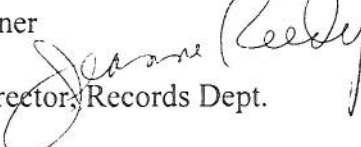


Memorandum

City of Philadelphia

Date: 12/17/15

To: Clarena I.W. Tolson, Revenue Commissioner

From: Jeanne Reedy, Administrative Services Director, Records Dept. 

Subject: Advertisement of Proposed Regulations-Income Tax Regulations-New Sections 501 and 502-Income Inequality Initiative-Earned Income Tax Credit -City Council Bill No. 140448

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The above Regulations promulgated by the Department of Revenue were received in the Department of Records on 12/16/15 for filing and advertising.

If there are no requests for hearings these Regulations will become effective 1/15/16.

Cc: Joseph F. Procopio Jr., CPA Manager – Technical Staff

The City of Philadelphia Department of Revenue's Income Tax Regulations is being amended due to the provisions of City Council Bill No. 140448 enacted on September 10, 2014. Bill No. 140448 amends the Philadelphia Code to add a new Chapter 19-4000 entitled *Income Inequality Initiative – Earned income Tax Credit* providing for the implementation of a policy and procedures to enable all Philadelphia residents who are eligible for the Federal Earned Income Tax Credit (EITC) to apply for and receive the maximum credit to which they are entitled.

CITY OF PHILADELPHIA  
DEPARTMENT OF REVENUE  
INCOME TAX REGULATIONS

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ARTICLE V

INCOME INEQUALITY INITIATIVE – EARNED INCOME TAX CREDIT

Section 501. Income Inequality Initiative – Definitions.

(a) For purposes of this article the following definitions shall apply:

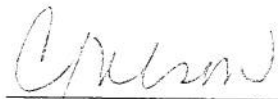
- (1) Department. The City of Philadelphia Department of Revenue
- (2) EITC. The Federal Earned Income Tax Credit.
- (3) EITC Notice. A form, prepared by the Department, that provides, in clearly understandable language and format, notice of the availability of and benefits from the EITC, and a description of the services available from the City to assist in applying for the EITC along with contact information.
- (4) Non-payroll worker. An independent contractor, self-employed person, or sole proprietor.
- (5) Same time. The time before the last date that a Federal form W-2 or Federal form 1099 can timely be provided to an employee and non-payroll worker respectively.

Section 502. Duty to Provide Notice of Earned Income Tax Credit Program.

(a) Beginning with calendar year 2015 and each year thereafter:

- (1) Each employer shall provide each employee residing within the City of Philadelphia from whom it withholds Wage tax an EITC Notice at the same time that it provides the employee with his or her Federal W-2 or comparable form. This requirement applies to all Philadelphia employers and to any non-Philadelphia employer that is required to file a Business Income and Receipts Tax return as required by Philadelphia Code § 19-2600. An electronic version of the EITC Notice is acceptable.
- (2) A person or business that is required to provide a non-payroll worker residing in Philadelphia with a Federal form 1099 or comparable form shall provide each such worker with both the Federal form 1099 and an EITC Notice at the same time. An electronic version of the EITC Notice is acceptable.
- (3) The Department shall notify each employer subject to subsection (1) and each person or business subject to subsection (2) of the requirements of this Section, and shall provide a downloadable version of the EITC Notice on its website.
- (4) Penalty for failure to provide EITC Notice – Pursuant to Section 1-109(1) of the Code, any employer or business who fails to timely provide the EITC Notice as required by this section will be subject to a fine of not more than \$300 for each employee or non-payroll worker who fails to receive such notice.

\_\_\_\_ Underlined and Bold denotes new matter



Commissioner Clarena I.W. Tolson  
Chief Revenue Collections Officer

Date: 12/14/15