

BUSINESS

PHILLY DEALS

Corporate visitors vs. Phila.'s wage tax



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As income-tax season rushes to its April 17 climax, an out-of-town boss who wants to send hundreds of professionals to short courses in Philadelphia reached out to me, by Guerrilla Mail to preserve his anonymity, with a question he says he's been unable to get City Hall to address:

Will Philadelphia tax collectors demand a cut of the pay they collect while they're in

An out-of-town boss cites an inability to pin down whether short stints generate a levy.

town — the way they do with professional entertainers, athletes and other workers?

The boss writes: "Over the course of the next two years, 2018-2019, my company will be sending several hundred employees to training courses in Philadelphia. The courses will be two-three days, the

employees will stay overnight in Philadelphia, and the employees will receive their normal salaries.

"My question is whether these employees, who do not live in Philadelphia, must pay Philadelphia city wage tax for the training periods.

"I've seen reporting that de-

scribes how professional sports players must pay Philadelphia wage tax when their teams visit Philadelphia. I have not seen any reporting, nor have I found any frequently asked questions answers, as to whether conference, convention or trade show attendees who spend more than one day in Philadelphia must pay Philadelphia wage tax. Or, if not, why not.

"I've called the Philadelphia revenue office several times, but have not received any answers. I'm sending this question via disposable email, because I do not want to disclose my employer information at this time. I will look for your answer on Philly.com. Thank you!"

I ran this by some of our favorite tax accountants. First response was from See **PHILLY DEALS** on A12

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Chris Barbuto, of Drucker & Scaccetti, via partner Jane Scaccetti:

"Philadelphia regulations allow for an exemption to city wage tax for occasional work done in Philadelphia by a nonresident employee.

"Section 209(d) of the Philadelphia Income Tax Regulations states: *The occasional entry into the city of Philadelphia of a nonresident employee, who performs the duties for which he is employed entirely outside the city, but enters the city for the purpose of reporting, receiving instructions, accounting, etc., incidental to his duties outside the city, shall not be deemed to take such employee out of the class of those rendering their services entirely outside the city.*

"A two- or three-day training class [over the course of] one year

would probably be incidental. If it is every month or more frequently, maybe you have a different answer."

But don't get the idea any short work visit to Philly is wage-tax-free, says Mitchell Gerstein, senior tax adviser at Isdaner & Co. in Bala Cynwyd. If your job takes you here to work at your usual tasks, you're supposed to pay your share.

Pay for conferences and classes is typically "not 'earnings' and it's not subject to the earnings tax."

But "when a company sends employees who are nonresidents of Philadelphia here, if they are working for a Philadelphia client," they will owe wage tax for those days, Gerstein concluded.

John McNichol, chief executive of the Pennsylvania Convention Center Authority, double-checked

that with the pros at SMG, which manages the center and more than 70 other U.S. venues. "They say they don't know of any taxing entity anywhere that will ask [venue managers] to show everybody who's there," on a given day, McNichol affirmed.

"It would probably cost more money to find them than it would be to collect," McNichol added. And such zealous collection would discourage conventions and tourism: "It could put a bad taste in people's mouth. They might not want to go to Philly if they have to pay an extra tax and fill out these tax forms. They'll go to Chicago, instead."

Convention groups are told in the center's license and operating agreements that it's on them to pay state and local taxes, he concluded. "But it's really not been a problem."

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