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Take the Time to Review Recent Tax Developments in Philadelphia” by Jennifer Karpchuk in The Legal Intelligencer

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In an article for The Legal Intelligencer published on August 7, Managing Director of State and Local Tax at BDO USA, LLP in Philadelphia Ilya Lipin and Chamberlain Hrdlicka’s Jennifer Karpchuk discuss the most significant tax developments in Philadelphia over the last year and the anticipated impacts on both resident and non-resident taxpayers.

The first development the authors discuss is Philadelphia’s response to the Supreme Court ruling in *South Dakota v. Wayfair*, wherein the state amended its BIRT (business income and receipts tax) regulations in order to impose an economic nexus, meaning that businesses that are not physically located in the state are considered to “have nexus with Philadelphia” and are consequently subject to the BIRT with certain perimeters. As the “first taxing jurisdiction to alter its income tax nexus provisions as a result of the Supreme Court’s decision,” the authors note, “very few other taxing jurisdictions have been quick to follow Philadelphia’s lead post-*Wayfair*” due to the question of constitutional validity.

Additionally, the authors discuss the state’s Department of Revenue and the numerous questions addressed regarding the impact of the Tax Cuts and Jobs Act of 2017 on the BRIT and net profits tax (NPT), including answers pertaining to bonus depreciation, IRC Section 199A deduction, Repatriation Transition Tax (RTT), Global Low Intangible Low-Taxed Income (GILTI), Foreign-Derived Intangible Income Deduction (FDII) and Net Interest Expense Limitation under IRC Section 163(j).

Lastly mentioned, the development of the Supreme Court decision in *Comptroller of the Treasury v. Wynne* could mean that taxpayers living in Philadelphia but working outside of the state might be able to receive a refund of their Philadelphia Wage Tax, though the extent of refunds is pending the decision of a case in Commonwealth court.

Ultimately, the authors caution, “Philadelphia’s recent significant tax developments warrant taxpayers’ attention and reflection.” “Taxpayers should review and understand the important issues and opportunities highlighted in this article and discuss their potential application with tax advisers.”

To read the full article, subscribers to The Legal Intelligencer may click [here](#).