



Text File

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Committee: Committee on Finance and Law

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Ordinance amending the Pittsburgh Code at Title Two: Fiscal, Article VII: Business Related Taxes, Chapter 246: Home Rule Tax, Section 246.03: Declaration and Payment of Tax, so as to change the due date of the Home Rule Tax, to fix the rate of interest on delinquent Home Rule Tax for the year 2018, and to update language in the city code.

The Council of the City of Pittsburgh enacts as follows:

Section 1. The Pittsburgh Code is hereby amended at Title Two: Fiscal, Article VII: Business Related Taxes, Chapter 246: Home Rule Tax, Section 246.03: Declaration and Payment of Tax, as follows:

§ 246.03 - DECLARATION AND PAYMENT OF TAX.

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(a) *Net profits.*

(1) Every taxpayer making any net profits and/or expecting to make any net profits shall, on or before **[April 15] the date of the federal income tax deadline** of the current year, make and file with the Treasurer, on a form prescribed by the Treasurer, a declaration of his or her estimated net profits during the period beginning January 1 of the current year and ending December 31 of the current year, setting forth a good faith estimate of the amount of net profits anticipated by him or her during the period and subject to the tax, the amount of tax imposed by this Chapter on the estimated net profits, and other information as the Treasurer may require.

A. "Good faith" estimate, for purposes of the declared estimate, shall be equal to at least seventy-five (75) percent of the actual amount reported on the final return for the current tax year or the full amount of income reported and paid on the preceding year's tax return.

B. The taxpayer making the declaration shall, at time of filing thereof, pay to the Treasurer, the estimated amount of tax shown as due thereon: the first installment at the time of filing the declaration and the other installments on or before June 15 of the current year, September 15 of the current year, and January 15 of the succeeding year, respectively.

(2) Any taxpayer who first anticipates any net profits after **[April 15] the date of the federal income tax deadline** of the current year, shall make and file the declaration hereinabove required on or before June 15, September 15 or December 31 of the current year, whichever of these dates next follows the date on which the taxpayer first anticipates the net profit. The taxpayer making the declaration shall, at the time of filing thereof, pay to the Treasurer the estimated amount of tax as due thereon, on or before the quarterly payment dates which remain after the filing of the declaration.

(3) The Treasurer is hereby authorized to provide by regulation for the making and filing of the

declarations of estimated net profits on a quarterly basis. He or she may also provide for the making and filing of the adjusted declarations and for the payment of the estimated tax in cases where a taxpayer anticipates additional net profits not previously declared or advises that he has over-estimated his or her estimated net profits. When a taxpayer files and pays his or her declaration on estimated net profits on a quarterly basis, the failure of the taxpayer to adjust his or her declaration, in the event of unanticipated additional net profits not previously declared, will subject him or her to penalty and interest, pursuant to § 246.07, on the amount of the underpayment of each or any of the installments where such underpayment exceeds twenty-five (25) percent or to the sanctions imposed under § 246.06(b)(3).

A. The amount of underpayment subject to penalty and interest, pursuant to § 246.07, is the difference between the amount actually paid and the amount of the installment which would have been required to be paid if the estimated tax had been equal to seventy-five (75) percent of the tax shown on the final return for the taxable period. In other words, the sum total of each installment paid should amount to at least one-quarter ($\frac{1}{4}$) of at least seventy-five (75) percent of the entire amount due for the taxable year.

1. *Exception.* The addition of penalty and interest to the tax with respect to any underpayment of any installment, shall not be imposed if the total amount of all payments of the estimated tax made on or before the last date prescribed for the payment of the installment equals or exceeds the amount which the taxpayer paid in the preceding taxable year for the same type of business for the same length of time.

(4) On or before **[April 15] the date of the federal income tax return deadline** of the succeeding year, every taxpayer who has received net profits shall make and file with the Treasurer, on a form prescribed by the Treasurer, a final return showing all his or her net profits for the period beginning January 1 and ending December 31 of the current year, the total amount of tax due, the amount of estimated tax paid under the provisions of this section, the amount of underpayment on the estimated tax installments, together with penalty and interest thereon, and the balance due. Any taxpayer may, in lieu of payment of the fourth quarterly installment of his estimated tax, elect to make and file with the Treasurer on or before January 31 of the succeeding year the final return as hereinabove required. At the time of filing the final return, the taxpayer shall pay the balance of the tax due, or shall ask for refund or credit in the case of overpayment.

(5) Every taxpayer who discontinues business prior to December 31 of the current year, shall, within thirty (30) days after the discontinuance of business, file his or her final return as hereinabove required and pay the tax due.

(b) *Earned income (salaries, wages, commissions and other compensation).* Every taxpayer who is employed on a salary, wage, commission or other compensation basis, and who receives any earnings not subject to the provisions of § 246.04 relating to the collection at source, shall on or before April 30 of the current year, July 31 of the current year, October 31 of the current year, and January 31 of the succeeding year, make and file with the Treasurer on a form prescribed by the Treasurer, a return setting forth the aggregate amount of salaries, wages, commissions and other compensation earned by him or her during the three-month periods ending March 31 of the current year, June 30 of the current year, September 30 of the current year, and December 31 of the current year, respectively, and subject to the tax, together with such information as the Treasurer may require. Every taxpayer making such return shall, at the time of filing thereof, pay to the Treasurer the amount of tax shown as due thereon.

(c) Every person subject to the tax imposed by this Chapter, whether such tax is collected at source by the

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person's employer or is paid annually or quarterly by the individual taxpayer, shall file an annual return showing the amount of tax due upon the taxpayer's earned income from the previous year. **[The annual return showing income earned in 1981 shall be filed with the Treasurer on or before September 30, 1982.]** The annual returns for all **[subsequent]** years shall be filed with the Treasurer on or before **[April 15] the date of the federal income tax return deadline** of the year succeeding the year in which such income was earned.

[(d) If for any reason the tax required to be paid under this section is not paid when due, interest at the rate of six (6) percent per annum or at a per annum rate which does not exceed the Federal Reserve Discount Rate in effect for Federal Reserve District Four on December 1 of the preceding tax year, whichever is greater, on the amount of the tax shall be added and collected.]

As required by state law, **[T]**the City shall, on or before December 31, establish by ordinance the specific per annum interest rate to be imposed for unpaid taxes during the following tax year.

[(e) d Interest for [2017] 2018. The interest to be paid under Section 246-03(e) hereof for the year [2017] 2018 is six (6) percent.

Section 2. This Ordinance shall become effective January 1, 2018.