

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 39

Session of
1995

INTRODUCED BY BROWNE, TRELLO, NYCE, BOYES, ALLEN, RYAN, PERZEL, BARLEY, FARGO, PITTS, PHILLIPS, E. Z. TAYLOR, D. W. SNYDER, HABAY, DEMPSEY, FARMER, HASAY, MILLER, GEORGE, LYNCH, CHADWICK, SCHRODER, SCHULER, CLYMER, HESS, ZIMMERMAN, RUBLEY, LEH, BROWN, DENT, GLADECK, CORNELL, HERMAN, ADOLPH, HARHART, KING, KENNEY, WAUGH, ZUG, CIVERA, CLARK, MERRY, BAKER, GODSHALL, FLICK, DURHAM, M. N. WRIGHT, SHEEHAN, MARSICO, COLAFELLA, FLEAGLE, REBER, STRITTMATTER, ROBERTS, NAILOR, ARGALL, RAYMOND, PETTIT, LAUGHLIN, SAYLOR, FAIRCHILD, STERN, HERSHEY, FEESE, HENNESSEY, CONTI, REINARD, SEMMEL, GEIST, FICHTER, HUTCHINSON, TULLI, JADLOWIEC, ARMSTRONG, STABACK, YOUNGBLOOD, HANNA, STEELMAN, BUNT, STISH AND DeLUCA,
JANUARY 23, 1995

SENATOR TILGHMAN, APPROPRIATIONS, IN SENATE, RE-REPORTED AS
AMENDED, JUNE 15, 1995

AN ACT

1 ~~Providing for enhanced tax enforcement powers for the Department~~ <—
2 ~~of Revenue relating to the examination of books and records,~~
3 ~~for increased penalties, for sales tax liens and for a~~
4 ~~limited tax amnesty program.~~
5 AMENDING THE ACT OF MARCH 4, 1971 (P. L. 6, NO. 2), ENTITLED "AN <—
6 ACT RELATING TO TAX REFORM AND STATE TAXATION BY CODIFYING
7 AND ENUMERATING CERTAIN SUBJECTS OF TAXATION AND IMPOSING
8 TAXES THEREON; PROVIDING PROCEDURES FOR THE PAYMENT,
9 COLLECTION, ADMINISTRATION AND ENFORCEMENT THEREOF; PROVIDING
10 FOR TAX CREDITS IN CERTAIN CASES; CONFERRING POWERS AND
11 IMPOSING DUTIES UPON THE DEPARTMENT OF REVENUE, CERTAIN
12 EMPLOYERS, FIDUCIARIES, INDIVIDUALS, PERSONS, CORPORATIONS
13 AND OTHER ENTITIES; PRESCRIBING CRIMES, OFFENSES AND
14 PENALTIES," FURTHER DEFINING "PROCESSING" TO INCLUDE HONEY <—
15 AND CERTAIN VEGETABLE PROCESSES; FURTHER PROVIDING FOR THE
16 APPLICATION OF SALES AND USE TAX TO CHARGES FOR TELEPHONE
17 CALLS, VIDEO PROGRAMMING SERVICES, CERTAIN COMMERCIAL
18 PRINTERS AND CERTAIN COUPON REDEMPTION PROCESSES; FURTHER
19 PROVIDING FOR LICENSES, ENFORCEMENT AND REVIEW; FURTHER
20 DEFINING "COMPENSATION" TO EXCLUDE CERTAIN PAYMENTS TO FOSTER
21 PARENTS FROM PERSONAL INCOME TAXATION AND FOR CERTAIN

1 REPORTS; FURTHER PROVIDING FOR THE CARRYFORWARD OF LOSSES AND
2 FOR THE RATE OF CORPORATE NET INCOME TAX; INCREASING THE
3 CAPITAL STOCK VALUE EXEMPTION; FURTHER PROVIDING FOR THE
4 TAXATION OF ANNUITY CONSIDERATIONS; AND FURTHER PROVIDING FOR <—
5 THE IMPOSITION OF GROSS RECEIPTS TAX ON RAILROADS; INCREASING
6 THE TOTAL AMOUNT OF CREDITS UNDER THE NEIGHBORHOOD ASSISTANCE
7 TAX CREDIT PROVISIONS; EXTENDING THE TIME PERIOD FOR CREDITS
8 UNDER THE MALT BEVERAGE TAX; FURTHER PROVIDING FOR THE
9 INHERITANCE TAXATION OF SPOUSES AND FOR SPOUSAL TRANSFER;
10 CLARIFYING THE STATUS OF CERTAIN COMMERCIAL PRINTERS;
11 PROVIDING FOR A LIMITED TAX AMNESTY PROGRAM; AND MAKING <—
12 REPEALS.

13 The General Assembly of the Commonwealth of Pennsylvania
14 hereby enacts as follows:

15 ~~CHAPTER 1~~ <—
16 ~~PRELIMINARY PROVISIONS~~

17 ~~Section 101. Short title.~~

18 ~~This act shall be known and may be cited as the Accelerated~~
19 ~~Tax Collection and Compliance Act.~~

20 ~~Section 102. Definitions.~~

21 ~~The following words and phrases when used in this act shall~~
22 ~~have the meanings given to them in this section unless the~~
23 ~~context clearly indicates otherwise:~~

24 ~~"Department." The Department of Revenue of the Commonwealth.~~

25 ~~"Secretary." The Secretary of Revenue of the Commonwealth.~~

26 ~~"Tax Reform Code of 1971." The provisions of the act of~~
27 ~~March 4, 1971 (P.L. 6, No. 2), known as the Tax Reform Code of~~
28 ~~1971.~~

29 ~~"The Fiscal Code." The provisions of the act of April 9,~~
30 ~~1929 (P.L. 343, No. 176), known as The Fiscal Code.~~

31 ~~CHAPTER 3~~
32 ~~ENHANCED TAX ENFORCEMENT~~

33 ~~Section 301. Legislative intent.~~

34 ~~The General Assembly intends that the provisions of this~~
35 ~~chapter be construed as additional powers above any powers~~

1 ~~conferred on the department under The Fiscal Code and the Tax~~
2 ~~Reform Code of 1971.~~

3 ~~Section 302. Examination of books, records and other documents.~~

4 ~~The department or any of its authorized agents is hereby~~
5 ~~authorized to examine the books, papers and records of any~~
6 ~~taxpayer or other persons in order to verify the accuracy and~~
7 ~~completeness of any return or report made, or if no return or~~
8 ~~report was made, to ascertain and assess any tax or other~~
9 ~~liability owed the Commonwealth.~~

10 ~~Section 303. Concurrent enforcement powers.~~

11 ~~Notwithstanding any provisions of the act of October 15, 1980~~
12 ~~(P.L. 950, No. 164), known as the Commonwealth Attorneys Act, the~~
13 ~~department through the Office of General Counsel, in addition to~~
14 ~~the Attorney General, shall have the power vested in the~~
15 ~~Attorney General for the collection of tax liabilities under~~
16 ~~section 204(c) of the Commonwealth Attorneys Act and the power~~
17 ~~to prosecute in any court any criminal charges arising out of~~
18 ~~the enforcement of tax liabilities for Commonwealth taxes~~
19 ~~administered by the department.~~

20 ~~Section 304. Penalties for certain corporate officers.~~

21 ~~If any officer or officers of any corporation or association~~
22 ~~shall intentionally have neglected or refused to make reports to~~
23 ~~the Auditor General, or to the department, or successively to~~
24 ~~the Auditor General and to the department, as required by law,~~
25 ~~for any two successive tax years, he or they shall be guilty of~~
26 ~~a misdemeanor, and, on conviction thereof, shall be sentenced to~~
27 ~~pay a fine of not less than \$2,500 nor more than \$5,000. This~~
28 ~~fine shall be in addition to any fine or prison sentence under~~
29 ~~section 1704 of The Fiscal Code.~~

30 ~~Section 305. Sales tax liens.~~

1 ~~(a) Filing. The department may, at any time, transmit to~~
2 ~~the prothonotaries of the respective counties of the~~
3 ~~Commonwealth, to be by them entered of record, certified copies~~
4 ~~of liens for State taxes imposed pursuant to Article II of the~~
5 ~~Tax Reform Code of 1971, interest and penalties, which may now~~
6 ~~exist, or hereafter arise by virtue of any law of this~~
7 ~~Commonwealth. It shall be the duty of each prothonotary~~
8 ~~receiving such lien to enter and docket the same of record in~~
9 ~~his office, which lien shall be indexed as judgments are now~~
10 ~~indexed. All such liens shall have priority to, and be fully~~
11 ~~paid before, any other obligation, judgment, claim, lien or~~
12 ~~estate paid and satisfied out of the judicial sale of said real~~
13 ~~and personal property with which said property may subsequently~~
14 ~~become charged, or for which it may subsequently become liable,~~
15 ~~subject, however, to mortgage or other liens existing and duly~~
16 ~~recorded at the time such tax lien is recorded, save and except~~
17 ~~the cost of sale and of the writ upon which it is made and real~~
18 ~~estate taxes imposed or assessed upon said property. A writ of~~
19 ~~execution may directly issue upon such lien without the issuance~~
20 ~~and prosecution to judgment of a writ of scire facias. Not less~~
21 ~~than ten days before issuance of any execution of the lien,~~
22 ~~notice of the filing and effect of the lien shall be sent by~~
23 ~~certified mail to the taxpayer at his last known post office~~
24 ~~address. The lien shall have no effect upon any stock of goods,~~
25 ~~wares or merchandise regularly sold or leased in the ordinary~~
26 ~~course of business by the person against whom said lien had been~~
27 ~~entered, unless and until a writ of execution has been issued~~
28 ~~and a levy made upon said stock of goods, wares and merchandise.~~
29 ~~(b) Continuation. All liens filed by the department shall~~
30 ~~continue without refiling or revival.~~

1 CHAPTER 5

2 TAX AMNESTY PROGRAM FOR 1995

3 Section 501. ~~Short title.~~

4 This chapter shall be known and may be cited as the Tax
5 Amnesty Program for 1995.

6 Section 502. ~~Definitions.~~

7 The following words and phrases when used in this chapter
8 shall have the meanings given to them in this section unless the
9 context clearly indicates otherwise:

10 "Amnesty period." ~~The time period of 90 consecutive days~~
11 ~~established by the Governor during the fiscal year beginning~~
12 ~~July 1, 1995, and ending June 30, 1996.~~

13 "Department." ~~The Department of Revenue of the Commonwealth.~~

14 "Eligible tax." ~~Any tax imposed by the Tax Reform Code of~~
15 ~~1971.~~

16 "Program." ~~The tax amnesty program as provided for in this~~
17 ~~chapter.~~

18 "Taxpayer." ~~Any person, association, fiduciary, partnership,~~
19 ~~corporation or other entity required to pay or collect any of~~
20 ~~the taxes imposed by the Tax Reform Code of 1971. The term shall~~
21 ~~not include a taxpayer who, as of the effective date of this~~
22 ~~chapter, has received notice that that taxpayer is the subject~~
23 ~~of a criminal investigation for an alleged violation of the Tax~~
24 ~~Reform Code of 1971, has been named as a defendant in a criminal~~
25 ~~complaint alleging a violation of the Tax Reform Code of 1971 or~~
26 ~~is a defendant in a pending criminal action for an alleged~~
27 ~~violation of the Tax Reform Code of 1971.~~

28 Section 503. ~~Establishment of amnesty program.~~

29 (a) ~~Establishment.~~ ~~There is hereby established a tax~~
30 ~~amnesty program which, after the establishment of the amnesty~~

1 ~~period by the Governor, shall be administered by the department.~~

2 ~~(b) Eligibility. The amnesty program shall apply to any of~~
3 ~~the following:~~

4 ~~(1) A taxpayer who is delinquent on payment of an~~
5 ~~eligible tax as of December 31, 1994, including tax on~~
6 ~~returns not filed; tax liabilities according to records of~~
7 ~~the department as of December 31, 1994; tax liabilities not~~
8 ~~reported, underreported or not established, but delinquent as~~
9 ~~of December 31, 1994; and tax liability under a deferred~~
10 ~~payment plan entered into by the taxpayer with the department~~
11 ~~in existence on the effective date of this act.~~

12 ~~(2) A taxpayer who has a valid, open appeal as of~~
13 ~~December 31, 1994.~~

14 ~~Section 504. Required payments.~~

15 ~~(a) Payment due. All taxpayers who participate in the~~
16 ~~program shall make payment of all taxes due the Commonwealth as~~
17 ~~of the effective date of this chapter, plus 100% of the total~~
18 ~~amount of interest due, calculated to the date of payment,~~
19 ~~within the amnesty period. The department shall not collect any~~
20 ~~penalties owed by a taxpayer who is in compliance with all other~~
21 ~~provisions of this act.~~

22 ~~(b) Other tax returns. In addition to filing an amnesty tax~~
23 ~~return, a taxpayer must file complete tax returns for all~~
24 ~~periods for which the taxpayer previously has not filed a tax~~
25 ~~return and file complete amended returns for all periods for~~
26 ~~which the taxpayer underreported income.~~

27 ~~(c) Commonwealth to forgo certain proceedings. The~~
28 ~~department shall not pursue an administrative or judicial~~
29 ~~proceeding against a taxpayer with respect to any tax that is~~
30 ~~disclosed on an amnesty tax return.~~

1 ~~(d) Amnesty contingent on continued compliance.~~

2 ~~Notwithstanding any other provision of this chapter, the~~
3 ~~department may assess and collect from a taxpayer all penalties~~
4 ~~forgone through the tax amnesty program established in this~~
5 ~~chapter if, within eight years after the end of the amnesty~~
6 ~~program, either of the following occurs:~~

7 ~~(1) the taxpayer granted amnesty under this chapter~~
8 ~~becomes delinquent for three consecutive periods in payment~~
9 ~~or filing of taxes due on a semi-monthly, monthly or quarterly~~
10 ~~basis and the taxpayer has not contested such tax liability~~
11 ~~through a valid administrative or judicial appeal; or~~

12 ~~(2) the taxpayer granted amnesty under this chapter~~
13 ~~becomes delinquent and is eight or more months late in~~
14 ~~payment or filing of taxes due on an annual basis and the~~
15 ~~taxpayer has not contested such tax liability through a valid~~
16 ~~administrative or judicial appeal.~~

