



ECONOMIC DEVELOPMENT

## JOB CREATION TAX CREDIT

### BACKGROUND

The City of Philadelphia enacted a Job Creation Tax Credit which may be applied against Business Privilege Tax liability. Under the program, eligible businesses may claim a credit of an amount equal to \$1,000 or 2% of the annual wages paid, whichever is higher, for each qualified new full-time job created in the City of Philadelphia. New Job Creation Tax Credit legislation was enacted in June, 2009 for job creation in 2010 and 2011. In connection with any application filed after the effective date of this new enactment, eligible businesses may claim a credit of an amount equal to \$3,000 or \$1,000 or 2% of the annual wages paid, whichever is higher, for each new full-time job created in 2010 or 2011, up to the maximum amount specified in a commitment agreement.

### ELIGIBILITY

To qualify for the credit, a business must demonstrate the ability to create at least 25 new full-time jobs, or increase full-time workforce by at least 20% within the required 5-year period. The business must also demonstrate financial stability, project viability and the intention to maintain operations within the City for a period of 5 years from the date the tax credit certificate is submitted to the Philadelphia Department of Revenue.

In order to qualify, a new job must be full-time and have an average hourly rate at least 150% of the federal minimum wage. The job must be created in Philadelphia within 5 years of the start date, which is defined by regulation – the date upon which a business may begin creating eligible jobs. The credit is available for a period of 5 years after a business receives the tax credit certificate, but in no case longer than eight (8) years from the start date. The credit may be recaptured in the event that the business fails to create the required number of jobs or maintain existing operations.

### PROCEDURE

Businesses should submit a complete application to the Philadelphia Department of Revenue. If the application is approved, the Department will issue a commitment agreement. After the commitment agreement is fully executed, and the Department determines job creation pursuant to the agreement, the business shall receive a Job Creation Tax Credit Certificate containing the number of new jobs to be credited and the maximum job credit the business may claim.

Additional information on the Job Creation Tax Credit can be obtained by contacting the Department of Revenue at:

City of Philadelphia  
Department of Revenue  
Technical Staff  
1401 JFK Blvd. – 6<sup>th</sup> Fl.  
Philadelphia, PA 19102  
(215) 686-6434

Applications and instructions are also available on-line at: <http://www.phila.gov/revenue>