

#### **DEPARTMENT OF REVENUE**

Municipal Services Building, Concourse Level 1401 JFK Boulevard Philadelphia, PA 19102-1676 Commissioner Kathleen McColgan
Chief Revenue Collections Officer
Delores U. Davis
First Deputy Revenue Commissioner

### W-2/1099 NOTICE REQUIREMENTS FOR BUSINESSES

The City of Philadelphia requires businesses to send electronic or hard copy notifications to their employees about the programs detailed below no later than **February 15, 2025.** Find a copy of this notice at **phila.gov/Revenue/EITC** and a copy of the Income-based Wage Tax refund flyer at **phila.gov/revenue/income-refund**.

# The Federal Earned Income Tax Credit ("EITC")

Section 19-4000 of the Philadelphia Code states that it is the policy of the City to enable all eligible persons who live or work in Philadelphia to apply for and receive the maximum federal **Earned Income Tax Credit (EITC)**. This refundable federal credit is available to low-to-moderate-income individuals and families. It can be claimed when filing a federal tax return. With an average benefit of around \$2,200 per return, EITC provides millions of hard-working Americans with a needed financial boost every year. Yet thousands of Philadelphia residents are not claiming the EITC, denying our local economy over \$100 million every year.

#### The Federal Child Tax Credit ("CTC")

In addition, the federal Child Tax Credit (CTC) gives parents and guardians up to \$2,000 per qualifying dependent, regardless of their working status. Like EITC, the Child Tax Credit can be claimed when filing a federal tax return, even if you didn't work, earn any income, or owe taxes. Since this incentive doesn't count as an income, receiving the Child Tax Credit (CTC) won't affect taxpayers' eligibility or participation in programs like SNAP, Medicaid, or most other benefits.

# What must your business do?

Employers must provide employees with a copy of the Department of Revenue notice. The notice provides your workers with information about eligibility and free tax preparation services. You must provide it at the same time you give employees their W-2, 1099, or comparable forms. You can do this electronically or provide a printed copy that can be downloaded at **phila.gov/Revenue/EITC**.

# The City of Philadelphia Income-based Wage Tax Refund program

Section 19-1500 of the Philadelphia Code authorizes reducing the Wage and Net Profit taxes to 1.5% for taxpayers eligible for <u>Special Tax Forgiveness ("PA Schedule SP"</u>) of the Pennsylvania Personal Income Tax Return. Eligible Philadelphia taxpayers may request the Department for a refund using an <u>Income-based Wage Tax petition</u> or online via the <u>Philadelphia Tax Center</u>.

## What must your business do?

Employers must provide employees with a copy of the Department of Revenue flyer. Employers may not reduce employees' Wage Tax withholding. Taxpayers can download the refund petition at <a href="mailto:phila.gov/revenue/income-refund">phila.gov/revenue/income-refund</a> or submit it online via the Philadelphia Tax Center at tax-services.phila.gov.

For more information, visit **phila.gov/revenue**, call **(215) 686-6600**, or email **revenue@phila.gov**.