17 ~~Section 505. Installment payment agreement.~~

18 ~~The department may enter into an installment payment~~
19 ~~agreement in the cases of financial hardship, as determined by~~
20 ~~the department, in lieu of complete payment of all taxes due and~~
21 ~~100% of the total amount of interest. Failure by the taxpayer to~~
22 ~~fully comply with the terms of the installment payment agreement~~
23 ~~shall terminate the taxpayer's participation in the amnesty~~
24 ~~program and all taxes due the Commonwealth and the total amount~~
25 ~~of interest and penalties due the Commonwealth shall be~~
26 ~~considered to be delinquent and shall be immediately due and~~
27 ~~payable.~~

28 ~~Section 506. Limitation of deficiency assessment.~~

29 ~~If subsequent to 180 days after the effective date of this~~
30 ~~chapter the department issues a deficiency assessment upon a~~

1 ~~return filed pursuant to this chapter, the department shall have~~
2 ~~the authority to impose penalties and to pursue a criminal~~
3 ~~action only with respect to the difference between the amount~~
4 ~~shown on that return and the liability as currently determined~~
5 ~~by the department.~~

6 ~~Section 507.—Overpayment of tax.~~

7 ~~Notwithstanding any other provisions of this chapter or any~~
8 ~~other chapter, if an overpayment of tax is refunded or credited~~
9 ~~within 180 days after the return is filed under this chapter, no~~
10 ~~interest shall be allowed on the overpayment.~~

11 ~~Section 508.—Previously paid interest and penalties.~~

12 ~~No refund or credit shall be allowed for any interest and~~
13 ~~penalty paid, or under agreement to be paid, to the department~~
14 ~~prior to the effective date of this chapter.~~

15 ~~Section 509.—Proceedings relating to amnesty return barred.~~

16 ~~Participation in the amnesty program is conditioned upon the~~
17 ~~taxpayer's agreement that the right to protest or pursue an~~
18 ~~administrative or judicial proceeding with regard to returns~~
19 ~~filed under the amnesty program or to claim any refund of money~~
20 ~~paid under the amnesty program is barred.~~

21 ~~Section 510.—Undisclosed liabilities.~~

22 ~~Nothing in this chapter shall be construed to prohibit the~~
23 ~~department from instituting civil or criminal proceedings~~
24 ~~against any taxpayer with respect to any amount of tax that is~~
25 ~~not disclosed on the amnesty return.~~

26 ~~Section 511.—Duties of department.~~

27 ~~(a) Regulations.—The department shall develop regulations~~
28 ~~to implement the provisions of this chapter. The regulations~~
29 ~~must be published in the Pennsylvania Bulletin within 60 days of~~
30 ~~the effective date of this chapter and shall contain, but not be~~

1 ~~limited to, the following information:~~

2 ~~(1) An explanation of the tax amnesty program and the~~
3 ~~requirements for eligibility for the program.~~

4 ~~(2) The dates during which a tax amnesty return may be~~
5 ~~filed.~~

6 ~~(3) An explanation of the procedure for obtaining an~~
7 ~~installment payment agreement.~~

8 ~~(4) A specimen copy of the tax amnesty return.~~

9 ~~(b) Publicity. The department shall publicize the tax~~
10 ~~amnesty program to maximize public awareness of and~~
11 ~~participation in the program. The department shall coordinate to~~
12 ~~the highest degree possible its publicity efforts and other~~
13 ~~actions taken to implement this chapter.~~

14 ~~(c) Report. The department shall issue a report to the~~
15 ~~General Assembly within 180 days after the end of the amnesty~~
16 ~~period, detailing the implementation of the program. The report~~
17 ~~shall contain, but not be limited to, the following information:~~

18 ~~(1) A detailed breakdown of the department's~~
19 ~~administrative costs in implementing the program.~~

20 ~~(2) The number of tax amnesty returns filed and a~~
21 ~~breakdown of the number and dollar amount of revenue raised~~
22 ~~for each tax, by calendar year during which the tax period~~
23 ~~ended. In addition, the gross revenues shall be broken down~~
24 ~~into the following categories:~~

25 ~~(i) Amounts represented by assessments receivable~~
26 ~~established by the department on or before the first day~~
27 ~~of the amnesty period.~~

28 ~~(ii) Amounts represented by other contacts initiated~~
29 ~~by the department on or before the last day of the~~
30 ~~amnesty period. These shall include, but not be limited~~

1 ~~to, cases under audit or scheduled for audit or~~
2 ~~investigative work.~~

3 ~~(iii) All other amounts.~~

4 ~~(3) The total dollar amount of revenue collected by the~~
5 ~~program.~~

6 ~~(4) The number of amnesty returns for which an~~
7 ~~installment payment agreement was authorized and the~~
8 ~~guidelines under which the department authorized the~~
9 ~~installment payment agreements.~~

10 ~~(5) The total dollar amount of penalties forgiven under~~
11 ~~the program.~~

12 ~~(6) The demographic characteristics of tax amnesty~~
13 ~~participants, including standard industrial codes of~~
14 ~~participants, type of taxpayer (individual, partnership,~~
15 ~~corporation or other entity), size of tax liability and~~
16 ~~geographical location.~~

17 ~~(d) Notification of certain taxpayers. The department shall~~
18 ~~give written notification to all taxpayers in the Commonwealth~~
19 ~~of the amnesty program established under this act.~~

20 ~~(e) Publication of information. The department shall make~~
21 ~~public the names, addresses and amounts of tax liability of all~~
22 ~~taxpayers who are referred to in subsection (d) by providing~~
23 ~~this information to newspapers and other media within this~~
24 ~~Commonwealth.~~

25 ~~Section 512. Method of payment.~~

26 ~~All tax payments under the amnesty program shall be made by~~
27 ~~certified check or money order.~~

28 ~~Section 513. Exemption from review process.~~

29 ~~Notwithstanding any law to the contrary the regulations~~
30 ~~issued by the department for the amnesty program shall be exempt~~

1 ~~from the regulatory review process provided in the act of June~~
2 ~~25, 1982 (P.L. 633, No. 181), known as the Regulatory Review Act.~~
3 ~~Section 514. Use of revenue.~~

4 ~~All revenue generated by this chapter shall be distributed in~~
5 ~~the following order:~~

6 ~~(1) Repayment of any cost for administration of the~~
7 ~~amnesty program to the department and such funds are hereby~~
8 ~~specifically appropriated for that purpose upon approval of~~
9 ~~the Governor.~~

10 ~~(2) The revenue generated after the application of~~
11 ~~paragraph (1) shall be deposited into the Tax Stabilization~~
12 ~~Reserve Fund.~~

13 ~~CHAPTER 7~~

14 ~~ADDITIONAL PENALTY FOR NONPARTICIPANTS~~

15 ~~Section 701. Additional penalty.~~

16 ~~(a) General rule. Subject to the limitations provided under~~
17 ~~subsection (b), a penalty of 15% of the unpaid tax liability and~~
18 ~~penalties and interest shall be levied against a taxpayer~~
19 ~~subject to a tax imposed by the Tax Reform Code of 1971 if as of~~
20 ~~December 31, 1994, the taxpayer had failed to remit tax due~~
21 ~~under the Tax Reform Code of 1971 or had an unreported or~~
22 ~~underreported tax liability for a tax imposed by the Tax Reform~~
23 ~~Code of 1971.~~

24 ~~(b) Nonapplicability. The penalty provided in this chapter~~
25 ~~shall not apply to a taxpayer who:~~

26 ~~(1) has paid the tax liability in full or entered into a~~
27 ~~duly approved and executed deferred payment plan on or before~~
28 ~~the last day of the amnesty period established in Chapter 5;~~
29 ~~or~~

30 ~~(2) has filed a timely and valid administrative or~~

1 ~~judicial appeal contesting the tax liability on or before the~~
2 ~~last day of the amnesty period established in Chapter 5.~~

3 ~~(c) Imprisonment. In addition to the monetary penalty~~
4 ~~imposed under subsection (a), any taxpayer who is subject to~~
5 ~~subsection (a) shall also, upon conviction for failure to report~~
6 ~~or pay outstanding tax liability, be sentenced to a term of~~
7 ~~imprisonment of 30 days.~~

8 ~~(d) Construction of penalty. The penalty provided by this~~
9 ~~chapter shall be in addition to all other penalties provided by~~
10 ~~law.~~

11 CHAPTER 9

12 MISCELLANEOUS PROVISIONS

13 ~~Section 901. Effective date.~~

14 ~~This act shall take effect as follows:~~

15 ~~(1) The provisions of Chapters 3 and 7 shall take effect~~
16 ~~on the first day immediately following the expiration of the~~
17 ~~amnesty period established in Chapter 5.~~

18 ~~(2) The remainder of this act shall take effect~~
19 ~~immediately.~~

20 ~~SECTION 1. SECTIONS 901(3), 902 AND 903 OF THE ACT OF MARCH <—~~
21 ~~4, 1971 (P. L. 6, NO. 2), KNOWN AS THE TAX REFORM CODE OF 1971,~~
22 ~~AMENDED OR ADDED AUGUST 4, 1991 (P. L. 97, NO. 22), ARE AMENDED TO~~
23 ~~READ:-~~

24 ~~SECTION 1. SECTION 201(D)(1), (I)(2), (M) AND (LL) OF THE <—~~
25 ~~ACT OF MARCH 4, 1971 (P. L. 6, NO. 2), KNOWN AS THE TAX REFORM CODE~~
26 ~~OF 1971, AMENDED AUGUST 4, 1991 (P. L. 97, NO. 22) AND DECEMBER 13,~~
27 ~~1991 (P. L. 373, NO. 40), ARE AMENDED AND SUBSECTIONS (B) AND (D)~~
28 ~~ARE AMENDED BY ADDING CLAUSES TO READ:~~

29 ~~SECTION 201. DEFINITIONS. --THE FOLLOWING WORDS, TERMS AND~~
30 ~~PHRASES WHEN USED IN THIS ARTICLE II SHALL HAVE THE MEANING~~

1 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT
2 CLEARLY INDICATES A DIFFERENT MEANING:

3 * * *

4 (B) "MAINTAINING A PLACE OF BUSINESS IN THIS COMMONWEALTH."

5 * * *

6 (4) THE TERM "MAINTAINING A PLACE OF BUSINESS IN THIS
7 COMMONWEALTH" SHALL NOT INCLUDE:

8 (I) OWNING OR LEASING OF TANGIBLE OR INTANGIBLE PROPERTY BY
9 A PERSON WHO HAS CONTRACTED WITH AN UNAFFILIATED COMMERCIAL
10 PRINTER FOR PRINTING, PROVIDED THAT:

11 (A) THE PROPERTY IS FOR USE BY THE COMMERCIAL PRINTER; AND

12 (B) THE PROPERTY IS LOCATED AT THE PENNSYLVANIA PREMISES OF
13 THE COMMERCIAL PRINTER.

14 (II) VISITS BY A PERSON'S EMPLOYEES OR AGENTS TO THE PREMISES
15 IN THIS COMMONWEALTH OF AN UNAFFILIATED COMMERCIAL PRINTER WITH
16 WHOM THE PERSON HAS CONTRACTED FOR PRINTING IN CONNECTION WITH
17 SAID CONTRACT.

18 * * *

19 (D) "PROCESSING." THE PERFORMANCE OF THE FOLLOWING
20 ACTIVITIES WHEN ENGAGED IN AS A BUSINESS ENTERPRISE:

21 (1) THE FILTERING OR HEATING OF HONEY, THE COOKING, BAKING
22 OR FREEZING OF FRUITS, VEGETABLES, MUSHROOMS, FISH, SEAFOOD,
23 MEATS, POULTRY OR BAKERY PRODUCTS, WHEN THE PERSON ENGAGED IN
24 SUCH BUSINESS PACKAGES SUCH PROPERTY IN SEALED CONTAINERS FOR
25 WHOLESALE DISTRIBUTION.

26 (1.1) THE PROCESSING OF VEGETABLES BY CLEANING, CUTTING,
27 CORING OR CHOPPING AND TREATING TO PRESERVE, STERILIZE OR PURIFY
28 AND SUBSTANTIALLY EXTEND THE USEFUL SHELF LIFE OF THE
29 VEGETABLES, WHEN THE PERSON ENGAGED IN SUCH ACTIVITY PACKAGES
30 SUCH PROPERTY IN SEALED CONTAINERS FOR WHOLESALE DISTRIBUTION.

1 * * *

2 (I) "RESALE. "

3 * * *

4 (2) THE PHYSICAL INCORPORATION OF TANGIBLE PERSONAL PROPERTY
5 AS AN INGREDIENT OR CONSTITUENT INTO OTHER TANGIBLE PERSONAL
6 PROPERTY, WHICH IS TO BE SOLD IN THE REGULAR COURSE OF BUSINESS
7 OR THE PERFORMANCE OF THOSE SERVICES DESCRIBED IN SUBCLAUSES
8 (2), (3) AND (4) OF CLAUSE (K) OF THIS SECTION UPON TANGIBLE
9 PERSONAL PROPERTY WHICH IS TO BE SOLD IN THE REGULAR COURSE OF
10 BUSINESS OR WHERE THE PERSON INCORPORATING SUCH PROPERTY HAS
11 UNDERTAKEN AT THE TIME OF PURCHASE TO CAUSE IT TO BE TRANSPORTED
12 IN INTERSTATE COMMERCE TO A DESTINATION OUTSIDE THIS
13 COMMONWEALTH. THE TERM "RESALE" SHALL INCLUDE TELECOMMUNICATIONS
14 SERVICES PURCHASED BY A CABLE OPERATOR OR VIDEO PROGRAMMER THAT
15 ARE USED TO TRANSPORT OR DELIVER CABLE OR VIDEO PROGRAMMING
16 SERVICES WHICH ARE SOLD IN THE REGULAR COURSE OF BUSINESS.

