

# **By the Fireside With Philadelphia Revenue Commissioner Kathleen McColgan**

**by Jennifer W. Karpchuk**

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In this installment of Pennsylvania's SALT Shaker, Karpchuk interviews Kathleen McColgan, commissioner of revenue for the city of Philadelphia.

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Philadelphia maintains a complex tax system that includes a number of business and individual taxes. I sat down with Kathleen McColgan, the city's commissioner of revenue, to learn more about her role, upcoming tax changes, and how practitioners can stay informed and support the city's Department of Revenue.

**Jennifer Karpchuk:** How did you first get into tax?

**Kathleen McColgan:** When I first joined the Philadelphia Department of Revenue over 26 years ago, I started in the Water Revenue Bureau, which manages the timely billing and collection of water charges. That experience sparked my passion for improving efficiency, delivering better services, fostering innovation, and responding to our customers' evolving needs. I realized early on that government services must continuously adapt to keep pace with those changes.

I was later promoted to supervisor of the newly created Tax Discovery and Special Projects Unit, where I had the opportunity to work closely with former Revenue Commissioner Frank Breslin, who was the compliance manager at the time. His mentorship sparked my interest in tax systems, operational processes, and compliance. Frank had a clear vision for innovation and improvement in [the Department of] Revenue, and he worked tirelessly to bring it to life.

I'm honored to now serve as revenue commissioner, and I truly believe that Frank's guidance helped set me on the path to where I am today.

**Karpchuk:** Now that you're commissioner, how are you continuing that legacy of innovation and improvement in the department?

**McColgan:** We remain committed to continuously improving our processes and delivering a more seamless, customer-focused experience. Revenue has expanded the functionality of the Philadelphia Tax Center, introducing features like self-service property payoffs and secure alternatives to the account access verification method (Letter ID), a process critical to maintaining account security. In fiscal 2026 we will launch preapproved payment agreements and offers in compromise through [the Philadelphia Tax Center] to increase compliance.

We've implemented call center capabilities in the Refund and Tax Clearance units to help customers connect with the right teams faster. We're also preparing to issue an RFP to replace our 18-year-old water billing system.



*Kathleen McColgan*

On the data front, our Use & Occupancy Data Refresh Project uses updated land use classifications from the Office of Property Assessment to automatically identify taxable properties and streamline account creation, replacing what was previously a manual task.

Additionally, we're upgrading our integrated tax system to its latest version. This will improve internal workflows and unify communication across email, phone, and web channels — giving staff better access to contact history and enhancing the consistency of our service.

All of these efforts are part of a broader vision to modernize tax administration and better serve Philadelphia's residents and businesses.

**Karpchuk:** What are the most significant tax policy or legislative changes your agency is implementing this year?

**McColgan:** As part of the fiscal 2026-fiscal 2030 budget, which was approved on June 12, Mayor Cherelle Parker has enacted several tax reforms and investments to strengthen and

support Philadelphia's small businesses.<sup>1</sup> Effective July 1, the wage and earnings tax rates will be 3.74 percent for residents and 3.43 percent for nonresidents, which is a 0.01 percent reduction. The budget also reduces the net profits tax and school income tax by 0.01 percent.

The city also approved phased reductions in the business income and receipts tax [BIRT]. Under the new budget, the net income portion of the BIRT will be reduced from 5.81 percent to 5.71 percent for tax year 2025. The gross receipts portion of the BIRT will be reduced by 0.415 mills to 1.410 mills and will gradually decrease each year until it is eliminated entirely in 2038. Finally, in light of recent legal concerns, the budget eliminates the \$100,000 BIRT exemption for tax year 2025 and eliminates the \$2,000 use and occupancy tax exemption effective January 1, 2026.<sup>2</sup>

We recognize that many business owners and tax preparers have questions. We strongly encourage everyone to subscribe to our e-newsletter, which is the fastest way to receive updates on Philadelphia tax policy. You can sign up at [bit.ly/PhilaRevenueTaxChangesAlerts](http://bit.ly/PhilaRevenueTaxChangesAlerts).

**Karpchuk:** How can tax professionals best support your agency's efforts to improve compliance and service?

**McColgan:** Tax professionals play a vital role in supporting a fair and effective tax system. Staying informed is one of the most impactful ways to help; our newsletters provide timely updates on policy changes, system enhancements, and key filing reminders.

<sup>1</sup>To support business development in the city, Philadelphia's fiscal 2026-[fiscal] 2030 five-year plan allocates \$210 million in business income and receipts and wage tax investments. There is also nearly \$40 million for grants and technical assistance programs for small businesses offered through the Department of Commerce in fiscal 2026. These programs include the creation of a program to offer free tax prep to businesses with less than \$250,000 in revenue, and the expansion of the Philadelphia Small Business Catalyst Fund, which offers grants up to \$50,000 to businesses.

<sup>2</sup>Zoll Medical Corp. filed a declaratory judgment claim last year against the city of Philadelphia, claiming that the city's BIRT system violates the Pennsylvania Constitution's uniformity clause because it is only imposed on businesses with sales over \$100,000. The case has been settled, but a similar declaratory judgment action on the same basis was filed this past May by Fiserv Transaction Services LLC. The city has filed preliminary objections.

We also strongly encourage electronic filing and payment, which reduce errors, speed up processing, and allow us to serve taxpayers more efficiently.

Finally, we welcome feedback. Insights from tax professionals and customers have led to meaningful changes in our systems and services. Your perspective helps us identify challenges and develop better solutions.

**Karpchuk:** What educational resources does your agency offer that tax professionals may not be taking full advantage of?

**McColgan:** We publish weekly blog posts in plain language that explain city programs and policies. These posts typically include step-by-step guidance, screenshots, and helpful hyperlinks. Further, we have a video library with tutorials and webinars on our YouTube channel. Additionally, we have an outreach team of knowledgeable individuals who attend nearly 300 events each year. One of these event series is our annual Tax Pro Road Show with tax professionals and preparers.

**Karpchuk:** Do you have any plans for the department that you would like to mention?

**McColgan:** We are dedicated to making sure everyone is paying their fair share of taxes. By partnering with other governmental departments at the federal, state, and local level, we are leveraging new datasets to bolster compliance programs across all tax types. Enabled by our upgraded tax system, we are simultaneously improving our discovery and audit operational processes and have recently invested in additional resources to provide ongoing training and best practices for compliance staff.

**Karpchuk:** What is one thing you would like taxpayers, companies, and individuals to know about the department?

**McColgan:** We are always receptive to feedback, both positive and constructive. We take your suggestions seriously, and although we cannot act on every comment, many recent enhancements on the [Philadelphia]Tax Center are the result of feedback from taxpayers and tax professionals.

**Karpchuk:** What is something fun or interesting you want readers to know about you?

**McColgan:** I'm an avid podcast listener. I enjoy them on the weekends while walking my

dog or doing chores at home. I love podcasts because they allow me to multitask. Right now, I am listening to *The Economics of Everyday Things*. (I recommend it to everyone.)

I also really enjoy cooking, grilling in particular, especially for friends and family. ■