

## **New Tax Compliance Provisions**

### RFPS, RFQs and Bids

**Tax Compliance.** It is the policy of the School District of Philadelphia (“School District”) to ensure that firms, businesses and other legal entities receiving School District contracts are current in their payment of City of Philadelphia (“City”) taxes and School District taxes or other indebtedness owed to the City or the School District, including but not limited to taxes collected by the City on behalf of the School District, at the time of contract award. Pursuant to SRC Resolution SRC-2 dated February 21, 2013, the School District’s School Reform Commission (“SRC”) has adopted a Tax Compliance of Vendors Policy which provides that generally, the SRC will not authorize the award of a School District contract to a firm, business or other legal entity that is delinquent in its payment of City or School District taxes or other indebtedness owed to the City and/or the School District at the time of contract award. Attached is the Tax Compliance of Vendors Policy.

1. Comply with Tax Compliance Policy. All firms, businesses and other legal entities wanting to receive a School District contract or receiving a School District contract shall comply with all of the terms and conditions of the Tax Compliance of Vendors Policy.

2. Check for Tax Compliance Before School District Contract Award.

A. Before submitting a Proposal, Quotation, Quote or Bid, the Proposer, Vendor or Bidder shall check its tax compliance status with the City Revenue Department Tax Clearance Unit by going to the City Revenue Department website for tax compliance system (<https://secure.phila.gov/revenue/taxcompliance/>), selecting “Vendor/Contractor” as the reason for compliance, and then submitting its name, type and tax identification number.

B. The City Revenue Department online tax compliance system will verify the tax compliance of the Proposer, Vendor or Bidder. If the Proposer, Vendor or Bidder is in compliance, then the Proposer, Vendor or Bidder shall print out a “Certificate of Tax Clearance” and include the “Certificate of Tax Clearance” in its Proposal, Quotation, Quote or Bid.

C. The City Revenue Department online tax compliance system will advise the Proposer, Vendor or Bidder if it is not in compliance and how to contact the City Revenue Department to resolve non-tax compliance issues. If the Proposer, Vendor or Bidder is not in compliance, then the Proposer, Vendor or Bidder shall contact the City Revenue Department Tax Clearance Unit directly (at telephone number 215-686-6565), identify itself as a School District vendor, and resolve the non-tax compliance issue before the SRC authorizes the award of the School District contract.

D. Generally, a Proposer, Vendor or Bidder will not receive a School District contract award until it has submitted proof of its tax compliance in the form of a “Certificate of Tax Clearance” to the School District. Generally, the SRC will not authorize the award of a School District contract to a Proposer, Vendor or Bidder that has not submitted a “Certificate of

Tax Clearance” to the School District. Generally, the School District will not enter into a contract with a Proposer, Vendor or Bidder that has not submitted a “Certificate of Tax Clearance” to the School District. Failure by a Proposer, Vendor or Bidder to include the “Certificate of Tax Clearance” in its Proposal, Quotation, Quote or Bid may make the firm, business or other legal entity a “non-responsible” Proposer, Vendor or Bidder for award of a School District contract. Failure by a Proposer, Vendor or Bidder to provide a “Certificate of Tax Clearance” to the School District within the time period required by the School District may make the Proposer, Vendor or Bidder ineligible to receive an award of a School District contract.

3. Provide Proof of City Satisfactory Arrangement, Settlement Agreement or Payment Plan; Continue to Comply with said Arrangement, Agreement or Plan.

A. The Proposer, Vendor or Bidder shall provide written proof to the School District of its satisfactory arrangement, settlement agreement or payment plan with the City to become compliant in the payment of City or School District taxes or other indebtedness owed to the City or the School District. The Proposer, Vendor or Bidder shall not receive a School District contract award until it provides written proof of said City satisfactory arrangement, settlement agreement or payment plan to the School District.

B. The successful Proposer, Vendor or Bidder shall be required under the awarded School District contract to continue to comply with said City satisfactory arrangement, settlement agreement or payment plan during the duration of said contract.

4. SRC Reserves Right or Option to Award School District Contract to Non-Tax Compliant Firm, Business or Other Legal Entity.

A. The SRC reserves the right or option to award a School District contract to a Proposer, Vendor or Bidder that has not submitted a “Certificate of Tax Clearance” to the School District if the SRC determines, in its sole discretion, that award of said contract to the Proposer, Vendor or Bidder is in the best interest of the School District, or is required under applicable Federal, State or Local laws, codes, regulations or rulings.

B. The SRC reserves the right or option to award a School District contract to the apparent lowest or successful Proposer, Vendor or Bidder that does not provide a “Certificate of Tax Clearance” to the School District if the SRC determines, in its sole discretion, that award of said contract to the apparent lowest or successful Proposer, Vendor or Bidder is in the best interest of the School District, or is required under applicable Federal, State or Local laws, codes, regulations or rulings.

C. The SRC reserves the right or option to award a School District contract to a Proposer, Vendor or Bidder that is delinquent in its payment of City or School District taxes or other indebtedness owed to the City or the School District at the time of contract award if the SRC determines, in its sole discretion, that award of said contract to the Proposer, Vendor or Bidder is in the best interest of the School District, or is required under applicable Federal, State or Local laws, codes, regulations or rulings.