17 * * *

18 (M) "TANGIBLE PERSONAL PROPERTY. " CORPOREAL PERSONAL
19 PROPERTY INCLUDING, BUT NOT LIMITED TO, GOODS, WARES,
20 MERCHANDISE, STEAM AND NATURAL AND MANUFACTURED AND BOTTLED GAS
21 FOR NON-RESIDENTIAL USE, ELECTRICITY FOR NON-RESIDENTIAL USE,
22 PREMIUM CABLE OR PREMIUM VIDEO PROGRAMMING SERVICE, SPIRITUOUS
23 OR VINOUS LIQUOR AND MALT OR BREWED BEVERAGES AND SOFT DRINKS,
24 INTERSTATE TELEPHONE, TELEGRAPH AND TELECOMMUNICATIONS SERVICE
25 ORIGINATING OR TERMINATING IN THE COMMONWEALTH AND CHARGED TO A
26 SERVICE ADDRESS IN THIS COMMONWEALTH, INTRASTATE TELEPHONE,
27 TELEGRAPH AND TELECOMMUNICATIONS SERVICE WITH THE EXCEPTION OF
28 (L) SUBSCRIBER LINE CHARGES AND BASIC LOCAL TELEPHONE SERVICE
29 FOR RESIDENTIAL USE, AND (II) CHARGES FOR TELEPHONE CALLS PAID
30 FOR BY INSERTING MONEY INTO A TELEPHONE ACCEPTING DIRECT

1 DEPOSITS OF MONEY TO OPERATE, PROVIDED FURTHER, THE SERVICE
2 ADDRESS OF ANY INTRASTATE TELEPHONE, TELEGRAPH OR
3 TELECOMMUNICATIONS SERVICE IS DEEMED TO BE WITHIN THIS
4 COMMONWEALTH OR WITHIN A POLITICAL SUBDIVISION, REGARDLESS OF
5 HOW OR WHERE BILLED OR PAID. IN THE CASE OF ANY SUCH INTERSTATE
6 OR INTRASTATE TELEPHONE, TELEGRAPH AND TELECOMMUNICATIONS
7 SERVICE, ANY CHARGE PAID THROUGH A CREDIT OR PAYMENT MECHANISM
8 WHICH DOES NOT RELATE TO A SERVICE ADDRESS, SUCH AS A BANK,
9 TRAVEL, CREDIT OR DEBIT CARD, IS DEEMED ATTRIBUTABLE TO THE
10 ADDRESS OF ORIGINATION OF THE TELEPHONE, TELEGRAPH OR
11 TELECOMMUNICATIONS SERVICE. THE TERM "TELECOMMUNICATIONS
12 SERVICE" SHALL NOT INCLUDE SUBSCRIBER CHARGES FOR ACCESS TO A
13 VIDEO DIAL TONE SYSTEM NOR SHALL IT INCLUDE CHARGES TO VIDEO
14 PROGRAMMERS FOR THE TRANSPORT OF VIDEO PROGRAMMING.

15 * * *

16 (LL) "PREMIUM CABLE OR PREMIUM VIDEO PROGRAMMING SERVICE."
17 THAT PORTION OF CABLE TELEVISION SERVICES, VIDEO PROGRAMMING
18 SERVICES, COMMUNITY ANTENNA TELEVISION SERVICES OR ANY OTHER
19 DISTRIBUTION OF TELEVISION, VIDEO, AUDIO OR RADIO SERVICES WHICH
20 MEETS ALL OF THE FOLLOWING CRITERIA:

21 (1) IS TRANSMITTED WITH OR WITHOUT THE USE OF WIRES TO
22 PURCHASERS; AND

23 (2) WHICH CONSISTS SUBSTANTIALLY OF PROGRAMMING
24 UNINTERRUPTED BY PAID COMMERCIAL ADVERTISING WHICH INCLUDES, BUT
25 IS NOT LIMITED TO, PROGRAMMING PRIMARILY COMPOSED OF
26 UNINTERRUPTED FULL-LENGTH MOTION PICTURES OR SPORTING EVENTS,
27 PAY-PER-VIEW, PAID PROGRAMMING OR LIKE AUDIO OR RADIO
28 BROADCASTING.

29 IF A PURCHASER RECEIVES OR AGREES TO RECEIVE PREMIUM CABLE OR
30 PREMIUM VIDEO PROGRAMMING SERVICE, THEN THE FOLLOWING CHARGES

1 ARE INCLUDED IN THE PURCHASE PRICE: CHARGES FOR INSTALLATION OR
2 REPAIR OF ANY PREMIUM CABLE OR PREMIUM VIDEO PROGRAMMING
3 SERVICE, UPGRADE TO INCLUDE ADDITIONAL PREMIUM CABLE OR PREMIUM
4 VIDEO PROGRAMMING SERVICE, DOWNGRADE TO EXCLUDE ALL OR SOME
5 PREMIUM CABLE OR PREMIUM VIDEO PROGRAMMING SERVICE, ADDITIONAL
6 PREMIUM CABLE OUTLETS IN EXCESS OF TEN OR ANY OTHER CHARGE OR
7 FEE RELATED TO PREMIUM CABLE OR PREMIUM VIDEO PROGRAMMING
8 SERVICES. THE TERM SHALL NOT APPLY TO TRANSMISSIONS BY PUBLIC
9 TELEVISION, PUBLIC RADIO SERVICES OR OFFICIAL FEDERAL, STATE OR
10 LOCAL GOVERNMENT CABLE SERVICES. NOR SHALL THE TERM APPLY TO
11 LOCAL ORIGINATION PROGRAMMING WHICH PROVIDES A VARIETY OF PUBLIC
12 SERVICE PROGRAMS UNIQUE TO THE COMMUNITY, PROGRAMMING WHICH
13 PROVIDES COVERAGE OF PUBLIC AFFAIRS ISSUES WHICH ARE PRESENTED
14 WITHOUT COMMENTARY OR ANALYSIS, INCLUDING UNITED STATES
15 CONGRESSIONAL PROCEEDINGS, OR PROGRAMMING WHICH IS SUBSTANTIALLY
16 RELATED TO RELIGIOUS SUBJECTS. NOR SHALL THE TERM "PREMIUM CABLE
17 OR PREMIUM VIDEO PROGRAMMING SERVICE" APPLY TO SUBSCRIBER
18 CHARGES FOR ACCESS TO A VIDEO DIAL TONE SYSTEM OR CHARGES BY A
19 COMMON CARRIER TO A VIDEO PROGRAMMER FOR THE TRANSPORT OF VIDEO
20 PROGRAMMING.

21 * * *

22 SECTION 2. SECTION 202(C) OF THE ACT, AMENDED AUGUST 4, 1991
23 (P. L. 97, NO. 22), IS AMENDED TO READ:

24 SECTION 202. IMPOSITION OF TAX. --* * *

25 (C) NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS ARTICLE,
26 THE TAX WITH RESPECT TO TELEPHONE, TELEGRAPH AND
27 TELECOMMUNICATIONS SERVICE WITHIN THE MEANING OF CLAUSE (M) OF
28 SECTION 201 OF THIS ARTICLE SHALL, EXCEPT FOR TELEGRAMS PAID FOR
29 IN CASH AT TELEGRAPH OFFICES, BE COMPUTED AT THE RATE OF SIX PER
30 CENT UPON THE TOTAL AMOUNT CHARGED TO CUSTOMERS FOR SUCH

1 SERVICES, IRRESPECTIVE OF WHETHER SUCH CHARGE IS BASED UPON A
2 FLAT RATE OR UPON A MESSAGE UNIT CHARGE[.], BUT IN NO EVENT
3 SHALL CHARGES FOR TELEPHONE CALLS PAID FOR BY INSERTING MONEY
4 INTO A TELEPHONE ACCEPTING DIRECT DEPOSITS OF MONEY TO OPERATE
5 BE SUBJECT TO THIS TAX. TO PREVENT ACTUAL MULTISTATE TAXATION OF
6 INTERSTATE TELEPHONE, TELEGRAPH OR TELECOMMUNICATIONS SERVICE,
7 ANY TAXPAYER, UPON PROOF THAT THE TAXPAYER HAS PAID A SIMILAR
8 TAX TO ANOTHER STATE ON THE SAME INTERSTATE TELEPHONE, TELEGRAPH
9 OR TELECOMMUNICATIONS SERVICE, SHALL BE ALLOWED A CREDIT AGAINST
10 THE TAX IMPOSED BY THIS SECTION ON THE SAME INTERSTATE
11 TELEPHONE, TELEGRAPH OR TELECOMMUNICATIONS SERVICE TO THE EXTENT
12 OF THE AMOUNT OF SUCH TAX PROPERLY DUE AND PAID TO SUCH OTHER
13 STATE.

14 * * *

15 SECTION 3. SECTION 204(5) OF THE ACT, AMENDED AUGUST 4, 1991
16 (P. L. 97, NO. 22), IS AMENDED AND THE SECTION IS AMENDED BY ADDING
17 A CLAUSE TO READ:

18 SECTION 204. EXCLUSIONS FROM TAX. --THE TAX IMPOSED BY
19 SECTION 202 SHALL NOT BE IMPOSED UPON

20 * * *

21 (5) THE SALE AT RETAIL OR USE OF STEAM, NATURAL AND
22 MANUFACTURED AND BOTTLED GAS, FUEL OIL, ELECTRICITY OR
23 INTRASTATE SUBSCRIBER LINE CHARGES [AND], BASIC LOCAL TELEPHONE
24 SERVICE OR TELEGRAPH SERVICE WHEN PURCHASED DIRECTLY BY THE USER
25 THEREOF SOLELY FOR HIS OWN RESIDENTIAL USE[.], AND CHARGES FOR
26 TELEPHONE CALLS PAID FOR BY INSERTING MONEY INTO A TELEPHONE
27 ACCEPTING DIRECT DEPOSITS OF MONEY TO OPERATE.

28 * * *

29 (52) THE SALE AT RETAIL OR USE OF COMPUTER SERVICES TO
30 KEYPUNCH, COUNT, SORT, TABULATE OR OTHERWISE PREPARE FOR PAYMENT

1 PROMOTIONAL PRICE REDUCTION OFFERS SUCH AS DISCOUNT COUPONS,
2 "CENTS-OFF" COUPONS AND REBATE OFFERS.

3 SECTION 4. SECTION 208(D) OF THE ACT, AMENDED AUGUST 4, 1991
4 (P. L. 97, NO. 22), IS AMENDED TO READ:

5 SECTION 208. LICENSES. --* * *

6 (D) FAILURE OF ANY PERSON TO OBTAIN A LICENSE SHALL NOT
7 RELIEVE [HIM] THAT PERSON OF LIABILITY TO PAY THE TAX IMPOSED BY
8 THIS ARTICLE.

9 SECTION 5. SECTION 254 OF THE ACT IS AMENDED TO READ:

10 SECTION 254. REVIEW BY BOARD OF FINANCE AND REVENUE. --WITHIN
11 [SIXTY] NINETY DAYS AFTER THE DATE OF MAILING OF NOTICE BY THE
12 DEPARTMENT OF THE DECISION UPON A PETITION FOR REFUND FILED WITH
13 IT, PURSUANT TO SECTION 253, THE PETITIONER MAY FURTHER PETITION
14 THE BOARD OF FINANCE AND REVENUE TO REVIEW THE DECISION OF THE
15 DEPARTMENT. THE FAILURE OF THE DEPARTMENT TO NOTIFY THE
16 PETITIONER OF ITS DECISION WITHIN THE TIME PROVIDED FOR BY
17 SECTION 253 SHALL ACT AS A DENIAL OF SUCH PETITION, AND A
18 PETITION FOR REVIEW MAY BE FILED WITH THE BOARD OF FINANCE AND
19 REVENUE WITHIN ONE HUNDRED TWENTY DAYS OF THE DATE PRIOR TO
20 WHICH THE DEPARTMENT SHOULD HAVE MAILED TO THE PETITIONER ITS
21 NOTICE OF DECISION. EVERY PETITION FOR REVIEW FILED WITH THE
22 BOARD OF FINANCE AND REVENUE UNDER THE PROVISIONS OF THIS
23 SECTION SHALL INCORPORATE BY REFERENCE THE PETITION FOR REFUND.
24 THE PETITIONER MAY, IN HIS PETITION FOR REVIEW, ELECT TO
25 WITHDRAW ONE OR MORE GROUNDS AS SET OUT IN THE ORIGINAL REFUND
26 PETITION. THE BOARD OF FINANCE AND REVENUE SHALL ACT FINALLY IN
27 DISPOSING OF SUCH PETITIONS FILED WITH IT WITHIN SIX MONTHS
28 AFTER THEY HAVE BEEN RECEIVED. IN THE EVENT OF THE FAILURE OF
29 THE BOARD TO DISPOSE OF ANY PETITION WITHIN SIX MONTHS, THE
30 ACTION TAKEN BY THE DEPARTMENT UPON THE PETITION FOR REFUND

1 SHALL BE SUSTAINED. THE BOARD OF FINANCE AND REVENUE MAY SUSTAIN
2 THE ACTION TAKEN BY THE DEPARTMENT ON A PETITION FOR REFUND, OR
3 IT MAY REDETERMINE WHETHER A LESSER OR GREATER AMOUNT OF REFUND
4 IS PROPER. UNDER NO CIRCUMSTANCES MAY THE BOARD OF FINANCE AND
5 REVENUE AUTHORIZE A REFUND GREATER THAN THAT ORIGINALLY APPLIED
6 FOR BY THE PETITIONER. THE BOARD SHALL GIVE NOTICE OF ITS ACTION
7 TO THE DEPARTMENT AND TO THE PETITIONER.

8 SECTION 6. SECTION 301(D) OF THE ACT, AMENDED MAY 9, 1972
9 (P. L. 273, NO. 66), IS AMENDED TO READ:

10 SECTION 301. DEFINITIONS. --THE FOLLOWING WORDS, TERMS AND
11 PHRASES WHEN USED IN THIS ARTICLE SHALL HAVE THE MEANING
12 ASCRIBED TO THEM IN THIS SECTION EXCEPT WHERE THE CONTEXT
13 CLEARLY INDICATES A DIFFERENT MEANING. ANY REFERENCE IN THIS
14 ARTICLE TO THE INTERNAL REVENUE CODE SHALL INCLUDE THE INTERNAL
15 REVENUE CODE OF 1954, AS AMENDED TO THE DATE ON WHICH THIS
16 ARTICLE IS EFFECTIVE:

17 * * *

18 (D) "COMPENSATION" MEANS AND SHALL INCLUDE SALARIES, WAGES,
19 COMMISSIONS, BONUSES AND INCENTIVE PAYMENTS WHETHER BASED ON
20 PROFITS OR OTHERWISE, FEES, TIPS AND SIMILAR REMUNERATION
21 RECEIVED FOR SERVICES RENDERED, WHETHER DIRECTLY OR THROUGH AN
22 AGENT, AND WHETHER IN CASH OR IN PROPERTY.

