA for designation of property as Homestead Property. Such application shall be in such form as the OPA shall prescribe, consistent with any form mandated by the Department of Community and Economic Development.

~~(A) In the event that a property transfer takes place after the deadline specified in paragraph (1) of this subsection or within 30 days prior to such deadline, the owner or owners of real property may apply to the OPA for a designation of the property as Homestead Property within 30 days of the date on which said property is transferred into the new owner or owners' name(s), provided that such application is received by OPA no later than December 1 of the year prior to the year in which the tax is due.~~

~~(B) With respect to applications received by the OPA pursuant to paragraph (1)(A) of this subsection, if it is impracticable for the Department to include the homestead exclusion in the tax bill, the taxpayer shall pay the full amount set forth in the tax bill and the Department, by no later than May 31 of the tax year, shall refund to the taxpayer the amount of tax subject to the homestead exclusion. No refund application shall be required.~~

~~(C) (A) Effective October 1, 2014, the~~ ***The*** OPA, at its discretion, is authorized, ***at its discretion***, to grant exceptions to the deadline specified in paragraph (1) of this subsection upon the provision that an owner of real property provide evidence of hardship or evidence of other good cause, but in no case shall such an extension be beyond ~~December 1~~ ***December 31*** of the year prior to the year in which the tax is due. Hardship and evidence of other good cause may be determined based on consideration of various factors. The OPA shall determine whether such factors shall be considered individually or in combination with other relevant factors. ~~The OPA shall promulgate such regulations and forms as are deemed necessary to effectuate the purpose of this subsection. The BRT is authorized to review any adverse final determination by the OPA relating to an individual's application for an exception in a manner consistent with the provisions for appeal of assessments. Appeals under this subsection shall be limited to whether the OPA abused its discretion in denying the exception to the deadline. For purposes of this subsection, good cause may include~~

*circumstances in which the transfer of a property occurs either within 30 days before or 30 days after the deadline specified in paragraph (1) of this subsection.*

*(B) With respect to applications received by the OPA pursuant to paragraph (1)(A) of this subsection, if it is impracticable for the Department to include the homestead exclusion in the tax bill, the taxpayer shall pay the full amount set forth in the tax bill and the Department shall provide a refund or credit to the taxpayer in the amount of tax subject to the homestead exclusion.*

*(C) The OPA shall promulgate such regulations and forms as are deemed necessary to effectuate the purpose of paragraph (1) of this subsection. The Board of Revision of Taxes is authorized to review any adverse final determination by the OPA relating to an individual's application for an exception in a manner consistent with the provision for appeal of assessments. Appeals under this subsection shall be limited to whether the OPA abused its discretion in denying the exception to the deadline.*

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(3) An application shall be deemed approved unless the OPA provides, by no later than the date set out below, a written statement setting out all reasons for any denial, in whole or in part, of an application.

(A) For applications timely filed on or before ~~September 13~~ **December 1** of the year prior to the year in which the tax is due: ~~November 30~~ **January 15** of the year [prior to the year] in which the tax is due.

(B) For applications timely filed, pursuant to subparagraph (e)(1)(A) above, after ~~September 13~~ **December 1** of the year prior to the year in which the tax is due: ~~January 31~~ **February 28** of the year in which the tax is due.

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## **ARTICLE V: SPECIAL TAX PROVISIONS**

### **Section 501. Senior Citizen Low Income Special Tax Provisions.**

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(c) Application; Proof of Claim.

(1) Except as otherwise provided in this subsection, an application for real estate tax refund or forgiveness of taxes shall be filed with the Department on or before the thirty-first

day of January of the calendar year in which real estate taxes are due and payable, provided however, that for calendar year 2019, an application for real estate tax refund or forgiveness of taxes shall be filed with the department *on* or before the 15<sup>th</sup> day of March. Only one taxpayer for each homestead shall be entitled to the real estate tax refund or forgiveness of taxes. If two or more persons residing at any homestead meet the qualification for a real estate tax refund or forgiveness of taxes they may determine among themselves who shall receive the refund or forgiveness of taxes. If they are unable to agree, the Department shall determine to whom the refund or forgiveness of taxes is to apply.

