

## **Tax Subsidy Self-Reporting Form FREQUENTLY ASKED QUESTIONS**

### **1. What calendar year does my business need to report on?**

Every year by May 1, reporting is due for the previous calendar year. For the report due by May 1, 2019, it will apply to the 2018 calendar year (January 1, 2018 through December 31, 2018).

### **2. By when do I need to complete this form?**

The tax subsidy form must be completed online by Wednesday, May 1, 2019.

### **3. Can I complete this form on paper instead of online?**

No. Please complete the Tax Subsidy Self-Reporting form in its entirety online. Paper forms/hard copies will not be accepted, unless there are extenuating circumstances.

### **4. What is the definition of “Financial Assistance”?**

Financial Assistance is any grant, loan, subsidy for land purchase or rental or other form of assistance that is realized by or provided to a Person through the authority or approval of the City in the amount of fifty thousand dollars (\$50,000) or more.

Note that “Person” is further defined as: *An individual, corporation, limited liability company, partnership, association, joint venture, or any other legal entity.* The survey generally refers to a “business” as the recipient of said Financial Assistance.

### **5. What is the definition of a “non-tax-based” subsidy”?**

*A non-tax-based subsidy is defined as: a grant of funds from any governmental source; a loan or loan guarantee from any governmental source pursuant to which interest or other cost obligations are less than the recipient would have been required to otherwise pay to obtain a loan; acquisition or the leasing of real property from a government source at less than fair market value; or the receipt of any other thing of significant monetary value from a governmental source, not include a license, permit, zoning change or other regulatory or legislative approval.*

### **6. If my company has multiple entities receiving a KOZ subsidy, should I complete a survey for each individual entity?**

Businesses located in a KOZ with \$2 million in gross revenues must complete this survey. For fiscal year taxpayers, this amount refers to the revenues generated in the fiscal year ending in 2018. This includes *all* revenues: local, state, national, and international.

A group of related businesses may file a single form. For example:

- If a parent-subsidary relationship exists, **ONLY** the parent company needs to report.
- Holding companies (companies that exist to own assets in one or more companies, and do not have any active business operations itself) do **NOT** need to report.
- Equity funds do **NOT** need to report if they are counted in the reporting for the **MANAGER** fund with which they are associated.

**7. Does my business need to complete the subsidy self-reporting form if it received multiple financial assistance awards that totaled \$50,000 altogether?**

No. The trigger for submitting the subsidy self-reporting form is the receipt of one financial assistance award totaling \$50,000 or more. However, once triggering the requirement, you need to list all non-tax financial assistance awards and subsidies received that year, regardless of amount.

**8. Am I required to fill out this form for the year in which the financial assistance award was approved or when it was disbursed?**

Your business is subject to reporting only after a financial assistance award of over \$50,000 has been completely disbursed.

**9. If I receive an Empowerment Zone Grant or Neighborhood Economic Development (NED) Grant that spans multiple years, when do I need to report?**

You should report on Empowerment Zone Grants and NED grants in the year that you receive your final disbursement.

**10. If I receive a forgivable loan with a five-year term, when do I need to report?**

Forgivable loans do not trigger the reporting requirement until the term of the loan is complete and the loan is forgiven. If the entire loan is not forgiven, the beneficiary only reports on the amount forgiven.

**11. If my company is organized as a not-for-profit, but received financial assistance of \$50,000 or more from a governmental source, do I need to report?**

Not-for-profits that receive a grant from a government source to provide a social service function do not need to count this as financial assistance for the purposes of this form.

However, if the primary purpose of the grant was job-creation, then this should be counted as financial assistance for the purposes of this form.

**12. For sub-market rate loans, do I put the amount of the loan or do I need to calculate the amount of the subsidy?**

You only need to report the amount of the loan. We know that calculating the subsidy requires complicated analysis of the prime rate at the time of closing, the term of the loan, amount borrowed, etc., therefore we do not ask you to provide this information.

**13. How will the submission of this form be acknowledged?**

We use SurveyMonkey to collect this information, which currently does not have the functionality to automatically send confirmations or copies of completed forms to the respondents. However, you may manually request a copy of your form by emailing [Libby.Peters@phila.gov](mailto:Libby.Peters@phila.gov).

**14. How will this information be used or shared?**

The ordinance requires that this information be shared with City Council in an annual report and be made available to the public. Last year's report can be found [here](#).

Additionally, the Department of Commerce uses some of this information to evaluate how the use of economic incentives influences business decisions, and to identify ways that businesses are able to impact their communities, now and in the future.

Please reach out to [Libby.Peters@phila.gov](mailto:Libby.Peters@phila.gov) with any additional questions.