

Section 507. Single Sales Factor Apportionment Tax Credit.¹¹⁵

A. Definitions. In this Section, the following definitions shall apply:

1. **Code.** The Philadelphia Code
2. **Current Business Income and Receipts Tax Liability.** A business' liability for the net income portion of the Business Income and Receipts Tax if, pursuant to Revenue Department ("Department") regulations, taxable income is apportioned, in whole or in part, based on factors other than the ratio of taxable receipts of the business from within the City of Philadelphia to the total receipts of the business, and furthermore, for software companies, if market based sourcing is not used for determining the taxable receipts from within the City.
3. **Single Sales Factor Apportionment Liability.** A business' liability for the net income portion of the Business Income and Receipts Tax if the business' taxable income was apportioned based solely on the ratio of taxable receipts of the business from within the City of Philadelphia to the total receipts of the business. For purposes of determining the taxable receipts of the business from within the City of Philadelphia for purposes of this subsection (A)(3), the source of receipts from the sale by a software company of products or services shall be deemed to be the location where the recipient receives the benefit of the products and services, also known as market based sourcing – see Section 408(H)(2)(b)¹¹⁶ of these regulations.
4. **Tax Year.** As defined in Section 101 of these regulations.

B. Tax Credit

1. Pursuant to §19-2604(12)(b)(i) of the Code, businesses shall be eligible to receive a nonrefundable Single Sales Factor Apportionment Tax Credit against their Business Income and Receipts Tax liability, starting in tax year 2013. Any unused tax credits may not be carried forward.
2. Pursuant to §19-2604(12)(b)(ii) of the Code.
 - a. The Single Sales Factor Apportionment Tax Credit shall be calculated as follows: For the given tax year, a business shall determine its Current Business Income and Receipts Tax Liability minus its Single Sales Factor

¹¹⁵ Added by regulation submitted to the Department of Records on November 5, 2013 (effective December 5, 2013).

¹¹⁶ Internal reference renumbered to reflect compiler's change of section numbers/letters in Article III and IV for consistency.

Apportionment Liability, which resulting number shall be the “single sales factor apportionment tax credit base.”

- b. The amount of the Single Sales Factor Apportionment Tax Credit shall be calculated as follows: for tax years 2013 and 2014, the Single Sales Factor Apportionment Tax Credit amount shall be whatever percentage of the single sales factor apportionment tax credit base as is determined by the Department by regulation to be fiscally prudent in light of the City’s budget needs – see subsection 507(B)(3); and for tax year 2015 and thereafter, the Single Sales Factor Apportionment Tax Credit amount shall be 100% of the single sales factor apportionment tax credit base; provided that there shall be no credit in any year in which, pursuant to Department regulations, taxable income is apportioned exclusively based on the formula set forth in the definition of Single Sales Factor Apportionment Liability.
3. To be fiscally prudent in light of the City’s budget needs, the Department has determined for tax year 2013 and tax year 2014 that the Single Sales Factor Apportionment Tax Credit amount shall be zero-percent of the single sales factor apportionment tax credit base.¹¹⁷
4. For Tax Years 2015 and thereafter, the Single Sales Factor Tax Credit provided by this section is discontinued and in its place the Department has adopted a Single Sales Factor Apportionment pursuant to Section 408(G) of these regulations.¹¹⁸

¹¹⁷ Amended by regulations submitted to the Department of Records October 1, 2014 (effective November 3, 2014).

¹¹⁸ Add by regulations submitted to the Department of Records December 17, 2015 (effective January 19, 2016).