23 THE TERM "COMPENSATION" SHALL NOT MEAN OR INCLUDE: (I)
24 PERIODIC PAYMENTS FOR SICKNESS AND DISABILITY OTHER THAN REGULAR
25 WAGES RECEIVED DURING A PERIOD OF SICKNESS OR DISABILITY; OR
26 (II) DISABILITY, RETIREMENT OR OTHER PAYMENTS ARISING UNDER
27 WORKMEN'S COMPENSATION ACTS, OCCUPATIONAL DISEASE ACTS AND
28 SIMILAR LEGISLATION BY ANY GOVERNMENT; OR (III) PAYMENTS
29 COMMONLY RECOGNIZED AS OLD AGE OR RETIREMENT BENEFITS PAID TO
30 PERSONS RETIRED FROM SERVICE AFTER REACHING A SPECIFIC AGE OR

1 AFTER A STATED PERIOD OF EMPLOYMENT; OR (IV) PAYMENTS COMMONLY
2 KNOWN AS PUBLIC ASSISTANCE, OR UNEMPLOYMENT COMPENSATION
3 PAYMENTS BY ANY GOVERNMENTAL AGENCY; OR (V) PAYMENTS TO
4 REIMBURSE ACTUAL EXPENSES; OR (VI) PAYMENTS MADE BY EMPLOYERS OR
5 LABOR UNIONS FOR PROGRAMS COVERING HOSPITALIZATION, SICKNESS,
6 DISABILITY OR DEATH, SUPPLEMENTAL UNEMPLOYMENT BENEFITS, STRIKE
7 BENEFITS, SOCIAL SECURITY AND RETIREMENT; OR (VII) ANY
8 COMPENSATION RECEIVED BY UNITED STATES SERVICEMEN SERVING IN A
9 COMBAT ZONE[.]; OR (VIII) PAYMENTS RECEIVED BY A FOSTER PARENT
10 FOR IN-HOME CARE OF FOSTER CHILDREN FROM AN AGENCY OF THE
11 COMMONWEALTH OR A POLITICAL SUBDIVISION THEREOF OR AN
12 ORGANIZATION EXEMPT FROM FEDERAL TAX UNDER SECTION 501(C)(3) OF
13 THE INTERNAL REVENUE CODE OF 1954 WHICH IS LICENSED BY THE
14 COMMONWEALTH OR A POLITICAL SUBDIVISION THEREOF AS A PLACEMENT
15 AGENCY.

16 * * *

17 SECTION 7. SECTION 333 OF THE ACT, ADDED AUGUST 31, 1971
18 (P. L. 362, NO. 93), IS AMENDED TO READ:

19 SECTION 333. SIGNING OF RETURNS AND OTHER DOCUMENTS. -- (A)
20 ANY RETURN[, DECLARATION,] OTHER THAN AN ESTIMATED RETURN UNDER
21 SECTION 325, STATEMENT OR OTHER DOCUMENT REQUIRED TO BE MADE
22 PURSUANT TO THIS ARTICLE SHALL BE SIGNED IN ACCORDANCE WITH
23 REGULATIONS OR INSTRUCTIONS PRESCRIBED BY THE DEPARTMENT.

24 (B) ANY RETURN, STATEMENT, OR OTHER DOCUMENT REQUIRED OF A
25 PARTNERSHIP SHALL BE SIGNED BY ONE OR MORE PARTNERS. THE FACT
26 THAT A PARTNER'S NAME IS SIGNED TO A RETURN, STATEMENT, OR OTHER
27 DOCUMENT, SHALL BE PRIMA FACIE EVIDENCE FOR ALL PURPOSES THAT
28 SUCH PARTNER IS AUTHORIZED TO SIGN ON BEHALF OF THE PARTNERSHIP.

29 (C) THE MAKING OR FILING OF ANY RETURN, DECLARATION,
30 STATEMENT OR OTHER DOCUMENT OR COPY THEREOF REQUIRED TO BE MADE

1 OR FILED PURSUANT TO THIS ARTICLE SHALL CONSTITUTE A
2 CERTIFICATION BY THE PERSON MAKING OR FILING SUCH RETURN,
3 DECLARATION, STATEMENT OR OTHER DOCUMENT OR COPY THEREOF THAT
4
5 FILED IS A TRUE COPY.

6 SECTION 8. SECTION 401(3)2(A)(9) AND 4 OF THE ACT, AMENDED
7 SEPTEMBER 9, 1971 (P.L. 437, NO. 105) AND JUNE 16, 1994 (P.L. 279,
8 NO. 48), ARE AMENDED TO READ:

9 SECTION 401. DEFINITIONS. --THE FOLLOWING WORDS, TERMS, AND
10 PHRASES, WHEN USED IN THIS ARTICLE, SHALL HAVE THE MEANING
11 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT
12 CLEARLY INDICATES A DIFFERENT MEANING:

13 * * *

14 (3) "TAXABLE INCOME." * * *

15 2. IN CASE THE ENTIRE BUSINESS OF ANY CORPORATION, OTHER
16 THAN A CORPORATION ENGAGED IN DOING BUSINESS AS A REGULATED
17 INVESTMENT COMPANY AS DEFINED BY THE INTERNAL REVENUE CODE OF
18 1954, AS AMENDED, IS NOT TRANSACTED WITHIN THIS COMMONWEALTH,
19 THE TAX IMPOSED BY THIS ARTICLE SHALL BE BASED UPON SUCH PORTION
20 OF THE TAXABLE INCOME OF SUCH CORPORATION FOR THE FISCAL OR
21 CALENDAR YEAR, AS DEFINED IN SUBCLAUSE 1 HEREOF, AND MAY BE
22 DETERMINED AS FOLLOWS:

23 (A) DIVISION OF INCOME.

24 * * *

25 (9) [ALL] (A) EXCEPT AS PROVIDED IN SUBPARAGRAPH (B), ALL
26 BUSINESS INCOME SHALL BE APPORTIONED TO THIS STATE BY
27 MULTIPLYING THE INCOME BY A FRACTION, THE NUMERATOR OF WHICH IS
28 THE PROPERTY FACTOR PLUS THE PAYROLL FACTOR PLUS TWICE THE SALES
29 FACTOR, AND THE DENOMINATOR OF WHICH IS [THREE.] FOUR.

30 (B) FOR PURPOSES OF APPORTIONMENT OF THE CAPITAL STOCK -

1 FRANCHISE TAX AS PROVIDED IN SECTION 602 OF ARTICLE VI OF THIS
2 ACT, THE APPORTIONMENT FRACTION SHALL BE THE PROPERTY FACTOR
3 PLUS THE PAYROLL FACTOR PLUS THE SALES FACTOR AS THE NUMERATOR,
4 AND THE DENOMINATOR SHALL BE THREE.

5 * * *

6 4. (A) FOR TAXABLE YEARS BEGINNING IN 1982 THROUGH TAXABLE
7 YEARS BEGINNING IN 1990 AND FOR THE TAXABLE YEAR BEGINNING IN
8 1995 AND EACH TAXABLE YEAR THEREAFTER, A NET LOSS DEDUCTION
9 SHALL BE ALLOWED FROM TAXABLE INCOME AS ARRIVED AT UNDER
10 SUBCLAUSE 1 OR, IF APPLICABLE, SUBCLAUSE 2. FOR TAXABLE YEARS
11 BEGINNING IN 1991, 1992, 1993 AND 1994, THE NET LOSS DEDUCTION
12 ALLOWED FOR YEARS PRIOR TO 1991 SHALL BE SUSPENDED, AND NO
13 CARRYOVER OF NET LOSSES FROM TAXABLE YEARS 1988, 1989, 1990,
14 1991, 1992 AND 1993 SHALL BE UTILIZED IN CALCULATING NET INCOME
15 FOR THE 1991, 1992, 1993 AND 1994 TAXABLE YEARS, BUT SUCH NET
16 LOSSES MAY BE USED AS PROVIDED IN PARAGRAPH (C) IN CALCULATING
17 NET INCOME FOR THE 1995 TAXABLE YEAR AND FOR TWO TAXABLE YEARS
18 THEREAFTER.

19 (B) A NET LOSS FOR A TAXABLE YEAR IS THE NEGATIVE AMOUNT FOR
20 SAID TAXABLE YEAR DETERMINED UNDER SUBCLAUSE 1 OR, IF
21 APPLICABLE, SUBCLAUSE 2. NEGATIVE AMOUNTS UNDER SUBCLAUSE 1
22 SHALL BE ALLOCATED AND APPORTIONED IN THE SAME MANNER AS
23 POSITIVE AMOUNTS.

24 (C) (1) THE NET LOSS DEDUCTION SHALL BE THE LESSER OF
25 [\$500,000] ONE MILLION DOLLARS (\$1,000,000) OR THE AMOUNT OF THE
26 NET LOSS OR LOSSES WHICH MAY BE CARRIED OVER TO THE TAXABLE YEAR
27 OR TAXABLE INCOME AS DETERMINED UNDER SUBCLAUSE 1 OR, IF
28 APPLICABLE, SUBCLAUSE 2. IN NO EVENT SHALL THE NET LOSS
29 DEDUCTION INCLUDE MORE THAN FIVE HUNDRED THOUSAND DOLLARS
30 (\$500,000), IN THE AGGREGATE, OF NET LOSSES FROM TAXABLE YEARS

1 1988 THROUGH 1994.

2 (2) A NET LOSS FOR A TAXABLE YEAR MAY ONLY BE CARRIED OVER
3 PURSUANT TO THE FOLLOWING SCHEDULE:

4	TAXABLE YEAR	CARRYOVER
5	1981	1 TAXABLE YEAR
6	1982	2 TAXABLE YEARS
7	1983-1987	3 TAXABLE YEARS
8	1988	2 TAXABLE YEARS PLUS
9		1 TAXABLE YEAR
10		STARTING WITH THE
11		1995 TAXABLE YEAR
12	1989	1 TAXABLE YEAR PLUS
13		2 TAXABLE YEARS
14		STARTING WITH THE
15		1995 TAXABLE YEAR
16	1990-1993	3 TAXABLE YEARS
17		STARTING WITH THE
18		1995 TAXABLE YEAR
19	1994	1 TAXABLE YEAR
20	1995	2 TAXABLE YEARS
21	1996 AND THEREAFTER	3 TAXABLE YEARS

22 THE EARLIEST NET LOSS SHALL BE CARRIED OVER TO THE EARLIEST
23 TAXABLE YEAR TO WHICH IT MAY BE CARRIED UNDER THIS SCHEDULE. THE
24 TOTAL NET LOSS DEDUCTION ALLOWED IN ANY TAXABLE YEAR SHALL NOT
25 EXCEED [FIVE HUNDRED THOUSAND DOLLARS (\$500,000)] ONE MILLION
26 DOLLARS (\$1,000,000).

27 (D) NO LOSS SHALL BE A CARRYOVER FROM A TAXABLE YEAR WHEN
28 THE CORPORATION ELECTS TO BE TREATED AS A PENNSYLVANIA S
29 CORPORATION PURSUANT TO SECTION 307 OF ARTICLE III OF THIS ACT
30 TO A TAXABLE YEAR WHEN THE CORPORATION IS SUBJECT TO THE TAX

1 IMPOSED UNDER THIS ARTICLE.

2 (E) PARAGRAPH (D) SHALL NOT PREVENT A TAXABLE YEAR WHEN A
3 CORPORATION IS A PENNSYLVANIA S CORPORATION FROM BEING
4 CONSIDERED A TAXABLE YEAR FOR DETERMINING THE NUMBER OF TAXABLE
5 YEARS TO WHICH A NET LOSS MAY BE A CARRYOVER.

6 (F) FOR PURPOSES OF THE NET LOSS DEDUCTION, THE SHORT
7 TAXABLE YEAR OF A CORPORATION, AFTER THE REVOCATION OR
8 TERMINATION OF AN ELECTION TO BE TREATED AS A PENNSYLVANIA S
9 CORPORATION PURSUANT TO SECTIONS 307.3 AND 307.4 OF ARTICLE III
10 OF THIS ACT, SHALL BE TREATED AS A TAXABLE YEAR.

11 (G) IN THE CASE OF A CHANGE IN OWNERSHIP BY PURCHASE,
12 LIQUIDATION, ACQUISITION OF STOCK OR REORGANIZATION OF A
13 CORPORATION IN THE MANNER DESCRIBED IN SECTION 381 OR 382 OF THE
14 INTERNAL REVENUE CODE OF 1954, AS AMENDED, THE LIMITATIONS
15 PROVIDED IN THE INTERNAL REVENUE CODE WITH RESPECT TO NET
16 OPERATING LOSSES SHALL APPLY FOR THE PURPOSE OF COMPUTING THE
17 PORTION OF A NET LOSS CARRYOVER RECOGNIZED UNDER PARAGRAPH
18 (3)4(C) OF THIS SECTION. WHEN ANY ACQUIRING CORPORATION OR A
19 TRANSFEROR CORPORATION PARTICIPATED IN THE FILING OF
20 CONSOLIDATED RETURNS TO THE FEDERAL GOVERNMENT, THE ENTITLEMENT
21 OF THE ACQUIRING CORPORATION TO THE PENNSYLVANIA NET LOSS
22 CARRYOVER OF THE ACQUIRING CORPORATION OR THE TRANSFEROR
23 CORPORATION WILL BE DETERMINED AS IF SEPARATE RETURNS TO THE
24 FEDERAL GOVERNMENT HAD BEEN FILED PRIOR TO THE CHANGE IN
25 OWNERSHIP BY PURCHASE, LIQUIDATION, ACQUISITION OF STOCK OR
26 REORGANIZATION.