- (A) Effective October 1, 2014, the Department, at its discretion, is authorized to grant exceptions to the deadline provided in paragraph (1) of this subsection upon the provision that an owner of real property provide evidence of hardship or evidence of other good cause. Hardship shall be determined based on a consideration of various factors such as, but not limited to, ~~household income, household expenses, household size, available excess liquid assets,~~ *illness or hospitalization*, or any other factors that the Department may decide to consider in determining hardship. The Department shall establish, by policy, ~~as to~~ whether such factors shall be considered individually or shall be based on a combination of factors. The Department shall consider and shall determine “evidence of other good cause” based on the facts as presented by an owner of real property. A request for an exception to the deadline shall be on a form as prescribed by the Department. The Tax Review Board is authorized to review any adverse final determination by the Department relating to an individual’s application for an exception, in like manner and with the same effect as a Petition for Review, as provided in Chapter 19-1700 of the Code.
- (2) Each application shall include reasonable proof of household income, the location and nature of the property claimed as a homestead, and the tax bill or receipt for the real estate taxes owed or paid in connection with the occupancy of the homestead. It shall not be necessary that real estate taxes are paid directly by the taxpayer. The first application filed shall include proof that the taxpayer or ~~his~~ *the taxpayer’s* spouse is or will be age sixty-five (65) or older during the calendar year in which real estate taxes are due and payable.
- (A) A copy of the applicable document, or a combination thereof, listed for each of the following items are acceptable as proof for purposes of this Section:
- (i) Proof of Household Income.
- Federal Income Tax Return
  - PA State Income Tax Return
  - Form W-2
  - Paycheck Stubs, Earnings Statements, etc.
  - Forms 1099-INT, 1099-R, 1099-MISC, etc.
  - Forms RRB-1099, SSA-1099, etc.

- (ii) Proof of Residency.
  - ***Government-issued ID that has not expired***
  - ***Utility Bills***
  - ***Voter Registration***
  - ***Valid Driver's License***
  - ~~***Any other document which may indicate the Homestead (as defined in these regulations) is a dwelling used as a home and occupied by the taxpayer as a primary residence.***~~
  - ***Bank Statements***
  - ***Mortgage statements***
  - ***Student loan billing statements***
  - ***Government-issued benefit or award letter (federal, state, or local)***
  - ***Employment/income tax records***

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***(3) A taxpayer who has been determined to be eligible for the Special Tax Provisions must provide notice to the Department of Revenue of any changes in the income of the Taxpayer or the Taxpayer's spouse, or change in ownership of the homestead if such change makes the taxpayer ineligible for the Special Tax Provisions.***

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***(d) Right of Redetermination.***

***(1) The Department of Revenue, at its discretion, may require a taxpayer to provide updated documentation to verify that the taxpayer continues to be eligible for the program. The taxpayer must provide a written response and supporting documentation within thirty (30) days of the Department's written request. If the taxpayer fails to respond to the Department's request within thirty (30) days, a second request for updated information will be mailed providing an additional fifteen (15) days to respond. Failure to timely respond to the Department's second request will result in taxpayer's removal from the program.***

***(2) A request for updated information from a taxpayer will occur no more than once every twelve (12) months. The taxpayer will remain enrolled in the program while redetermination is pending.***

***(3) If the Department determines that the taxpayer is no longer eligible due to a change in circumstances, the Department shall notify the taxpayer of the determination and provide detailed instructions for appealing the Department's determination. If the taxpayer files a timely appeal of the Department's determination, the taxpayer will remain enrolled in the program while the appeal is pending. If the taxpayer fails to file a timely appeal, the taxpayer will be removed from the program.***

***(e) Prohibited Conduct: Penalties and Additions.***

No taxpayer shall intentionally make any false statement when making application for eligibility to receive the benefit of the special tax provisions pursuant to Chapter 19-2900 of the Code. If it is determined that a taxpayer made application for such special tax provisions on the basis of a false statement, the eligibility for the special tax provisions is null and void and the applicant shall be required to pay the outstanding tax liability and any additions, interest or penalties computed as if the taxpayer had never been granted the special tax provisions.

**(e) (f) Review by Tax Review Board.**

The Tax Review Board is authorized to review any adverse final decision or determination of the Department relating to a taxpayer's initial and continued eligibility for the special tax provisions as provided herein, in like manner and with the same effect as a petition for review, as provided in Chapter 19-1700 of the Code.

