

# City of Philadelphia



(Bill No. 210139-AA)

## AN ORDINANCE

Amending Chapter 19-500 of The Philadelphia Code, entitled “Taxes and Rents - General,” by adding required conditions and information for reporting adjustments to taxable income, under certain terms and conditions.

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

SECTION 1. Chapter 19-500 of The Philadelphia Code is amended to read as follows:

### TITLE 19. FINANCE, TAXES AND COLLECTIONS

\* \* \*

### CHAPTER 19-500. TAXES AND RENTS – GENERAL

\* \* \*

#### *§ 19-515. Changes Made by Federal Government*

*(1) Definitions. The following definitions shall apply to this Section:*

*(a) Final Determination means an adjustment to a taxpayer’s federal taxable income from an initial filing that has been resolved through any of the following circumstances:*

*(.1) The taxpayer has final income tax liability resulting from a federal audit including any requisite review by the U.S. Department of Justice or congressional Joint Committee on Taxation and has not timely filed a petition for redetermination or claim for refund for any portion of the audit.*

*(.2) The taxpayer has signed all Internal Revenue Service (IRS) Forms 870, closing agreement(s), or other IRS forms(s) for the tax period, consenting to the deficiency or consenting to any over-assessment that is final for all issues and no longer subject to appeal.*

*(.3) A decision of the United States Tax Court, a United States District Court or Court of Appeals, the United States Court of Claims or the United States Supreme Court has become final.*

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(b) *Report of Change means such form or other documentation as may be established by the Department by regulation used by a taxpayer in order to report additional Philadelphia tax due, request a claim for refund or credit of Philadelphia tax paid, or make other adjustments to Philadelphia tax reports as a result of a Final Determination.*

(2) *Whenever a Final Determination is made of a taxpayer's federal taxable income for any tax year, the taxpayer shall timely file a Report of Change with the Department.*

(3) *Required Filing. The Department may require by regulation the submission of such documentation as is reasonably necessary to inform the Department of adjustments to the taxpayer's federal taxable income resulting from a Final Determination and the impact of such adjustments on the taxpayer's Philadelphia tax liability.*

(4) *Filing Deadline. A Report of Change shall be filed with the Department within 180 days following a Final Determination. Failure to timely file a Report of Change shall result in such additions as may be established by regulation.*

(5) *Upon receipt of a Report of Change, the Department shall determine whether the Final Determination: (a) requires an assessment of additional Philadelphia tax, interest, and penalties owed; (b) qualifies the taxpayer for a refund or credit of excess Philadelphia taxes paid; or (c) results in other changes to the taxpayer's Philadelphia tax liability.*

(6) *The Department shall issue any assessment of additional Philadelphia tax, interest, and penalties arising directly from adjustments to a taxpayer's federal taxable income within the later of:*

(a) *The expiration of the limitations period specified for the relevant tax in section 19-510.1;*

(b) *The expiration of the one (1) year period following the date of filing of the Report of Change; or*

(c) *If the taxpayer fails to timely file a Report of Change, the expiration of the one (1) year period following the date on which the Internal Revenue Service, Pennsylvania, another state, or an organization representing and/or conducting audits for the states' tax agencies, notifies the Department, in writing, that a Final Determination has been made with respect to the taxpayer's federal taxable income for a specified tax year.*

(7) *If a Report of Change is filed for a tax year for which the applicable statute of limitations has expired, any adjustments to the taxpayer's Philadelphia tax liability shall be limited to changes arising directly from the federal adjustments in the Report of Change. Any further adjustments to the taxpayer's Philadelphia tax liability require written agreement of the taxpayer and the Department.*

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*(8) Should a timely filed Report of Change result in overpayment of tax, the taxpayer may apply for a refund or use the overpayment as a credit against its future tax liabilities.*

*(9) If a Report of Change is timely filed, pursuant to paragraph (4) hereof, for a tax year for which the applicable refund or credit statute of limitations has expired, any adjustments reducing the taxpayer's Philadelphia tax liability shall be limited to changes arising directly from a Final Determination reported in the Report of Change, and, at the taxpayer's request, shall either be refunded to the taxpayer or be credited against the taxpayer's future tax liability.*

SECTION 2. Effective date. This Ordinance shall take effect immediately.

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CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on May 6, 2021. The Bill was Signed by the Mayor on May 19, 2021.



Michael A. Decker  
Chief Clerk of the City Council