27 * * *

28 SECTION 9. SECTION 402 OF THE ACT, AMENDED JUNE 16, 1994
29 (P. L. 279, NO. 48), IS AMENDED TO READ:

30 SECTION 402. IMPOSITION OF TAX. --EVERY CORPORATION SHALL BE

1 SUBJECT TO, AND SHALL PAY FOR THE PRIVILEGE OF (I) DOING
2 BUSINESS IN THIS COMMONWEALTH; OR (II) CARRYING ON ACTIVITIES IN
3 THIS COMMONWEALTH; (III) HAVING CAPITAL OR PROPERTY EMPLOYED OR
4 USED IN THIS COMMONWEALTH; OR (IV) OWNING PROPERTY IN THIS
5 COMMONWEALTH, BY OR IN THE NAME OF ITSELF, OR ANY PERSON,
6 PARTNERSHIP, ASSOCIATION, LIMITED PARTNERSHIP, JOINT-STOCK
7 ASSOCIATION, OR CORPORATION, A STATE EXCISE TAX AT THE RATE OF
8 TWELVE PER CENT PER ANNUM UPON EACH DOLLAR OF TAXABLE INCOME OF
9 SUCH CORPORATION RECEIVED BY, AND ACCRUING TO, SUCH CORPORATION
10 DURING THE CALENDAR YEAR 1971 AND THE FIRST SIX MONTHS OF 1972
11 AND AT THE RATE OF ELEVEN PER CENT PER ANNUM UPON EACH DOLLAR OF
12 TAXABLE INCOME OF SUCH CORPORATION RECEIVED BY, AND ACCRUING TO,
13 SUCH CORPORATION DURING THE SECOND SIX MONTHS OF CALENDAR YEAR
14 1972 THROUGH THE CALENDAR YEAR 1973 AND AT THE RATE OF NINE AND
15 ONE-HALF PER CENT PER ANNUM UPON EACH DOLLAR OF TAXABLE INCOME
16 OF SUCH CORPORATION RECEIVED BY, AND ACCRUING TO, SUCH
17 CORPORATION DURING THE CALENDAR YEARS 1974, 1975 AND 1976 AND AT
18 THE RATE OF TEN AND ONE-HALF PER CENT PER ANNUM UPON EACH DOLLAR
19 OF TAXABLE INCOME OF SUCH CORPORATION RECEIVED BY, AND ACCRUING
20 TO, SUCH CORPORATION DURING THE CALENDAR YEAR 1977 THROUGH THE
21 CALENDAR YEAR 1984 AND AT THE RATE OF NINE AND ONE-HALF PER CENT
22 PER ANNUM UPON EACH DOLLAR OF TAXABLE INCOME OF SUCH CORPORATION
23 RECEIVED BY AND ACCRUING TO SUCH CORPORATION DURING THE CALENDAR
24 YEAR 1985 THROUGH CALENDAR YEAR 1986 AND AT THE RATE OF EIGHT
25 AND ONE-HALF PER CENT PER ANNUM UPON EACH DOLLAR OF TAXABLE
26 INCOME OF SUCH CORPORATION RECEIVED BY AND ACCRUING TO SUCH
27 CORPORATION DURING THE CALENDAR YEAR 1987 THROUGH THE CALENDAR
28 YEAR 1990 AND AT THE RATE OF TEN AND ONE-HALF PER CENT PER ANNUM
29 UPON EACH DOLLAR OF TAXABLE INCOME OF SUCH CORPORATION RECEIVED
30 BY AND ACCRUING TO SUCH CORPORATION DURING CALENDAR YEAR 1991

1 THROUGH THE CALENDAR YEAR [1996] 1994 AND AT THE RATE OF NINE
2 AND NINETY-NINE HUNDREDTHS PER CENT PER ANNUM UPON EACH DOLLAR
3 OF TAXABLE INCOME OF SUCH CORPORATION RECEIVED BY AND ACCRUING
4 TO SUCH CORPORATION DURING THE CALENDAR YEAR [1997] 1995 AND
5 DURING EACH CALENDAR YEAR THEREAFTER, WITH AN ADDITIONAL SURTAX
6 EQUAL TO ONE AND SEVENTY-FIVE HUNDREDTHS PER CENT PER ANNUM UPON
7 EACH DOLLAR OF TAXABLE INCOME OF SUCH CORPORATION RECEIVED BY
8 AND ACCRUING TO SUCH CORPORATION DURING CALENDAR YEAR 1991 AND
9 THROUGH CALENDAR YEAR 1993 AND WITH AN ADDITIONAL SURTAX EQUAL
10 TO ONE AND FORTY-NINE HUNDREDTHS PER CENT PER ANNUM UPON EACH
11 DOLLAR OF TAXABLE INCOME OF SUCH CORPORATION RECEIVED BY AND
12 ACCRUING TO SUCH CORPORATION DURING CALENDAR YEAR 1994 [AND WITH
13 AN ADDITIONAL SURTAX EQUAL TO FORTY-NINE HUNDREDTHS PER CENT PER
14 ANNUM UPON EACH DOLLAR OF TAXABLE INCOME OF SUCH CORPORATION
15 RECEIVED BY AND ACCRUING TO SUCH CORPORATION DURING CALENDAR
16 YEAR 1995 AND WITH AN ADDITIONAL SURTAX EQUAL TO ONE-QUARTER OF
17 ONE PER CENT PER ANNUM UPON EACH DOLLAR OF TAXABLE INCOME OF
18 SUCH CORPORATION RECEIVED BY AND ACCRUING TO SUCH CORPORATION
19 DURING CALENDAR YEAR 1996] AND WITH NO SURTAX DURING CALENDAR
20 YEAR [1997] 1995 AND EACH CALENDAR YEAR THEREAFTER, EXCEPT WHERE
21 A CORPORATION REPORTS TO THE FEDERAL GOVERNMENT ON THE BASIS OF
22 A FISCAL YEAR, AND HAS CERTIFIED SUCH FACT TO THE DEPARTMENT AS
23 REQUIRED BY SECTION 403 OF THIS ARTICLE, IN WHICH CASE, SUCH
24 TAX, AT THE RATE OF TWELVE PER CENT, SHALL BE LEVIED, COLLECTED,
25 AND PAID UPON ALL TAXABLE INCOME RECEIVED BY, AND ACCRUING TO,
26 SUCH CORPORATION DURING THE FIRST SIX MONTHS OF THE FISCAL YEAR
27 COMMENCING IN THE CALENDAR YEAR 1972 AND AT THE RATE OF ELEVEN
28 PER CENT, SHALL BE LEVIED, COLLECTED, AND PAID UPON ALL TAXABLE
29 INCOME RECEIVED BY, AND ACCRUING TO, SUCH CORPORATION DURING THE
30 SECOND SIX MONTHS OF THE FISCAL YEAR COMMENCING IN THE CALENDAR

1 YEAR 1972 AND DURING THE FISCAL YEAR COMMENCING IN THE CALENDAR
2 YEAR 1973 AND AT THE RATE OF NINE AND ONE-HALF PER CENT, SHALL
3 BE LEVIED, COLLECTED, AND PAID UPON ALL TAXABLE INCOME RECEIVED
4 BY, AND ACCRUING TO, SUCH CORPORATION DURING THE FISCAL YEAR
5 COMMENCING IN THE CALENDAR YEARS 1974, 1975 AND 1976 AND AT THE
6 RATE OF TEN AND ONE-HALF PER CENT, SHALL BE LEVIED, COLLECTED,
7 AND PAID UPON ALL TAXABLE INCOME RECEIVED BY, AND ACCRUING TO,
8 SUCH CORPORATION DURING THE FISCAL YEAR COMMENCING IN THE
9 CALENDAR YEAR 1977 THROUGH THE FISCAL YEAR COMMENCING IN 1984
10 AND AT THE RATE OF NINE AND ONE-HALF PER CENT, SHALL BE LEVIED,
11 COLLECTED, AND PAID UPON ALL TAXABLE INCOME RECEIVED BY AND
12 ACCRUING TO SUCH CORPORATION DURING THE FISCAL YEAR COMMENCING
13 IN 1985 THROUGH THE FISCAL YEAR COMMENCING IN 1986 AND AT THE
14 RATE OF EIGHT AND ONE-HALF PER CENT PER ANNUM UPON EACH DOLLAR
15 OF TAXABLE INCOME OF SUCH CORPORATION RECEIVED BY AND ACCRUING
16 TO SUCH CORPORATION DURING THE FISCAL YEAR COMMENCING IN 1987
17 THROUGH THE FISCAL YEAR COMMENCING IN 1990 AND AT THE RATE OF
18 TEN AND ONE-HALF PER CENT PER ANNUM UPON EACH DOLLAR OF TAXABLE
19 INCOME OF SUCH CORPORATION RECEIVED BY AND ACCRUING TO SUCH
20 CORPORATION DURING THE FISCAL YEAR COMMENCING IN 1991 THROUGH
21 THE FISCAL YEAR COMMENCING IN [1996] 1994 AND AT THE RATE OF
22 NINE AND NINETY-NINE HUNDREDTHS PER CENT PER ANNUM UPON EACH
23 DOLLAR OF TAXABLE INCOME OF SUCH CORPORATION RECEIVED BY AND
24 ACCRUING TO SUCH CORPORATION DURING THE FISCAL YEAR COMMENCING
25 IN [1997] 1995 AND DURING EACH FISCAL YEAR THEREAFTER, WITH AN
26 ADDITIONAL SURTAX EQUAL TO ONE AND SEVENTY-FIVE HUNDREDTHS PER
27 CENT PER ANNUM UPON EACH DOLLAR OF TAXABLE INCOME OF SUCH
28 CORPORATION RECEIVED BY AND ACCRUING TO SUCH CORPORATION DURING
29 THE FISCAL YEAR COMMENCING IN 1991 AND THROUGH FISCAL YEAR 1993
30 AND WITH AN ADDITIONAL SURTAX EQUAL TO ONE AND FORTY-NINE

1 HUNDREDTHS PER CENT PER ANNUM UPON EACH DOLLAR OF TAXABLE INCOME
2 OF SUCH CORPORATION RECEIVED BY AND ACCRUING TO SUCH CORPORATION
3 DURING FISCAL YEAR 1994 [AND WITH AN ADDITIONAL SURTAX EQUAL TO
4 FORTY-NINE HUNDREDTHS PER CENT PER ANNUM UPON EACH DOLLAR OF
5 TAXABLE INCOME OF SUCH CORPORATION RECEIVED BY AND ACCRUING TO
6 SUCH CORPORATION DURING THE FISCAL YEAR COMMENCING IN 1995 AND
7 WITH AN ADDITIONAL SURTAX EQUAL TO ONE-QUARTER OF ONE PER CENT
8 PER ANNUM UPON EACH DOLLAR OF TAXABLE INCOME OF SUCH CORPORATION
9 RECEIVED BY AND ACCRUING TO SUCH CORPORATION DURING THE FISCAL
10 YEAR COMMENCING IN 1996] AND WITH NO SURTAX DURING THE FISCAL
11 YEAR COMMENCING IN [1997] 1995 AND EACH FISCAL YEAR THEREAFTER.
12 NO PENALTY PRESCRIBED BY SUBSECTION (E) OF SECTION 3003 SHALL BE
13 ASSESSED AGAINST A CORPORATION FOR THE ADDITIONAL TAX WHICH MAY
14 BE DUE AS A RESULT OF THE INCREASE IN TAX RATE FROM NINE AND
15 ONE-HALF PER CENT TO TEN AND ONE-HALF PER CENT IMPOSED
16 RETROACTIVELY BY THIS SECTION FOR THE CALENDAR YEAR 1977 OR FOR
17 THE FISCAL YEAR COMMENCING IN 1977.

18 SECTION 10. THE DEFINITION OF "CAPITAL STOCK VALUE" AND
19 CLAUSE (1) OF THE DEFINITION OF "PROCESSING" IN SECTION 601(A)
20 OF THE ACT, AMENDED JUNE 16, 1994 (P. L. 279, NO. 48), ARE AMENDED
21 AND THE DEFINITION OF "PROCESSING" IN SUBSECTION (A) IS AMENDED
22 BY ADDING A CLAUSE TO READ:

23 SECTION 601. DEFINITIONS AND REPORTS. --(A) THE FOLLOWING
24 WORDS, TERMS AND PHRASES WHEN USED IN THIS ARTICLE VI SHALL HAVE
25 THE MEANING ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE
26 CONTEXT CLEARLY INDICATES A DIFFERENT MEANING:

27 * * *

28 "CAPITAL STOCK VALUE." THE AMOUNT COMPUTED PURSUANT TO THE
29 FOLLOWING FORMULA: THE PRODUCT OF ONE-HALF TIMES THE SUM OF THE
30 AVERAGE NET INCOME CAPITALIZED AT THE RATE OF NINE AND ONE-HALF

1 PER CENT PLUS SEVENTY-FIVE PER CENT OF NET WORTH, FROM WHICH
2 PRODUCT SHALL BE SUBTRACTED [SEVENTY-FIVE THOUSAND DOLLARS
3 (\$75,000)] ONE HUNDRED THOUSAND DOLLARS (\$100,000), THE
4 ALGEBRAIC EQUIVALENT OF WHICH IS

5
$$(.5 \times (\text{AVERAGE NET INCOME} / .095 + (.75)$$

6
$$(\text{NET WORTH})) - [\$75,000] \underline{\$100,000}$$

7 * * *

8 "PROCESSING." THE FOLLOWING ACTIVITIES WHEN ENGAGED IN AS A
9 BUSINESS ENTERPRISE:

10 (1) THE FILTERING OR HEATING OF HONEY, THE COOKING OR
11 FREEZING OF FRUITS, VEGETABLES, MUSHROOMS, FISH, SEAFOOD, MEATS
12 OR POULTRY, WHEN THE PERSON ENGAGED IN SUCH BUSINESS PACKAGES
13 SUCH PROPERTY IN SEALED CONTAINERS FOR WHOLESALE DISTRIBUTION.

14 * * *

15 (1.1) THE PROCESSING OF VEGETABLES BY CLEANING, CUTTING,
16 CORING OR CHOPPING AND TREATING TO PRESERVE, STERILIZE OR PURIFY
17 AND SUBSTANTIALLY EXTEND THE USEFUL SHELF LIFE OF THE
18 VEGETABLES, WHEN THE PERSON ENGAGED IN SUCH ACTIVITY PACKAGES
19 SUCH PROPERTY IN SEALED CONTAINERS FOR WHOLESALE DISTRIBUTION.

