

# Doubling the Gross Receipts Tax

**Estimated Revenue Generation** \$50 million/yr

## **What is the Gross Receipts Tax**

- The gross receipts tax is one half of the City's major business tax, the Business Income and Receipts Tax. It is a tax on all receipts earned by a business from sales of goods or services in the City of Philadelphia, whatever the origin of the items sold, and without reduction for the business' costs in supplying those items.

## **Key Facts:**

- This tax has been cut by more than half since 1995, and is now levied at the tiny rate of .001415, or \$1.42 on every thousand dollars of business receipts;
- This is one of the few city taxes that reach businesses that are located outside the City;
- Businesses with receipts less than \$100,000 are exempt from the tax, meaning that it falls exclusively on out of city businesses as well as a few thousand taxpayers residing in the City.

**Who supports the proposal?** Those who wish to shift taxation away from working people and towards the rich. The A4JP supported it last year, as did City workers, and Philly Neighborhood Networks.

**How has the proposal worked in other communities?** Gross receipts taxes are often seen as a positive way to tax business in states across the country because of the fact that they bring in taxable resources from outside of the jurisdictions enacting them, and because they don't allow for the sophisticated tax evasion schemes used by big companies to reduce or eliminate taxes on net profits. [Here's an article](#) that discusses where these taxes are currently levied, including 7 states and a number of local jurisdictions. According to the article – whose business-oriented author is against the tax - all of the state rates are much higher than the one levied in Philadelphia.

**What's the status of the proposal?** No bill has been introduced relating to this tax, and there is some concern that if enacted a legal challenge may be successfully launched against the \$100,000 exemption.

**Additional Resources about the proposal?** There doesn't seem to be much writing among progressives relating to this tax. But here's a [good factual article](#) about which states and cities impose the tax, along with their tax rates.