

REGULATIONS  
THE INSTITUTION AND SERVICE PRIVILEGE TAX  
CITY OF PITTSBURGH

INTRODUCTION

Ordinance No. 676 of 1968 as amended and re-enacted, imposes a tax upon the privilege of conducting or operating a service or service institution in the City of Pittsburgh, at the rate of six mills as measured by gross receipts derived from all service transactions.

Questions relating to specific institutions and specific institution operations not answered in these Regulations, should be submitted in writing to the City Treasurer, on prescribed forms available from: Treasurer, City of Pittsburgh, City-County Building, Pittsburgh, Pennsylvania 15219.

## ARTICLE I

### GENERAL PROVISIONS

Sec. 101.--Definitions. As used in this Ordinance, unless the context clearly indicates a different meaning, the following words and phrases shall have the meaning set forth below:

(a) "City" – the City of Pittsburgh.

(b) "Person" – any foundation, partnership, corporation, unincorporated association or any other organization operating under a non-profit charter or organized as a non-profit charter or organized as a non-profit entity, which provides service to the general public or to any select or limited number thereof.

(1) Whenever used in any provisions prescribing a fine or penalty, the word "person" as applied to partnerships shall mean the partners thereof; as applied to corporations and unincorporated associations shall mean the officers thereof; and as applied to foundations shall mean the trustees thereof.

(2) The word “person” shall not include any institution or entity of purely public charity insofar such institution or entity provides services which contribute directly to its principal charitable purposes.

(c) “Service” – carrying on or exercising within the City of Pittsburgh, medical, educations, social, recreational, vocational, or any other type of service for which a charge is made, as a non-profit entity.

(d) “Institution” – any organization, foundation, corporation or unincorporated association operating under a non-profit charter or recognized as a non-profit entity by the Commonwealth of Pennsylvania, including, but not limited to, hospitals, nursing homes, colleges, universities, schools other than elementary and secondary, cemeteries, veterans posts and recreational centers, fund-raising organizations and all other organizations which provide service to the general public.

(1) “Institution” shall not include any political subdivision, any agency of the federal, state, or local government,

any elementary or secondary school within the City of Pittsburgh or any entity which is founded, endowed or maintained as a purely public charity in respect to transactions directly related to its principal charitable purpose.

(e) "Tax Year" – the twelve-month period from January 1 to December 31.

(f) "Gross Receipts" – cash, credits, property of any kind or nature received in or allocable to the City of Pittsburgh from any institution by reason of any transaction or any service rendered in the City, without deduction therefrom on account of property sold, materials used, labor, service, or other cost, interest or discount paid, or any other expense.

(1) "Gross Receipts" shall include payments from insurance or other third-party payments for the cost of service.

(2) "Gross Receipts" shall exclude receipts subject to the General Mercantile License Tax, the Business Privilege Tax, the Earned Income Tax, or any taxes collected as an agent for any government, payment, income, rents or other aid from federal, state or local governments including the Federal Medicare Program, membership fees, dues of members of the institution, voluntary or charitable contributions unrelated to individual service or assessments which fall equally upon all members.

(g) "Treasurer" – the Treasurer of the City of Pittsburgh.

Sec. 102.--Who must file a return.

(a) Every person or institution engaging in a non-profit service in the City of Pittsburgh.

(b) Every person or institution subject to the tax imposed by the Ordinance shall forthwith register with the Treasurer and set forth the name, address and nature of the service activity in which it is engaged.

Sec. 103.--Tax Base.

(a) The gross receipts of every person engaged in any institution or non-profit service in the City of Pittsburgh.

Sec. 104.--What Constitutes Rendering Services in Pittsburgh.

(a) Whether or not a person carries on a taxable activity within the meaning of the Institution and Service Privilege Tax is essentially a question of fact. In general, taxable activity includes any activity by a person or institution engaging in a service for which a charge is made.

(b) A person or institution who engages in a taxable activity in Pittsburgh, is subject to this tax, whether or not he is a resident and whether or not he has a permanent location in Pittsburgh.

Sec. 105.--Receipts from Governmental Agencies and Non-Profit Organization

(a) Receipts from sales made or services rendered to all government bodies, including authorities, and to religious, charitable and educational corporations and associations shall not be excluded from the tax base.

ARTICLE II

RETURNS

Sec. 201.--Filing Return.

(a) Except as to new business, both the tax return and payment of the tax are due on April 15<sup>th</sup> of every year.

(b) Forms may be obtained from the City Treasurer, City-County Building, Pittsburgh, Pennsylvania 15219. Failure to receive the forms will not excuse a taxpayer for failure to file his return.