20 * * *

21 SECTION 11. SECTIONS 901(3), 902 AND 903 OF THE ACT, AMENDED
22 OR ADDED AUGUST 4, 1991 (P.L. 97, NO. 22), ARE AMENDED TO READ:

23 SECTION 901. DEFINITIONS. --THE FOLLOWING TERMS, WHEN USED IN
24 THIS ACT, SHALL HAVE THE MEANING ASCRIBED TO THEM IN THIS
25 SECTION:

26 * * *

27 [(3) "ANNUITY CONSIDERATION" MEANS ALL SUMS RECEIVED AS
28 CONSIDERATION FOR ANNUITY CONTRACTS BY ANY INSURANCE COMPANY,
29 WHETHER RECEIVED IN MONEY OR IN THE FORM OF NOTES, CREDITS OR
30 ANY OTHER SUBSTITUTES FOR MONEY AND WHETHER COLLECTED IN THIS

1 COMMONWEALTH OR ELSEWHERE. ANNUITY CONSIDERATIONS SHALL NOT
2 INCLUDE:

3 (I) SUMS RECEIVED IN CONNECTION WITH THE FUNDING OF A
4 PENSION QUALIFIED OR EXEMPT UNDER SECTION 401, 403, 404, 408,
5 457 OR 501 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-
6 514, 26 U.S.C. § 401, 403, 404, 408, 457 OR 501); OR

7 (II) SUMS RECEIVED THROUGH OR ON BEHALF OF THE BUREAU OF
8 LOTTERY OF THE DEPARTMENT OF REVENUE PURSUANT TO THE ACT OF
9 AUGUST 26, 1971 (P.L. 351, NO. 91), KNOWN AS THE "STATE LOTTERY
10 LAW."]

11 SECTION 902. (A) IMPOSITION OF TAX. --EVERY INSURANCE
12 COMPANY, AS HEREIN DEFINED, TRANSACTING BUSINESS IN THE
13 COMMONWEALTH OF PENNSYLVANIA, SHALL PAY TO THE DEPARTMENT, A TAX
14 AT THE RATE OF TWO PER CENT OF THE GROSS PREMIUMS [AND ANNUITY
15 CONSIDERATIONS] RECEIVED FROM BUSINESS DONE WITHIN THIS
16 COMMONWEALTH DURING EACH CALENDAR YEAR, EXCEPT THAT ANY
17 INSURANCE COMPANY WHICH WAS NOT SUBJECT TO THIS TAX PRIOR TO
18 1971 SHALL BE TAXED AT THE RATE OF ONE PER CENT FOR THE YEAR
19 1971 AND THEREAFTER AT THE RATE OF TWO PER CENT.

20 (B) DISPOSITION OF TAXES. --THE TAXES PAID BY FOREIGN FIRE
21 INSURANCE COMPANIES UNDER THIS ACT SHALL CONTINUE TO BE
22 DISTRIBUTED AND USED FOR FIREMEN'S RELIEF PENSION OR RETIREMENT
23 PURPOSES, AS PROVIDED BY SECTION TWO OF THE ACT, APPROVED THE
24 TWENTY-EIGHTH DAY OF JUNE, ONE THOUSAND EIGHT HUNDRED NINETY-
25 FIVE (PAMPHLET LAWS 408), AS AMENDED; AND THE TAXES PAID BY
26 FOREIGN CASUALTY INSURANCE COMPANIES UNDER THIS ACT SHALL
27 CONTINUE TO BE DISTRIBUTED AND USED FOR POLICE PENSION,
28 RETIREMENT OR DISABILITY PURPOSES AS PROVIDED BY THE ACT,
29 APPROVED THE TWELFTH DAY OF MAY, ONE THOUSAND NINE HUNDRED
30 FORTY-THREE (PAMPHLET LAWS 259), AS AMENDED.

1 (C) ALL OTHER TAXES RECEIVED UNDER THIS ACT SHALL BE
2 CREDITED TO THE GENERAL FUND FOR GENERAL REVENUE PURPOSES.

3 SECTION 903. ANNUAL REPORT. --EVERY INSURANCE COMPANY SHALL
4 MAKE A REPORT TO THE DEPARTMENT ON A FORM PRESCRIBED BY IT ON OR
5 BEFORE APRIL 15 OF EACH YEAR, SHOWING THE GROSS PREMIUMS [AND
6 ANNUITY CONSIDERATIONS] RECEIVED FROM BUSINESS TRANSACTED IN THE
7 COMMONWEALTH DURING THE YEAR ENDING DECEMBER 31 PRECEDING. WHEN
8 MAKING SUCH REPORT, THE INSURANCE COMPANY SHALL COMPUTE AND PAY
9 TO THE COMMONWEALTH THE TAX UPON THE GROSS PREMIUMS [AND ANNUITY
10 CONSIDERATIONS] RECEIVED FROM BUSINESS TRANSACTED WITHIN THIS
11 COMMONWEALTH DURING SUCH PRECEDING YEAR.

12 SECTION 12. SECTION 1101(A) OF THE ACT, AMENDED AUGUST 4, <—
13 1991 (P. L. 97, NO. 22), IS AMENDED TO READ:

14 SECTION 1101. IMPOSITION OF TAX. --(A) GENERAL RULE. --EVERY
15 [RAILROAD COMPANY,] PIPELINE COMPANY, CONDUIT COMPANY, STEAMBOAT
16 COMPANY, CANAL COMPANY, SLACK WATER NAVIGATION COMPANY,
17 TRANSPORTATION COMPANY, AND EVERY OTHER COMPANY, ASSOCIATION,
18 JOINT-STOCK ASSOCIATION, OR LIMITED PARTNERSHIP, NOW OR
19 HEREAFTER INCORPORATED OR ORGANIZED BY OR UNDER ANY LAW OF THIS
20 COMMONWEALTH, OR NOW OR HEREAFTER ORGANIZED OR INCORPORATED BY
21 ANY OTHER STATE OR BY THE UNITED STATES OR ANY FOREIGN
22 GOVERNMENT, AND DOING BUSINESS IN THIS COMMONWEALTH, AND EVERY
23 COPARTNERSHIP, PERSON OR PERSONS OWNING, OPERATING OR LEASING TO
24 OR FROM ANOTHER CORPORATION, COMPANY, ASSOCIATION, JOINT-STOCK
25 ASSOCIATION, LIMITED PARTNERSHIP, COPARTNERSHIP, PERSON OR
26 PERSONS, ANY [RAILROAD,] PIPELINE, CONDUIT, STEAMBOAT, CANAL,
27 SLACK WATER NAVIGATION, OR OTHER DEVICE FOR THE TRANSPORTATION
28 OF FREIGHT, PASSENGERS, BAGGAGE, OR OIL, EXCEPT TAXICABS, MOTOR
29 BUSES [AND] MOTOR OMNIBUSES AND RAILROADS, AND EVERY LIMITED
30 PARTNERSHIP, ASSOCIATION, JOINT-STOCK ASSOCIATION, CORPORATION

1 OR COMPANY ENGAGED IN, OR HEREAFTER ENGAGED IN, THE
2 TRANSPORTATION OF FREIGHT OR OIL WITHIN THIS STATE, AND EVERY
3 TELEPHONE COMPANY, TELEGRAPH COMPANY, EXPRESS COMPANY, GAS
4 COMPANY, PALACE CAR COMPANY AND SLEEPING CAR COMPANY, NOW OR
5 HEREAFTER INCORPORATED OR ORGANIZED BY OR UNDER ANY LAW OF THIS
6 COMMONWEALTH, OR NOW OR HEREAFTER ORGANIZED OR INCORPORATED BY
7 ANY OTHER STATE OR BY THE UNITED STATES OR ANY FOREIGN
8 GOVERNMENT AND DOING BUSINESS IN THIS COMMONWEALTH, AND EVERY
9 LIMITED PARTNERSHIP, ASSOCIATION, JOINT-STOCK ASSOCIATION,
10 COPARTNERSHIP, PERSON OR PERSONS, ENGAGED IN TELEPHONE,
11 TELEGRAPH, EXPRESS, PALACE CAR OR SLEEPING CAR BUSINESS IN THIS
12 COMMONWEALTH, SHALL PAY TO THE STATE TREASURER, THROUGH THE
13 DEPARTMENT OF REVENUE, A TAX OF FORTY-FIVE MILLS WITH A SURTAX
14 EQUAL TO FIVE MILLS UPON EACH DOLLAR OF THE GROSS RECEIPTS OF
15 THE CORPORATION, COMPANY OR ASSOCIATION, LIMITED PARTNERSHIP,
16 JOINT-STOCK ASSOCIATION, COPARTNERSHIP, PERSON OR PERSONS,
17 RECEIVED FROM PASSENGERS, BAGGAGE, AND FREIGHT TRANSPORTED
18 WHOLLY WITHIN THIS STATE, FROM TELEGRAPH OR TELEPHONE MESSAGES
19 TRANSMITTED WHOLLY WITHIN THIS STATE, FROM EXPRESS, PALACE CAR
20 OR SLEEPING CAR BUSINESS DONE WHOLLY WITHIN THIS STATE, OR FROM
21 THE SALES OF GAS TO THE PUBLIC FROM A PUBLIC UTILITY, EXCEPT
22 GROSS RECEIPTS DERIVED FROM SALES TO ANY MUNICIPALITY OWNED OR
23 OPERATED PUBLIC UTILITY AND EXCEPT GROSS RECEIPTS DERIVED FROM
24 THE SALES FOR RESALE, TO PERSONS, PARTNERSHIPS, ASSOCIATIONS,
25 CORPORATIONS OR POLITICAL SUBDIVISIONS SUBJECT TO THE TAX
26 IMPOSED BY THIS ACT UPON GROSS RECEIPTS DERIVED FROM SUCH RESALE
27 AND FROM THE TRANSPORTATION OF OIL DONE WHOLLY WITHIN THIS
28 STATE. THE GROSS RECEIPTS OF GAS COMPANIES SHALL INCLUDE THE
29 GROSS RECEIPTS FROM THE SALE OF ARTIFICIAL AND NATURAL GAS, BUT
30 SHALL NOT INCLUDE GROSS RECEIPTS FROM THE SALE OF LIQUEFIED

1 PETROLEUM GAS.

2 * * *

3 SECTION 13. SECTION 1101.2 OF THE ACT IS REPEALED.

4 SECTION 14. SECTIONS 1904-A(C) AND 1905-A OF THE ACT, ADDED
5 JUNE 16, 1994 (P. L. 279, NO. 48), ARE AMENDED TO READ:

6 SECTION 1904-A. TAX CREDIT. --* * *

7 (C) THE TOTAL AMOUNT OF TAX CREDIT GRANTED FOR PROGRAMS
8 APPROVED UNDER THIS ACT SHALL NOT EXCEED [FOURTEEN MILLION SEVEN
9 HUNDRED FIFTY THOUSAND DOLLARS (\$14,750,000)] SIXTEEN MILLION
10 SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$16,750,000) OF TAX CREDIT
11 IN ANY FISCAL YEAR, SUBJECT TO THE FOLLOWING:

12 (1) TWO MILLION DOLLARS (\$2,000,000) OF THE TOTAL AMOUNT OF
13 TAX CREDIT SHALL BE ALLOCATED FOR COMPREHENSIVE SERVICE
14 PROJECTS, BUT THE SECRETARY OF COMMUNITY AFFAIRS MAY REALLOCATE
15 ANY UNUSED PORTION OF THE TWO MILLION DOLLARS (\$2,000,000) FOR
16 ANY OTHER PROGRAM AUTHORIZED BY THIS ACT IF INSUFFICIENT
17 APPLICATIONS ARE MADE FOR COMPREHENSIVE SERVICE PROJECTS; AND

18 (2) FOUR MILLION DOLLARS (\$4,000,000) OF THE TOTAL AMOUNT OF
19 TAX CREDIT SHALL BE SET ASIDE EXCLUSIVELY FOR PRIVATE COMPANIES
20 WHICH MAKE QUALIFIED INVESTMENTS TO REHABILITATE, EXPAND OR
21 IMPROVE BUILDINGS OR LAND WHICH PROMOTE COMMUNITY ECONOMIC
22 DEVELOPMENT AND WHICH OCCUR IN PORTIONS OF IMPOVERISHED AREAS
23 WHICH HAVE BEEN DESIGNATED AS ENTERPRISE ZONES.

24 SECTION 1905-A. GRANT OF TAX CREDIT. --THE DEPARTMENT OF
25 REVENUE SHALL GRANT A TAX CREDIT AGAINST ANY TAX DUE UNDER
26 ARTICLE IV, VI, VII, VII-A, VIII, VIII-A, IX, X OR XV OF THIS
27 ACT, OR ANY TAX SUBSTITUTED IN LIEU THEREOF IN AN AMOUNT WHICH
28 SHALL NOT EXCEED FIFTY PER CENT OF THE TOTAL AMOUNT INVESTED
29 DURING THE TAXABLE YEAR BY THE BUSINESS FIRM OR TWENTY PER CENT
30 OF QUALIFIED INVESTMENTS BY A PRIVATE COMPANY IN PROGRAMS

1 APPROVED PURSUANT TO SECTION 1904-A OF THIS ACT: PROVIDED, THAT
2 A TAX CREDIT OF UP TO SEVENTY PER CENT OF THE TOTAL AMOUNT
3 INVESTED DURING THE TAXABLE YEAR BY A BUSINESS FIRM OR UP TO
4 THIRTY PER CENT OF THE AMOUNT OF QUALIFIED INVESTMENTS BY A
5 PRIVATE COMPANY MAY BE ALLOWED FOR INVESTMENT IN PROGRAMS WHERE
6 ACTIVITIES FALL WITHIN THE SCOPE OF SPECIAL PROGRAM PRIORITIES
7 AS DEFINED WITH THE APPROVAL OF THE GOVERNOR IN REGULATIONS
8 PROMULGATED BY THE SECRETARY OF THE DEPARTMENT OF COMMUNITY
9 AFFAIRS. REGULATIONS ESTABLISHING SPECIAL PROGRAM PRIORITIES ARE
10 TO BE PROMULGATED DURING THE FIRST MONTH OF EACH FISCAL YEAR AND
11 AT SUCH TIMES DURING THE YEAR AS THE PUBLIC INTEREST DICTATES.
12 SUCH CREDIT SHALL NOT EXCEED TWO HUNDRED FIFTY THOUSAND DOLLARS
13 (\$250,000) ANNUALLY, EXCEPT IN THE CASE OF COMPREHENSIVE SERVICE
14 PROJECTS WHICH SHALL BE ALLOWED AN ADDITIONAL CREDIT EQUAL TO
15 SEVENTY PER CENT OF THE QUALIFYING INVESTMENTS MADE IN
16 COMPREHENSIVE SERVICE PROJECTS; HOWEVER, SUCH ADDITIONAL CREDIT
17 SHALL NOT EXCEED ONE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS
18 (\$175,000) ANNUALLY. NO TAX CREDIT SHALL BE GRANTED TO ANY BANK,
19 BANK AND TRUST COMPANY, INSURANCE COMPANY, TRUST COMPANY,
20 NATIONAL BANK, SAVINGS ASSOCIATION, MUTUAL SAVINGS BANK OR
21 BUILDING AND LOAN ASSOCIATION FOR ACTIVITIES THAT ARE A PART OF
22 ITS NORMAL COURSE OF BUSINESS. ANY TAX CREDIT NOT USED IN THE
23 PERIOD THE INVESTMENT WAS MADE MAY BE CARRIED OVER FOR THE NEXT
24 FIVE SUCCEEDING CALENDAR OR FISCAL YEARS UNTIL THE FULL CREDIT
25 HAS BEEN ALLOWED. THE TOTAL AMOUNT OF ALL TAX CREDITS ALLOWED
26 PURSUANT TO THIS ACT SHALL NOT EXCEED [FOURTEEN MILLION SEVEN
27 HUNDRED FIFTY THOUSAND DOLLARS (\$14,750,000)] SIXTEEN MILLION
28 SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$16,750,000) IN ANY ONE
29 FISCAL YEAR.