**(f) (g) Effect of Reduction in Tax Rates or Property Assessment.**

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(1) The Department shall provide taxpayers with the following information:

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(C) Notification that the taxpayer's *application for the Special Tax Provisions Program will be treated as if the taxpayer has also applied* ~~should formally apply~~ for the homestead exclusion provided for in §19-1301.1 of the Code if ~~her or she~~ *the taxpayer* has not already applied for the homestead exemption ~~done so, along with a copy of the application.~~

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**Section 503. Low-Income Tax Provisions.**

**(a) Definitions. For purposes of this Section, the following definitions shall apply:**

i. **"Homestead."**

**(A) A dwelling used as a home, occupied by a taxpayer as a primary residence.**

**(B) This term includes:**

**(i) A mobile home which is assessed as realty for local property tax purposes and the land upon which the mobile home is situated and other similar living accommodations, as well as a part of a multi-dwelling or multi-purpose building and a part of the land upon**



*which it is built to the extent that the eligible taxpayer is chargeable by the City for property taxes.*

*(ii) A premise occupied by an eligible taxpayer if the eligible taxpayer is required "by law" to pay a property tax by reason of the taxpayer's ownership or rental (including a possessory interest) in the dwelling, the land, or both, or is a resident owner of a cooperative. As used in this subparagraph:*

- a. The term "by law" shall not include a contractual obligation between the eligible taxpayer and a person who would otherwise be responsible to the City for the amount of the tax.*
- b. An owner includes a person in possession under contract of sale, deed of trust, life estate, joint tenancy, or tenancy in common.*

**(2) "Low-Income Taxpayer."**

*(A) For Tax Year 2025 and thereafter, a taxpayer whose income does not exceed the "maximum annual income" allowable for an "eligible claimant" to participate in the Commonwealth's program for Pharmaceutical Assistance Contract for the Elderly Needs Enhancement Tier ("PACENET") established under Chapter 5 of the State Lottery Law, 72 P.S. §§ 3761-501 et seq.*

*(B) For purposes of this Section, "income", shall be defined as it is in Chapter 5 of the State Lottery Law, 72 P.S. §3761-502, which generally means<sup>12</sup> all income from whatever source derived, including, but not limited to, the following:*

- Salaries, Wages, Bonuses, Commissions;*
- Income from Self-Employment;*
- Alimony;*
- Support Money;*
- Cash Public Assistance and Relief;*
- Gross Amount of any Pensions or Annuities, including Railroad Retirement Benefits (i.e., RRB1099 and RRB1099R);*
- Benefits received under the Social Security Act (49 Stat. 620, 42 U.S.C. §301 et. seq.)(except Medicare Benefits) – i.e., Gross Social Security and Supplemental Security Income (including Medicare Premiums);*
- Benefits received under State Unemployment Insurance laws and Veterans' Disability Payments;*



- *Interest, including interest received from the Federal Government or any state government or any instrumentality or political subdivision thereof;*
- *Realized Capital Gains;*
- *Rentals (i.e., Net Rental Income);*
- *Workmen's Compensation and the gross amount of Loss of Time Insurance Benefits;*
- *Life Insurance Benefits and Proceeds – except the first \$10,000 of the total death benefits payments;*
- *Gifts and Inheritance of Cash or Property (other than transfers by gift between members of a household) in excess of a total value of \$300;*
- *Dividends;*
- *Income from Partnerships;*
- *Royalties;*
- *Any amount of money or the fair market value of a prize, such as a car or trip won in a lottery, contest, or gambling winnings;*

*Losses are not to be offset against income. Income shall not include surplus food or other relief in kind supplied by a government agency or property tax rebate.*

- (3) *“Real Estate Taxes.” All taxes on a homestead imposed or authorized to be imposed pursuant to Sections 19-1301 and 19-1801 of the Code.*

**(b) Tax Provisions for Impoverished Residents, Refund or Forgiveness of Real Estate Taxes.**

- (1) *For the tax year 2025, and each year thereafter, taxpayers who meet the standard of eligibility established by Chapter 19-4600 shall be deemed a separate class of subjects of taxation and, as such, shall be entitled to the benefit of the provisions of this section and Chapter 19-4600 of the Code.*
- (2) *Eligible taxpayers shall be entitled to a refund or forgiveness of real estate taxes which have been paid over to (or would except for the provision of Chapter 19-4600 of the Code be payable to) the City and School District of Philadelphia for real estate taxes under the provisions of Sections 19-1301 and 19-1801 of the Code, in accordance with the following provisions:*
- (A) *Low-income taxpayers (as defined in subsection (a) of this Section) shall be entitled to receive a refund or forgiveness of that part of the low-income taxpayer's real estate tax liability attributable to a real estate tax increase or an increase in the assessed value of the taxpayer's homestead occurring after the effective date of Chapter 19-4600 of the Code.*
- (B) *If a taxpayer who had previously been eligible to receive a refund or forgiveness of real estate taxes under Chapter 19-4600 of the Code is no longer eligible by reason of failing to meet the low-income requirement*

