

Income/Franchise:

Pennsylvania: City of Philadelphia Ordinance Lowers Business Income and Receipts Tax Rates and Ends \$100K Exclusion

Bill No. 250199, signed by mayor 6/13/25; *City of Philadelphia Approves \$6.8 Billion 'One Philly 2.0' FY26 Budget*, City of Philadelphia, Pa., Office of the Mayor (6/12/25). A recently enacted City of Philadelphia, Pennsylvania (City) ordinance phases in lower tax rates on both the net income and gross receipts components of the City's business income and receipts tax (BIRT), such that the rates ultimately will drop to 0 mills (for the gross receipts portion) and 2.80% (for the net income portion) beginning for tax year 2038, for returns due and taxes owed in 2039 and thereafter. Additionally, the ordinance ends the BIRT exclusion on the first \$100,000 in taxable receipts beginning for tax year 2025, for returns due and taxes owed in 2026 and thereafter. Please contact us with any questions.

URL: <https://phila.legistar.com/LegislationDetail.aspx?ID=7261015&GUID=4B3AC72F-E4D3-4EFC-80F0-CE7BE2B4ED0B&Options=ID|Text|&Search=business+income>

URL: <https://www.phila.gov/2025-06-12-city-of-philadelphia-approves-6-8-billion-one-philly-2-0-fy26-budget/>

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