30 SECTION 15. SECTION 2010(E) OF THE ACT, ADDED DECEMBER 22,
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1 1989 (P. L. 775, NO. 110), IS AMENDED TO READ:

2 SECTION 2010. LIMITED TAX CREDITS. --* * *

3 (E) UPON RECEIPT FROM A TAXPAYER OF A CERTIFICATE FROM THE
4 SECRETARY ISSUED UNDER SUBSECTION (C), THE SECRETARY OF REVENUE
5 SHALL GRANT A TAX CREDIT OR CREDITS IN THE AMOUNT CERTIFIED
6 AGAINST ANY TAX THEN DUE OR THEREAFTER BECOMING DUE FROM THE
7 TAXPAYER UNDER THIS ARTICLE. NO CREDIT SHALL BE ALLOWED AGAINST
8 ANY TAX DUE FOR ANY TAXABLE PERIOD ENDING AFTER DECEMBER 31,
9 [1994] 1998.

10 SECTION 16. SECTION 2107(D) OF THE ACT, ADDED JUNE 16, 1994
11 (P. L. 279, NO. 48), IS REENACTED TO READ:

12 SECTION 2107. TRANSFERS SUBJECT TO TAX. --* * *

13 (D) ALL SUCCEEDING INTERESTS WHICH FOLLOW THE INTEREST OF A
14 SURVIVING SPOUSE IN A TRUST OR SIMILAR ARRANGEMENT, TO THE
15 EXTENT SPECIFIED IN SECTION 2113, ARE TRANSFERS SUBJECT TO TAX
16 AS IF THE SURVIVING SPOUSE WERE THE TRANSFEROR.

17 SECTION 17. SECTIONS 2108(B) AND 2111(K) AND (M) OF THE ACT,
18 AMENDED JUNE 16, 1994 (P. L. 279, NO. 48), ARE AMENDED TO READ:

19 SECTION 2108. JOINT TENANCY. --* * *

20 (B) [THIS] EXCEPT AS PROVIDED IN SUBSECTION (C), THIS
21 SECTION SHALL NOT APPLY TO PROPERTY [AND] OR INTERESTS IN
22 PROPERTY PASSING BY RIGHT OF SURVIVORSHIP TO THE SURVIVOR OF
23 HUSBAND AND WIFE.

24 * * *

25 SECTION 2111. TRANSFERS NOT SUBJECT TO TAX. --* * *

26 (K) PROPERTY SUBJECT TO A POWER OF APPOINTMENT, WHETHER OR
27 NOT THE POWER IS EXERCISED, AND NOTWITHSTANDING ANY BLENDING OF
28 SUCH PROPERTY WITH THE PROPERTY OF THE DONEE, IS EXEMPT FROM
29 INHERITANCE TAX IN THE ESTATE OF THE DONEE OF THE POWER OF
30 APPOINTMENT[, EXCEPT AS PROVIDED IN SECTION 2113].

1 * * *

2 (M) [TRANSFERS OF PROPERTY TO OR FOR THE USE OF A HUSBAND OR
3 WIFE OF THE DECEDENT ARE EXEMPT FROM INHERITANCE TAX.] PROPERTY
4 OWNED BY HUSBAND AND WIFE WITH RIGHT OF SURVIVORSHIP IS EXEMPT
5 FROM INHERITANCE TAX. IF THE OWNERSHIP WAS CREATED WITHIN THE
6 MEANING OF SECTION 2107(C)(3), THE ENTIRE INTEREST TRANSFERRED
7 SHALL BE SUBJECT TO TAX UNDER SECTION 2107(C)(3) AS THOUGH A
8 PART OF THE ESTATE OF THE SPOUSE WHO CREATED THE CO-OWNERSHIP.

9 * * *

10 SECTION 18. SECTION 2112(D) AND (G) OF THE ACT, AMENDED OR
11 ADDED AUGUST 4, 1991 (P. L. 97, NO. 22) AND JUNE 16, 1994 (P. L. 279,
12 NO. 48), ARE AMENDED TO READ:

13 SECTION 2112. EXEMPTION FOR POVERTY. --* * *

14 (D) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE,
15 TRANSFERS OF PROPERTY TO OR FOR THE USE OF ANY ELIGIBLE
16 TRANSFEREE WHO MEETS THE STANDARDS OF ELIGIBILITY ESTABLISHED BY
17 THIS SECTION AS THE TEST FOR POVERTY SHALL BE DEEMED A SEPARATE
18 CLASS [OF] SUBJECT [OF] TO TAXATION AND, AS SUCH, SHALL BE
19 ENTITLED TO THE BENEFIT OF THE FOLLOWING EXEMPTIONS FROM
20 TAXATION ON TRANSFERS OF PROPERTY AS A CREDIT AGAINST THE TAX
21 IMPOSED BY THIS ARTICLE:

22 (1) FOR DECEDENTS DYING ON OR AFTER JANUARY 1, 1992, AND
23 BEFORE JANUARY 1, 1993, THE LESSER OF:

24 (I) TWO PER CENT OF THE TAXABLE VALUE OF THE PROPERTY OF THE
25 DECEDENT TRANSFERRED TO OR FOR THE USE OF THE TRANSFEREE.

26 (II) TWO PER CENT OF ONE HUNDRED THOUSAND DOLLARS (\$100,000)
27 OF THE TAXABLE VALUE OF THE PROPERTY OF THE DECEDENT TRANSFERRED
28 TO OR FOR THE USE OF THE TRANSFEREE.

29 (2) FOR DECEDENTS DYING ON OR AFTER JANUARY 1, 1993, AND
30 BEFORE JANUARY 1, 1994, THE LESSER OF:

1 (I) FOUR PER CENT OF THE TAXABLE VALUE OF THE PROPERTY OF
2 THE DECEDENT TRANSFERRED TO OR FOR THE USE OF THE TRANSFEREE.

3 (II) FOUR PER CENT OF ONE HUNDRED THOUSAND DOLLARS
4 (\$100,000) OF THE TAXABLE VALUE OF THE PROPERTY OF THE DECEDENT
5 TRANSFERRED TO OR FOR THE USE OF THE TRANSFEREE.

6 (3) FOR DECEDENTS DYING ON OR AFTER JANUARY 1, 1994, AND
7 BEFORE JANUARY 1, 1995, THE LESSER OF:

8 (I) SIX PER CENT OF THE TAXABLE VALUE OF THE PROPERTY OF THE
9 DECEDENT TRANSFERRED TO OR FOR THE USE OF THE TRANSFEREE.

10 (II) SIX PER CENT OF ONE HUNDRED THOUSAND DOLLARS (\$100,000)
11 OF THE TAXABLE VALUE OF THE PROPERTY OF THE DECEDENT TRANSFERRED
12 TO OR FOR THE USE OF THE TRANSFEREE.

13 * * *

14 (G) THIS SECTION SHALL NOT APPLY TO THE ESTATES OF DECEDENTS
15 DYING ON OR AFTER [JANUARY 1, 1998] JANUARY 1, 1995.

16 SECTION 19. SECTIONS 2113 AND 2116(A)(1.1) OF THE ACT,
17 AMENDED OR ADDED JUNE 16, 1994 (P.L. 279, NO.48), ARE AMENDED TO
18 READ:

19 SECTION 2113. TRUSTS AND SIMILAR ARRANGEMENTS FOR SPOUSES. --
20 [IN THE CASE OF A TRANSFER OF PROPERTY FOR THE SOLE USE OF THE
21 TRANSFEROR'S SURVIVING SPOUSE DURING THE SURVIVING SPOUSE'S
22 LIFETIME, ALL SUCCEEDING INTERESTS WHICH FOLLOW THE INTEREST OF
23 THE SURVIVING SPOUSE SHALL NOT BE SUBJECT TO TAX AS TRANSFERS BY
24 THE TRANSFEROR, BUT RATHER SHALL BE DEEMED TO BE TRANSFERS
25 SUBJECT TO TAX BY THE SURVIVING SPOUSE OF THE PROPERTY HELD IN
26 THE TRUST OR SIMILAR ARRANGEMENT AT THE DEATH OF THE SURVIVING
27 SPOUSE. THE SUCCEEDING INTERESTS SHALL BE VALUED AT THE DEATH OF
28 THE SURVIVING SPOUSE AND TAXED AT THE TAX RATES APPLICABLE TO
29 DISPOSITIONS BY THE SURVIVING SPOUSE. ANY EXEMPTION FROM TAX
30 BASED UPON THE KIND OR LOCATION OF PROPERTY SHALL BE BASED UPON

1 THE KIND OR LOCATION OF PROPERTY HELD IN THE TRUST OR SIMILAR
2 ARRANGEMENT AT THE SURVIVING SPOUSE' S DEATH.] (A) IN THE CASE
3 OF A TRANSFER OF PROPERTY FOR THE SOLE USE OF THE TRANSFEROR' S
4 SURVIVING SPOUSE DURING THE SURVIVING SPOUSE' S ENTIRE LIFETIME,
5 ALL SUCCEEDING INTERESTS WHICH FOLLOW THE INTEREST OF THE
6 SURVIVING SPOUSE SHALL NOT BE SUBJECT TO TAX AS TRANSFERS BY THE
7 TRANSFEROR IF THE TRANSFER WAS MADE BY A DECEDENT DYING ON OR
8 AFTER JANUARY 1, 1995; PROVIDED THAT THE TRANSFEROR' S PERSONAL
9 REPRESENTATIVE MAY ELECT, ON A TIMELY FILED INHERITANCE TAX
10 RETURN, TO HAVE THIS SECTION NOT APPLY TO A TRUST OR SIMILAR
11 ARRANGEMENT OR PORTION OF A TRUST OR SIMILAR ARRANGEMENT.

12 (B) SUCCEEDING INTERESTS NOT SUBJECT TO TAX AS TRANSFERS BY
13 THE TRANSFEROR BY REASON OF SUBSECTION (A) SHALL BE DEEMED TO BE
14 TRANSFERS SUBJECT TO TAX BY THE SURVIVING SPOUSE OF THE PROPERTY
15 HELD IN THE TRUST OR SIMILAR ARRANGEMENT AT THE DEATH OF THE
16 SURVIVING SPOUSE. THE TAX ON THAT PROPERTY SHALL BE BASED UPON
17 ITS VALUE AT THE DEATH OF THE SURVIVING SPOUSE, THE TAX RATES
18 APPLICABLE TO DISPOSITIONS BY THE SURVIVING SPOUSE OR BY THE
19 TRANSFEROR, WHICHEVER ARE LOWER, AND ANY EXEMPTIONS RELATING TO
20 THE KIND OR LOCATION OF PROPERTY HELD IN THE TRUST OR SIMILAR
21 ARRANGEMENT AT THE SURVIVING SPOUSE' S DEATH.

22 (C) SUBSECTION (B) SHALL APPLY EVEN IF THE SUCCEEDING
23 INTERESTS NOT SUBJECT TO TAX AS TRANSFERS BY THE TRANSFEROR BY
24 REASON OF SUBSECTION (A) WERE ALSO NOT SUBJECT TO TAX BY REASON
25 OF AN EXEMPTION BASED UPON THE KIND OR LOCATION OF PROPERTY AT
26 THE TRANSFEROR' S DEATH.

27 (D) THIS SECTION SHALL NOT APPLY TO INTER VIVOS TRANSFERS
28 OTHERWISE EXEMPT FROM INHERITANCE TAX.

29 SECTION 2116. INHERITANCE TAX. --(A)* * *

30 (1.1) INHERITANCE TAX UPON THE TRANSFER OF PROPERTY PASSING

1 TO OR FOR THE USE OF A HUSBAND OR WIFE SHALL BE:

2 (I) AT THE RATE OF THREE PER CENT FOR ESTATES OF DECEDENTS
3 DYING ON OR AFTER JULY 1, 1994, AND BEFORE [JANUARY 1, 1996.

4 (II) AT THE RATE OF TWO PER CENT FOR ESTATES OF DECEDENTS
5 DYING ON OR AFTER JANUARY 1, 1996, AND BEFORE JANUARY 1, 1997.

6 (III) AT THE RATE OF ONE PER CENT FOR ESTATES OF DECEDENTS
7 DYING ON OR AFTER JANUARY 1, 1997, AND BEFORE JANUARY 1, 1998.]
8 JANUARY 1, 1995.

9 (II) AT A RATE OF ZERO PER CENT FOR ESTATES OF DECEDENTS
10 DYING ON OR AFTER JANUARY 1, 1995.