*provided for herein, the taxpayer shall be billed and shall pay real estate taxes at the then current real estate tax rate and assessed value. If a taxpayer reestablishes eligibility by meeting the low-income requirement in subsequent tax years, the amount of real estate taxes that the taxpayer is then eligible to have refunded or forgiven is that part of the real estate tax liability attributable to any real estate tax rate increase or an increase in the assessed value of the taxpayer's homestead occurring no earlier than the calendar year prior to the tax year for which the taxpayer reestablishes eligibility.*

- (3) If a homestead is owned for only a portion of a year or is owned in part by a person who is not a low-income taxpayer, the Department shall apportion the real estate taxes in accordance with the period or portion of ownership of the eligible taxpayer in determining the amount of refund or forgiveness for which a taxpayer is eligible.*

**(c) Application; Proof of Claim.**

- (1) Except as otherwise provided in this subsection, an application for real estate tax refund or forgiveness of real estate taxes shall be filed with the Department on or before the thirty-first day of January of the calendar year in which real estate taxes are due and payable. Only one taxpayer for each homestead shall be entitled to the real estate tax refund or forgiveness of taxes. If two or more persons residing at any homestead meet the qualification for a real estate tax refund or forgiveness of taxes, they may determine among themselves who shall receive the refund or forgiveness of taxes. If they are unable to agree, the Department shall determine to whom the refund or forgiveness of taxes is to apply.*
- (A) The Department, at its discretion, is authorized to grant exceptions to the deadline provided in paragraph (1) of this subsection upon the provision by an owner of real property of evidence of hardship or evidence of other good cause. Hardship shall be determined based on a consideration of various factors such as, but not limited to, illness or hospitalization, or any other factors that the Department may decide to consider in determining hardship. The Department shall establish, by policy, whether such factors shall be considered individually or shall be based on a combination of factors. The Department shall consider and shall determine "evidence of other good cause" based on the facts as presented by an owner of real property. A request for an exception to the deadline shall be on a form as prescribed by the Department. The Tax Review Board is authorized to review any adverse final determination by the Department relating to an individual's application for an exception, in like manner and with the same effect as a Petition for Review, as provided in Chapter 19-1700 of the Code.*

(2) *Each application shall include reasonable proof of household income, the location and nature of the property claimed as a homestead, and the tax bill or receipt for the real estate taxes owed or paid in connection with the occupancy of the homestead. It shall not be necessary that real estate taxes are paid directly by the taxpayer.*

a. *A copy of the applicable document, or a combination thereof, listed for each of the following items are acceptable as proof for purposes of this Section:*

(i) *Proof of Household Income.*

- *Federal Income Tax Return*
- *PA State Income Tax Return*
- *Form W-2*
- *Paycheck Stubs, Earnings Statements, etc.*
- *Forms 1099-INT, 1099-R, 1099-MISC, etc.*
- *Forms RRB-1099, SSA-1099, etc.*

(ii) *Proof of Residency.*

- *Government-issued ID that has not expired*
- *Utility Bills*
- *Voter Registration*
- *Bank Statements*
- *Mortgage statements*
- *Student loan billing statements*
- *Government-issued benefit or award letter (federal, state, or local)*
- *Employment/income tax records*

b. *Applications for residents of a cooperative shall be in the manner and form prescribed by the Revenue Commissioner. Only eligible resident owners (i.e. those meeting the definitions of Low-Income Taxpayer pursuant to this section) of a cooperative may submit applications. The cooperative may render assistance to the resident in the completion of the application, but the tax relief provided pursuant to this section is for the benefit of the eligible resident only. Under no circumstances may any of the tax relief attributable to the eligible resident be shared with the cooperative or with other residents who are ineligible due to their income.*

