

# Job Creation Tax Credit | Overview

## 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 **the higher of 150% of Federal minimum wage or \$12 multiplied by the CPI Multiplier**. 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.

## PROVISIONS

**The credit amount for jobs created in 2016 and thereafter is 2% of annual wages paid for each new job or \$5,000 per new job created, whichever is higher, subject to the maximum amount specified in the commitment agreement.**

At least 25% of all tax credits that may be approved in any year shall be available to applicants with twenty-five employees or less. An applicant will not receive tax credits for new jobs created prior to the start date.

An applicant may not receive tax credits for relocating operations from one location to another location in Philadelphia.

Tax credits may not be converted to cash and no business may claim or receive a tax credit under this section unless the business is in full compliance with all Philadelphia tax laws, ordinances and regulations.

## APPLICATION 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. The Department will not approve an application unless the business is in full compliance with all City and School District tax ordinances and regulations. 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.

For more information about the Job Creation Tax Credit, please refer to Section 19-2604(7) of The Philadelphia Code.