

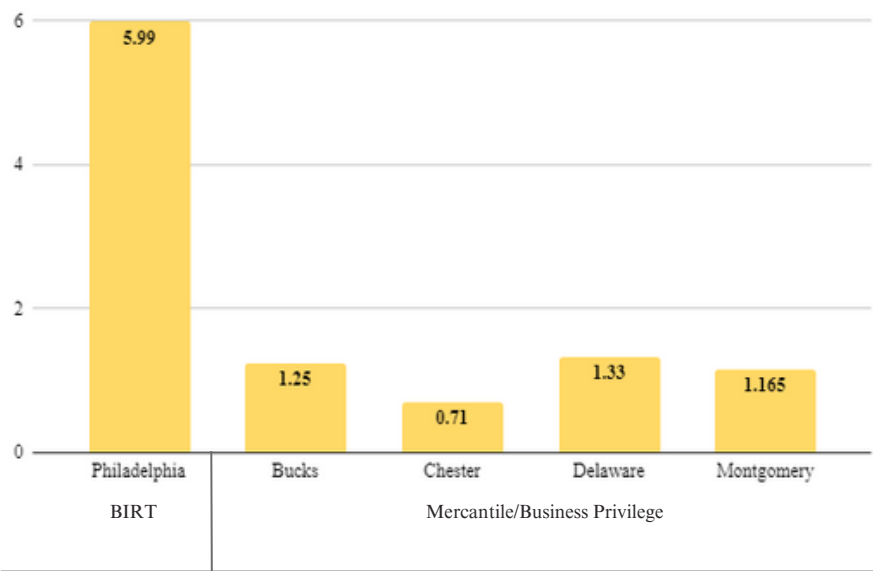


# Municipal Money Matters

Office of the Philadelphia Controller Christy Brady

## Comparison of Philadelphia's Wage and Business Tax Structure to Surrounding Counties

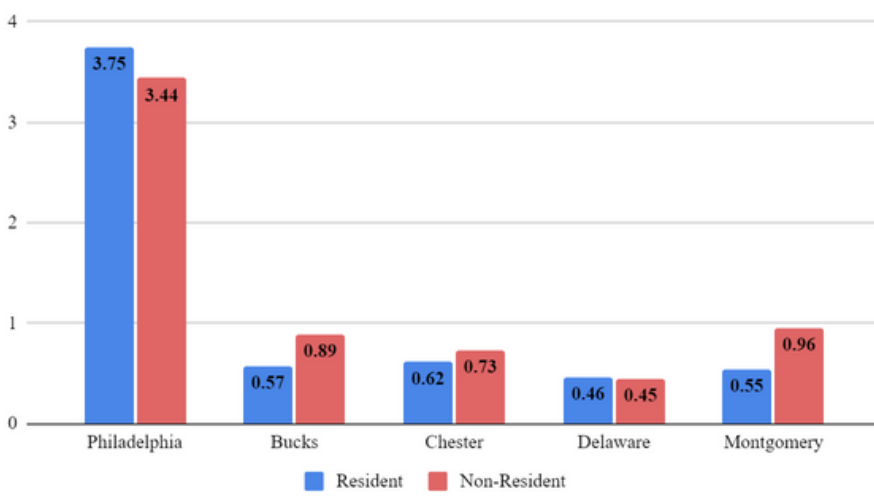
Business Tax Rates - FY2024



A significant impediment to business operations in Philadelphia is the City's Wage Tax and Business Income and Receipts Tax (BIRT), which are the highest in the nation, according to Pew Charitable Trusts.

BIRT taxes both the gross receipts and net income of businesses operating in the City. Specifically, BIRT is levied at a rate of \$1.415 per \$1,000 on gross receipts, and 5.99% on taxable net income. This tax burden is substantial compared to neighboring counties, such as Delaware, Chester, Montgomery, and Bucks, that have significantly lower rates ranging from 0.71% to 1.33%. The disparity incentivizes businesses to remain outside the City.

Wage / Earned Income Tax Average Rate - FY2024



While the Wage Tax has seen incremental reductions over the years with current rates set at 3.75% for residents and 3.44% for non-residents, neighboring counties' taxes on earnings are levied below 1%. This potentially discourages economic growth by making it more costly for workers.

These high tax rates in Philadelphia can be seen to hinder business growth and economic competitiveness compared to neighboring counties.

Totals averaged from each county's municipalities accessed from munstats.pa.gov

Each month Controller Brady looks forward to bringing transparency and accountability of our City, right to you.  
For more information, questions, or concerns please, contact [controller@phila.gov](mailto:controller@phila.gov).