

KOIZ/QOZ INCENTIVES



Schuylkill *Yards*

BY BRANDYWINE REALTY TRUST





KEYSTONE OPPORTUNITY IMPROVEMENT ZONE

Schuylkill Yards is a Keystone Opportunity Improvement Zone offering office tenants at designated properties certain tax and local tax abatements.

BENEFITS:

- Projects in KOIZs receive priority consideration for State assistance under State community and economic development programs and community building initiatives.
- Projects in designated KOIZs that are approved for Pennsylvania Industrial Development Authority (PIDA), or Small Business Financing shall receive the lowest interest rate extended to borrowers and are eligible for an increased funding limit.

KEYSTONE OPPORTUNITY IMPROVEMENT ZONE

QUALIFICATIONS: To qualify for the KOIZ benefits, a business must own or lease property in the KOIZ and conduct an active trade or business from that location.

A Pennsylvania business that relocates into a KOIZ must either:

- Increase full time employment entirely within the zone by at least 20% in the first full year of operation within the zone; or
- Make a capital investment in the property within the KOIZ equal to 10% of gross revenues of the preceding year. Per the Department of Revenue, leasehold improvements (including TI Allowance from Landlord) and other purchases of furniture, fixtures and equipment in the KOIZ would be applied in determining the 10%.
- Enter into a lease for at least the duration of the KOIZ term with the aggregate rent payment equivalent to at least 5% of the gross revenues of the business in the preceding year.

A qualified business that locates within a KOIZ may be eligible for credits against or abatement of the following taxes through December 31, 2035:

PENNSYLVANIA STATE TAX ABATEMENTS:

- PA Corporate Net Income Tax
- PA Personal Income Tax
- PA Bank Shares Tax
- PA Mutual Thrift Institutions Tax
- PA Sales & Use Tax

CITY OF PHILADELPHIA TAX ABATEMENTS:

- Philadelphia Business Income & Receipts Tax
- Philadelphia Net Profits Tax
- Philadelphia Sales & Use Tax
- Philadelphia Real Property Tax
- Philadelphia Use & Occupancy Tax



KEYSTONE OPPORTUNITY
IMPROVEMENT ZONE MATRIX

TAX TYPE	TAX RATE & BASE	INDIVIDUAL	C CORP.	S CORP.
Pennsylvania Corporate Net Income Tax	8.99% of Pennsylvania apportioned income (rate will gradually reduce to 4.99% by January 1, 2031)		✓	
Pennsylvania Personal Income Tax	3.07% of Pennsylvania taxable income	✓		✓
Pennsylvania Bank Shares Tax ³	0.95%			
Pennsylvania Mutual Thrift Institutions Tax ⁴	11.5% of net taxable income received or accrued			
Pennsylvania Sales and Use Tax	6% of the purchase price of tangible personal property and specified services	✓	✓	✓
Philadelphia Sales and Use Tax	2% of the purchase price of tangible personal property and specified services	✓	✓	✓
Philadelphia Business Improvements & Receipts Tax	5.99% of Philadelphia apportioned net income. Gross receipts tax: .1415%.	✓	✓	✓
Philadelphia Net Profits Tax	3.75% of Philadelphia net profits attributable to residents. 3.44% of apportioned Phila. net profits attributable to non-residents	✓		
Philadelphia Realty Use & Occupancy Tax	1.21% of assessed value	✓	✓	✓
Philadelphia Real Property Tax	1.3998% of assessed value	✓	✓	✓

¹ If treated as a corporation or a division of a corporation for federal income tax purposes.

² If treated as a partnership or a disregarded entity owned by an individual for federal income tax purposes.

³ Includes Bank and Trust Company Shares Tax and Alternative Bank and Trust Company Shares Tax.

⁴ Benefit is a credit equal to \$1,250 per new job created.

PARTNERSHIP	LLC	BUSINESS TRUST	INSURANCE CO.	BANK	MUTUAL THRIFT
	✓ ¹	✓			
✓	✓ ²				
				✓	
					✓
✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓
✓	✓ ²				
✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓

Sample KOIZ savings for a \$25M annual revenue company with 50 employees and a 20% net profit margin relocating to 10,000 SF in a KOIZ property with 50% of the company’s income sourced to KOIZ, the **POTENTIAL ANNUAL TAX SAVINGS PSF** would be as follows:*

Relocating from within Philadelphia: **\$40.43**
Relocating from PA Suburbs: **\$22.48**
Relocating from Out-of-State: **\$12.50**

**Income sourcing may be different per company
Disclaimer: The material contained herein is for informational purposes only and does not constitute tax advice. Please consult with your tax advisor.*



QUALIFIED OPPORTUNITY ZONES

Qualified Opportunity Zones are a federal tax program enacted with the 2017 tax law change.

All of Schuylkill Yards is a Qualified Opportunity Zone.

TAX INCENTIVES:

- 100% of appreciation on the investment including capital gains are tax free if held for a minimum of 10 years.



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THE BRANDYWINE DIFFERENCE

Brandywine Realty Trust (NYSE: BDN) is one of the largest, publicly-traded, full-service, integrated real estate companies in the United States, with a core focus in the Philadelphia, PA, Washington, D.C., and Austin, TX markets. Organized as a real estate investment trust (REIT), we own, develop, lease and manage an urban, town center and transit-oriented portfolio.

Our purpose is to shape, connect and inspire the world around us through our expertise, the relationships we foster, the communities in which we live and work, and the history we build together. Our deep commitment to our communities was recognized by NAIOP when we were presented with the Developer of the Year Award—the highest honor in the commercial real estate industry.

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