(c) The return must be filed with the City Treasurer, City-County Building, Pittsburgh, Pennsylvania 15219.

(d) If the taxpayer is an individual, he shall sign the return. If the taxpayer is a non-profit institution, the Director, President, Trustee or Officer

may sign the return.

(e) If a taxpayer maintains more than one location in Pittsburgh, he is required to file only one (1) return and may include therein the receipts from transactions occurring in all his locations in Pittsburgh. Where one (1) return covers more than one (1) location, a schedule shall be attached to the return showing the various locations at which the taxpayer conducts business in Pittsburgh.

Sec. 202.--Payment of Tax.

(a) Payment of tax may be made in cash, or by check or money order drawn to the order of the Treasurer of the City of Pittsburgh. Cash payments must be made only to a cashier in the Department of Treasurer, City-County Building, Pittsburgh, Pennsylvania.

Sec. 203.--Tax Rate.

(a) The rate of tax is six (6) mills on each dollar of annual receipts. (Six mills equals \$6.00 per \$1,000.00 or 6/10 of 1%.)

Sec. 204.-- Penalties and Interest.

(a) If the tax is not paid when due, interest at the rate of six percent (6%) per annum shall be added to the amount of the tax. In addition, a penalty of one-half (1/2) of one percent (1%) of the amount of the unpaid tax or each month or fraction thereof, during which the tax remains unpaid, shall be added and collected.

ARTICLE III

TAXABILITY

Sec. 301.-- Period Used in Computing Tax.

(a) The tax is measured by the amount of service transacted by the Taxpayer or institution during the entire receding calendar year, except for those taxpayers:

- (1) who were not in service during the whole of the preceding calendar year, or
- (2) who began services during the current calendar year, or

(3) whose service is temporary, seasonal or itinerant.

(b) Every person subject to the tax imposed by this Ordinance, who has commenced its service at least one (1) full year prior to the beginning of any tax year shall, on or before the fifteenth (15<sup>th</sup>) day of April, following and annually thereafter, file with the Treasurer, a return setting forth the name, the service rendered, the person or institution address and such other information as may be necessary, in arriving at the annual gross volume of services transacted by it during the preceding year and amount of tax due.

(c) Every person or institution subject to the tax imposed by this Ordinance, who has commenced its service less than one (1) full year prior to the beginning of the tax year shall, on or before the fifteenth (15<sup>th</sup>) day of April, following, file with the Treasurer a return and compute its annual gross receipts, for such tax year upon the gross receipts generated by the services transacted within the City during the first month it engages in such service activity multiplied by twelve (12).

(d) Every person subject to the tax imposed by Ordinance, who commences, subsequent to the beginning of the tax year, shall within forty (40) days from the date of commencing such service, file a return with the Treasurer setting forth the name, the service rendered, the institution address and such other information as may be necessary in arriving at the actual volume of services transacted by it during the first month of service and amount of tax due.

(e) Every person or institution subject to the payment of the tax imposed by this Ordinance who engages in a service temporary, seasonal or itinerant by its nature shall, with seven (7) days from the day it completes such service, file a return with the Treasurer setting forth its name, service, the person or institution address and such other information as may be necessary in arriving at the actual gross volume of service, during the tax period and the amount of tax due.

### 302.-- Gross Receipts

(a) Cash, credits, property of any kind or nature received in or allocable to The City from any institution by reason of any transaction or

any service rendered without deduction therefrom on account of property sold, materials used, labor, service or other cost, interest or discount paid, or any other expense.

- (1) Includes payments from insurance or other third-party payments for the cost of service
- (2) Excludes receipts subject to the mercantile license tax, business privilege tax, earned income tax or any taxes collected as agent for any government, membership fees, dues of members of the institution, voluntary or charitable contributions unrelated to individual services; or assessments which fall equally upon all members.

Any activity conducted by a beneficial, charitable, religious, political or educational nonprofit corporation, foundation or unincorporated association, the receipts of which inure in their entirety to the beneficial, charitable, religious, political or educational entity, and which activity is sponsored and conducted solely and completely by and for that entity by

unpaid volunteers shall be excluded from the Institution and Service Privilege Tax.

(c) Any beneficial, charitable, religious, or educational activity, conducted by volunteers and presently exempt from payment of Mercantile Taxes on its retail sales, is excluded, provided such activity is not deemed or considered to be characterized as a service under either statutory or case law.

(d) "Institution" shall not include any political sub-division, any agency of the federal, state or local government, any elementary or secondary school within the City of Pittsburgh or any entity which is founded, endowed or maintained as a purely public charity in respect to transactions directly related to its principal charitable purpose.