D. The SRC reserves the right or option to award a School District contract to a Proposer, Vendor or Bidder that is delinquent in its payment of City or School District taxes or other indebtedness owed to the City or the School District at the time of contract award if the Proposer, Vendor or Bidder has entered into a satisfactory arrangement, settlement agreement or payment plan with the City to become compliant in the payment of City or School District taxes or other indebtedness owed to the City or the School District. The Proposer, Vendor or Bidder shall provide written proof of said City satisfactory arrangement, settlement agreement or payment plan to the School District before the SRC authorizes the award of said contract.

E. The SRC reserves the right or option to award a School District contract to a Proposer, Vendor or Bidder that is in default of any satisfactory arrangement, settlement agreement or payment plan with the City to become compliant in the payment of City or School District taxes or other indebtedness owed to the City or the School District if the SRC determines, in its sole discretion, that award of said contract to the Proposer, Vendor or Bidder is in the best interest of the School District, or is required under applicable Federal, State or Local laws, codes, regulations or rulings

5. SRC or School District Reserves Right or Option to Set Off or Offset Delinquent Tax or Other Indebtedness against Contract Payment; Agreement to said Set Off or Offset.

A. The SRC or the School District reserves the right or option to set off or offset the amount of any City or School District tax or taxes or other indebtedness owed to the City or the School District against any payment or payments due to the successful Proposer, Vendor or Bidder under any contract with the School District.

B. The successful Proposer, Vendor or Bidder shall agree under the awarded School District contract that the School District may set off or offset the amount of any City or School District tax or taxes or other indebtedness owed to the City or the School District against any School District payment or payments due under any School District contract.

C. The successful Proposer, Vendor or Bidder shall agree under the awarded School District contract that the School District may set off or offset the amount of any City or School District tax or taxes or other indebtedness owed to the City or the School District against any School District payment or payments due under any School District contract if the successful Proposer, Vendor or Bidder breaches the tax indebtedness representation, warranty and covenant in said contract.

6. SRC or School District Reserves Right or Option to Withhold Contract Payment; Agreement to said Withholding.

A. The SRC or the School District reserves the right or option to withhold payment or payments due to the successful Proposer, Vendor or Bidder under any School District contract if the successful Proposer, Vendor or Bidder is delinquent in the payment of City or School District tax or taxes or other indebtedness owed to the City or the School District.

The SRC or the School District further reserves the right or option to continue said withholding until the City Revenue Department notifies the School District that the successful Proposer, Vendor or Bidder is tax compliant.

B. The SRC or the School District reserves the right or option to withhold payment or payments due to the successful Proposer, Vendor or Bidder under any School District contract if the successful Proposer, Vendor or Bidder is in default of a satisfactory arrangement, settlement agreement or payment plan with the City to become compliant in the payment of City or School District taxes or other indebtedness owed to the City or the School District. The SRC or the School District further reserves the right or option to continue said withholding until the City Revenue Department notifies the School District that the successful Proposer, Vendor or Bidder is tax compliant.

C. The successful Proposer, Vendor or Bidder shall agree under the awarded School District contract that the School District may withhold payment or payments due to the successful Proposer, Vendor or Bidder under any School District contract if the successful Proposer, Vendor or Bidder is delinquent in the payment of City or School District tax or taxes or other indebtedness owed to the City or the School District. The successful Proposer, Vendor or Bidder shall further agree under the awarded School District contract that the School District may continue said withholding until the City Revenue Department notifies the School District that the successful Proposer, Vendor or Bidder is tax compliant.

D. The successful Proposer, Vendor or Bidder shall agree under the awarded School District contract that the School District may withhold payment or payments due to the successful Proposer, Vendor or Bidder under any School District contract if the successful Proposer, Vendor or Bidder is in default of a satisfactory arrangement, settlement agreement or payment plan with the City to become compliant in the payment of City or School District taxes or other indebtedness owed to the City or the School District. The successful Proposer, Vendor or Bidder shall further agree under the awarded School District contract that the School District may continue said withholding until the City Revenue Department notifies the School District that the successful Proposer, Vendor or Bidder is tax compliant.

E. The successful Proposer, Vendor or Bidder shall agree under the awarded School District contract that the School District may withhold payment or payments due to the successful Proposer, Vendor or Bidder under any School District contract if the successful Proposer, Vendor or Bidder breaches the tax indebtedness representation, warranty and covenant in said contract. The successful Proposer, Vendor or Bidder shall further agree under the awarded School District contract that the School District may continue said withholding until the City Revenue Department notifies the School District that the successful Proposer, Vendor or Bidder is tax compliant.

7. Good Faith Contest.

A. The successful Proposer, Vendor or Bidder shall be permitted under the awarded School District contract to, in good faith, contest the amount of Commonwealth of

Pennsylvania, City or School District tax or taxes or other indebtedness owed to the Commonwealth of Pennsylvania, the City or the School District.

B. The successful Proposer, Vendor or Bidder shall be required under the awarded School District contract to diligently and expeditiously proceed to resolve the matter with the City, or the Commonwealth of Pennsylvania, as the case may be, in order to reach a satisfactory settlement agreement or payment plan with the City, or the Commonwealth of Pennsylvania, as the case may be.

C. The successful Proposer, Vendor or Bidder shall be required under the School District contract to expeditiously pay all uncontested obligations.