(3) *A taxpayer who has been determined to be eligible for the Low-Income Tax Provision shall provide notice to the Department of Revenue of any changes in the income of the taxpayer or the taxpayer's spouse, or change in the ownership of the homestead if such change makes the taxpayer ineligible for the Low-Income Tax Provision.*

(e) *Right of Redetermination.*

(1) *The Department of Revenue, at its discretion, may require a taxpayer to provide updated documentation to verify that the taxpayer continues to be eligible for the*

*program. The taxpayer must provide a written response and supporting documentation within thirty (30) days of the Department's written request. If the taxpayer fails to respond to the Department's request within thirty (30) days, a second request for updated information will be mailed providing an additional fifteen (15) days to respond. Failure to timely respond to the Department's second request will result in the taxpayer's removal from the program.*

*(2) A request for updated information from a taxpayer will occur no more than once every twelve (12) months. The taxpayer will remain enrolled in the program while Redetermination is pending.*

*(3) If the Department determines that the taxpayer is no longer eligible due to a change in circumstances, the Department shall notify the taxpayer of the determination and provide detailed instructions for appealing the Department's determination. If the taxpayer files a timely appeal of the Department's determination, the taxpayer will remain enrolled in the program while the appeal is pending. If the taxpayer fails to file a timely appeal, the taxpayer will be removed from the program.*

*(f) Prohibited Conduct: Penalties and Additions.*

*No taxpayer shall intentionally make any false statement when making application for eligibility to receive the benefit of the Low-Income Tax Provision pursuant to Chapter 19-4600 of the Code. If it is determined that a taxpayer made application for such Low-Income Tax Provision on the basis of a false statement, the eligibility for the Low-Income Tax Provision is null and void and the applicant shall be required to pay the outstanding tax liability and any additions, interest, or penalties computed as if the taxpayer had never been granted the Low-Income Tax Provision.*

*(e) Review by Tax Review Board.*

*The Tax Review Board is authorized to review any adverse final decision or determination of the Department relating to a taxpayer's initial and continued eligibility for the Low-Income Tax Provision as provided herein, in like manner and with the same effect as a petition for review, as provided in Chapter 19-1700 of the Code.*

*(f) Effect of Reduction in Tax Rates or Property Assessment.*

*(1) As used in this Subsection:*

*(A) "Program" refers to the low-income tax provision authorized by Chapter 19-4600 of the Code.*

*(2) If a reduction in tax rates or a reassessment of property for the next calendar year would cause the taxes owed by a current participant in the program to be lower in the next calendar year than the level at which such taxes are currently frozen but for the Low-Income Tax Provision, then the participant's application*

*on file with the Department shall be deemed a re-application to participate in the program beginning the next calendar year at the lower amount of tax. No additional application shall be required for the purpose of benefiting from the reduced tax rate or reassessment.*

- (3) *With respect to a taxpayer whose real estate taxes have been frozen for the current calendar year pursuant to this Section and Chapter 19-4600 of the Code, before sending such taxpayer a bill for real estate taxes due for the next calendar year, the Department shall compare the amount of taxes due for the current calendar year under the program to the amount that would be due for the next calendar year as if the taxpayer were first applying to participate in the program for the next year, and shall bill the taxpayer for the lesser amount.*
- (A) *In performing this calculation, the Department shall take into account the homestead exemption authorized by Section 19-1301.1 of the Code. If the taxpayer has not filed an application for that exemption, the Department shall, for the purposes of determining the taxes due under Chapter 19-4600 of the Code, treat the most recently approved application for the Low-Income Tax Provision authorized by Chapter 19-4600 of the Code as a completed homestead exemption application.*
- (4) *The Department shall provide taxpayers with the following information:*
  - (A) *A clear explanation of the provisions in paragraph (2) of this subsection and the calculation performed pursuant to paragraph (3) of this subsection;*
  - (B) *An explanation that, so long as the taxpayer remains an active, approved participant in the Low-Income Tax Provision program authorized under Chapter 19-4600 of the Code, if the taxpayer receives a notice of an increased property assessment, that increase will not trigger an increase in taxes due; and*
  - (C) *Notification that the taxpayer's application for the Low-Income Tax Provision program will be treated as if the taxpayer has also applied for the homestead exclusion provided for in Section 19-1301.1 of the Code if the taxpayer has not already applied for the homestead exemption.*

***Bold italics denotes new matter***  
***Strikethroughs denotes deletions***

Date: January 9, 2025

  
Kathleen McColgan  
Revenue Commissioner