(e) Municipal pension funds are exempt as subsidiaries of local government agencies.

(f) Institutions of purely public charity are not subject to the Institution and Service Privilege Tax, unless the service is in fact a business activity.

(g) Donations and dues to churches are exempt.

(h) Non-religious activities of the churches are not taxable, i.e., bingo, bazaars, etc., unless the organizers and/or operators of such activities are paid for rendering such services.

#### ARTICLE IV

#### DETERMINATION OF TAX BASE

##### Sec. 401. – Inclusions.

(a) The tax is imposed on every person engaging in any institutional or non-profit service in the City of Pittsburgh.

##### Sec. 402. – Pittsburgh Receipts.

(a) General. Receipts from any transaction shall be attributable to Pittsburgh, if any event forming a part of the transaction occurs within Pittsburgh.

(b) Any receipt arising from institutional or non-profit service to the general public or any select or limited number thereof, is taxable if a charge is made.

Receipts from services which are the result of business activities carried on through a branch office located outside Pittsburgh, are taxable if such services are performed in Pittsburgh.

(c) Persons engaging in any institutional or non-profit service be it professional, commercial or personal services, are subject to the tax. If a person engaging in any institutional or non-profit service maintains a place of business only in Pittsburgh, the entire receipts from personal services must be included in the measure of the tax, whether or not the services are performed in Pittsburgh. Receipts will be deemed attributable to Pittsburgh, if they result from the efforts of employees who work in, or from, or are attached to taxpayer's Pittsburgh place of business.

ARTICLE V

SUITS FOR COLLECTION, PENALTIES, ETC.

Sec. 501. – Suits for Recovery of Unpaid Taxes.

(a) The City Treasurer may sue in the name of the City for the recovery of those taxes due and unpaid under the provisions of the ordinance. No suit shall be begun for unpaid taxes later than five (5) years after the date on which such taxes should have been paid, unless fraudulent or no returns are filed, in which case there shall be no limitations.

Sec. 502. – Penalty and Interest for Non-payment.

(a) If for any reason the tax is not paid when due, interest at the rate of six percent (6%) per annum on the amount of said tax, plus an additional penalty of one-half percent (1/2%) of one percent (1%) of the amount of unpaid tax for each month or fraction thereof during which the tax remains unpaid shall be added to the tax.

Sec. 503. – Fines and Penalties for Violation of Act.

(a) Whoever willfully makes any false or untrue statement on the return shall, upon summary conviction thereof, be sentenced to pay a fine of not more than five hundred dollars (\$500.00) or to undergo imprisonment for not more than thirty (30) days.

(b) Whoever willfully fails or refuses to appear before the Treasurer, in person with his books, records or accounts for examination when required under the provisions of the Institution and Service Privilege Tax Ordinance, to do so, or who willfully refuses to permit inspection of the books, records or accounts of any services in custody or control, when the right to make such inspection by the Treasurer is requested, shall upon summary conviction thereof, be sentenced to pay a fine of not more than Five Hundred Dollars (\$500.00), or to undergo imprisonment for not more than thirty (30) days.

(c) Whoever willfully fails or refuses to file a return required by the Institution and Service Privilege Tax Ordinance, shall, upon summary

conviction thereof, be sentenced to pay a fine of not more than Five Hundred Dollars (\$500.00), or to undergo imprisonment for not more than thirty (30) days.

## ARTICLE VI

### PAYMENT UNDER PROTEST

#### Sec. 601. – Refunds.

(a) The City Treasurer is authorized to accept payment under protest of the amount of Institution and Service Privilege Tax claimed by the City in any case where the taxpayer disputes the validity or amount of the City's claim for tax. If it is thereafter judicially determined by a court of competent jurisdiction that the City has been overpaid, the amount of the overpayment shall be refunded to the taxpayer. All refunds shall be made in conformance with the procedure prescribed in Ordinance No. 161 of 1962.

(b) Every person or institution who ceases to carry on a service during any tax year after having paid the Institution and Service Privilege Tax for

the entire year shall, upon making proper application to the Treasurer, be entitled to receive entitled to receive a refund of the prorated amount of the tax paid based upon the period of time he was not in service during the license year. In the event that a person who discontinues services during any tax year does so before payment of its tax becomes due for such tax year, it shall be permitted to apportion its tax for such tax year and shall pay an amount to be computed by multiplying its gross receipts for the preceding full calendar year by a fraction whose numerator shall be the number of months such person or institution was in service during the tax year and whose denominator shall be twelve (12).