11 * * *

12 SECTION 20. SECTION 2130 OF THE ACT, AMENDED OR ADDED AUGUST
13 4, 1991 (P. L. 97, NO. 22) AND JUNE 16, 1994 (P. L. 279, NO. 48), IS
14 REENACTED AND AMENDED TO READ:

15 SECTION 2130. DEDUCTIONS NOT ALLOWED. --THE FOLLOWING ARE NOT
16 DEDUCTIBLE:

17 [(1) THE VALUE OF ASSETS CLAIMED FOR THE SPOUSE'S ALLOWANCE
18 UNDER 20 PA. C. S. § 2102 (RELATING TO SHARE OF SURVIVING
19 SPOUSE).]

20 (2) CLAIMS OF A FORMER SPOUSE, OR OTHERS, UNDER AN AGREEMENT
21 BETWEEN THE FORMER SPOUSE AND THE DECEDENT, IN SO FAR AS THEY
22 ARISE IN CONSIDERATION OF A RELINQUISHMENT OR PROMISED
23 RELINQUISHMENT OF MARITAL OR SUPPORT RIGHTS.

24 (3) LITIGATION EXPENSES OF BENEFICIARIES.

25 (4) INDEBTEDNESS SECURED BY REAL PROPERTY OR TANGIBLE
26 PERSONAL PROPERTY, ALL OF WHICH HAS ITS SITUS OUTSIDE OF THIS
27 COMMONWEALTH, EXCEPT TO THE EXTENT THE INDEBTEDNESS EXCEEDS THE
28 VALUE OF THE PROPERTY.

29 SECTION 21. SECTION 2144(E. 1) OF THE ACT, ADDED JUNE 16,
30 1994 (P. L. 279, NO. 48), IS REENACTED AND AMENDED TO READ:

1 SECTION 2144. SOURCE OF PAYMENT. --* * *

2 (E. 1) IN THE ABSENCE OF A CONTRARY INTENT APPEARING IN THE
3 WILL OR OTHER INSTRUMENT OF TRANSFER CREATING THE TRUST OR
4 SIMILAR ARRANGEMENT, AND IN THE ABSENCE OF A CONTRARY [DIRECTION
5 BY THE SURVIVING SPOUSE] INTENT APPEARING IN THE WILL OR OTHER
6 INSTRUMENT OF TRANSFER OF THE SURVIVING SPOUSE WHICH EXPRESSLY
7 REFERS TO THE TRUST OR SIMILAR ARRANGEMENT, THE INHERITANCE TAX,
8 INCLUDING INTEREST, DUE AT THE DEATH OF A SURVIVING SPOUSE WITH
9 RESPECT TO A TRUST OR SIMILAR ARRANGEMENT TO WHICH SECTION
10 2113(B) IS APPLICABLE SHALL BE PAID OUT OF THE RESIDUE OF THE
11 PRINCIPAL OF THE TRUST OR SIMILAR ARRANGEMENT[.] AND CHARGED AS
12 A GENERAL ADMINISTRATION EXPENSE OF THE TRUST OR SIMILAR
13 ARRANGEMENT. THE PAYMENT SHALL BE MADE BY THE TRUSTEE OR OTHER
14 FIDUCIARY IN POSSESSION OF THE PROPERTY AND, IF NOT SO PAID,
15 SHALL BE MADE BY THE TRANSFEREE OF [SUCH PRINCIPAL.] THE RESIDUE
16 OF THE TRUST OR SIMILAR ARRANGEMENT.

17 * * *

18 SECTION 2 22. THE ACT IS AMENDED BY ADDING AN ARTICLE TO <—
19 READ:

20 ARTICLE ~~XXXV~~ XXIX-A <—

21 TAX AMNESTY PROGRAM

22 SECTION ~~3501~~ 2901-A. DEFINITIONS. --THE FOLLOWING WORDS, <—
23 TERMS AND PHRASES, WHEN USED IN THIS ARTICLE, SHALL HAVE THE
24 MEANINGS ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE
25 CONTEXT CLEARLY INDICATES A DIFFERENT MEANING:

26 "AMNESTY PERIOD." THE TIME PERIOD OF NINETY CONSECUTIVE DAYS
27 ESTABLISHED BY THE GOVERNOR DURING THE FISCAL YEAR BEGINNING
28 JULY 1, 1995, AND ENDING JUNE 30, 1996.

29 "DEPARTMENT." THE DEPARTMENT OF REVENUE OF THE COMMONWEALTH.

30 "ELIGIBLE TAX." ANY TAX IMPOSED BY THE COMMONWEALTH FOR

1 DEPOSIT IN THE GENERAL FUND OR THE MOTOR LICENSE FUND OR THE <—
2 LIQUID FUELS TAX FUND FOR TAXABLE PERIODS PRIOR TO JANUARY 1, <—
3 1991. TAXES DELINQUENT AS OF DECEMBER 31, 1993. THE TERM <—
4 INCLUDES ANY INTEREST OR PENALTY ON AN ELIGIBLE TAX. THE TERM
5 EXCLUDES ANY TAX IMPOSED BY A POLITICAL SUBDIVISION.

6 "PROGRAM." THE TAX AMNESTY PROGRAM AS PROVIDED FOR IN THIS
7 ARTICLE.

8 "TAXPAYER." ANY PERSON, ASSOCIATION, FIDUCIARY, PARTNERSHIP,
9 CORPORATION OR OTHER ENTITY REQUIRED TO PAY OR COLLECT ANY OF
10 THE ELIGIBLE TAXES. THE TERM SHALL NOT INCLUDE A TAXPAYER WHO,
11 PRIOR TO JULY 1, 1995 THE AMNESTY PERIOD HAS RECEIVED NOTICE <—
12 THAT HE IS THE SUBJECT OF A CRIMINAL INVESTIGATION FOR AN
13 ALLEGED VIOLATION OF ANY LAW IMPOSING AN ELIGIBLE TAX OR WHO,
14 PRIOR TO THE AMNESTY PERIOD, HAS BEEN NAMED AS A DEFENDANT IN A
15 CRIMINAL COMPLAINT ALLEGING A VIOLATION OF ANY LAW IMPOSING AN
16 ELIGIBLE TAX OR IS A DEFENDANT IN A PENDING CRIMINAL ACTION FOR
17 AN ALLEGED VIOLATION OF ANY LAW IMPOSING AN ELIGIBLE TAX.

18 SECTION ~~3502~~ 2902-A. ESTABLISHMENT OF AMNESTY PROGRAM. --(A) <—
19 THERE IS HEREBY ESTABLISHED A TAX AMNESTY PROGRAM WHICH SHALL BE
20 ADMINISTERED BY THE DEPARTMENT.

21 (B) THE PROGRAM SHALL APPLY TO A TAXPAYER WHO IS DELINQUENT
22 ON PAYMENT OF A LIABILITY FOR AN ELIGIBLE TAX AS OF JUNE 1,
23 1995, INCLUDING A LIABILITY FOR RETURNS NOT FILED, LIABILITIES
24 ACCORDING TO RECORDS OF THE DEPARTMENT AS OF JUNE 1, 1995,
25 LIABILITIES NOT REPORTED, UNDERREPORTED OR NOT ESTABLISHED, BUT
26 DELINQUENT AS OF JUNE 1, 1995.

27 SECTION ~~3503~~ 2903-A. REQUIRED PAYMENT. --(A) SUBJECT TO <—
28 SECTION ~~3504~~ 2904-A, ALL TAXPAYERS WHO PARTICIPATE IN THE <—
29 PROGRAM SHALL COMPLY WITH ALL OF THE FOLLOWING:

30 (1) DURING THE AMNESTY PERIOD, FILE A TAX AMNESTY RETURN IN

1 SUCH FORM AND CONTAINING SUCH INFORMATION AS THE DEPARTMENT
2 SHALL REQUIRE. A TAX AMNESTY RETURN SHALL BE CONSIDERED TO BE
3 TIMELY FILED IF IT IS POSTMARKED DURING THE AMNESTY PERIOD.

4 (2) DURING THE AMNESTY PERIOD, MAKE PAYMENT OF ALL TAXES AND
5 INTEREST DUE THE COMMONWEALTH IN ACCORDANCE WITH THE TAX AMNESTY
6 RETURN THAT IS FILED.

7 (3) FILE COMPLETE TAX RETURNS FOR ALL YEARS FOR WHICH THE
8 TAXPAYER PREVIOUSLY HAS NOT FILED A TAX RETURN AND FILE COMPLETE
9 AMENDED RETURNS FOR ALL YEARS FOR WHICH THE TAXPAYER
10 UNDERREPORTED ELIGIBLE TAX LIABILITY.

11 (B) THE DEPARTMENT SHALL NOT ~~SEEK TO~~ COLLECT THE PENALTIES <—
12 OWED BY A TAXPAYER WHO PARTICIPATES IN THE PROGRAM UNDER
13 SUBSECTION (A). THE DEPARTMENT SHALL NOT PURSUE AN
14 ADMINISTRATIVE OR JUDICIAL PROCEEDING AGAINST A TAXPAYER WITH
15 RESPECT TO ANY ELIGIBLE TAX THAT IS DISCLOSED ON A TAX AMNESTY
16 RETURN.

17 SECTION ~~3504~~ 2904-A. AMNESTY CONTINGENT ON CONTINUED <—
18 COMPLIANCE. --NOTWITHSTANDING ANY OTHER PROVISION OF THIS
19 ARTICLE, THE DEPARTMENT MAY ASSESS AND COLLECT FROM A TAXPAYER
20 ALL PENALTIES FOREGONE THROUGH THE TAX AMNESTY PROGRAM
21 ESTABLISHED IN THIS ARTICLE IF, WITHIN TWO YEARS AFTER THE END
22 OF THE AMNESTY PROGRAM, EITHER OF THE FOLLOWING OCCURS:

23 (1) THE TAXPAYER GRANTED AMNESTY UNDER THIS ARTICLE BECOMES
24 DELINQUENT FOR THREE CONSECUTIVE PERIODS IN PAYMENT OF TAXES DUE
25 OR FILING OF RETURNS REQUIRED ON A SEMIMONTHLY, MONTHLY,
26 QUARTERLY OR OTHER BASIS AND THE TAXPAYER HAS NOT CONTESTED THE
27 TAX LIABILITY THROUGH A TIMELY VALID ADMINISTRATIVE OR JUDICIAL
28 APPEAL OR THE LIABILITY IS SUBJECT TO A DEFERRED PAYMENT PLAN; <—
29 OR

30 (2) THE TAXPAYER GRANTED AMNESTY UNDER THIS ARTICLE BECOMES

1 DELINQUENT AND IS EIGHT OR MORE MONTHS LATE IN PAYMENT OF TAXES
2 DUE OR FILING OF RETURNS ON AN ANNUAL BASIS AND THE TAXPAYER HAS
3 NOT CONTESTED THE LIABILITY THROUGH A TIMELY VALID
4 ADMINISTRATIVE OR JUDICIAL APPEAL OR THE LIABILITY IS SUBJECT TO <—
5 A DEFERRED PAYMENT PLAN.

6 SECTION ~~3505~~ 2905-A. LIMITATION OF DEFICIENCY ASSESSMENT. -- <—
7 IF SUBSEQUENT TO THE AMNESTY PERIOD, THE DEPARTMENT ISSUES A
8 DEFICIENCY ASSESSMENT WITH RESPECT TO A TAX AMNESTY RETURN, THE
9 DEPARTMENT SHALL HAVE THE AUTHORITY TO IMPOSE PENALTIES AND TO
10 PURSUE A CRIMINAL ACTION ONLY WITH RESPECT TO THE DIFFERENCE
11 BETWEEN THE AMOUNT SHOWN ON THAT TAX AMNESTY RETURN AND THE
12 CURRENT AMOUNT OF TAX.

13 SECTION ~~3506~~ 2906-A. OVERPAYMENT OF TAX. --NOTWITHSTANDING <—
14 ANY OTHER PROVISIONS OF THIS OR ANY OTHER ACT, IF AN OVERPAYMENT
15 OF ELIGIBLE TAX IS REFUNDED OR CREDITED WITHIN ONE HUNDRED
16 EIGHTY DAYS AFTER THE TAX AMNESTY RETURN IS FILED, NO INTEREST
17 SHALL BE ALLOWED ON THE OVERPAYMENT.

18 SECTION ~~3507~~ 2907-A. PREVIOUSLY PAID INTEREST AND <—
19 PENALTIES. --NO REFUND OR CREDIT SHALL BE ALLOWED FOR ANY
20 INTEREST OR PENALTY ON ELIGIBLE TAXES PAID TO THE DEPARTMENT
21 PRIOR TO THE AMNESTY PERIOD.

22 SECTION ~~3508~~ 2908-A. PROCEEDINGS RELATING TO TAX AMNESTY <—
23 RETURN BARRED. --PARTICIPATION IN THE PROGRAM IS CONDITIONED UPON
24 THE TAXPAYER'S AGREEMENT THAT THE RIGHT TO PROTEST OR PURSUE AN
25 ADMINISTRATIVE OR JUDICIAL PROCEEDING WITH REGARD TO TAX AMNESTY
26 RETURNS FILED UNDER THE PROGRAM OR TO CLAIM ANY REFUND OF MONEY
27 PAID UNDER THE PROGRAM IS BARRED.

28 SECTION ~~3509~~ 2909-A. UNDISCLOSED LIABILITIES. --NOTHING IN <—
29 THIS ARTICLE SHALL BE CONSTRUED TO PROHIBIT THE DEPARTMENT FROM
30 INSTITUTING CIVIL OR CRIMINAL PROCEEDINGS AGAINST ANY TAXPAYER

1 WITH RESPECT TO ANY AMOUNT OF TAX THAT IS NOT DISCLOSED ON THE
2 TAX AMNESTY RETURN.

3 SECTION 3510 2910-A. DUTIES OF DEPARTMENT. --(A) THE <—
4 DEPARTMENT SHALL DEVELOP REGULATIONS TO IMPLEMENT THE PROVISIONS
5 OF THIS ARTICLE. THE REGULATIONS MUST BE PUBLISHED IN THE
6 PENNSYLVANIA BULLETIN WITHIN NINETY DAYS OF THE EFFECTIVE DATE
7 OF THIS ARTICLE AND SHALL CONTAIN, BUT NOT BE LIMITED TO, THE
8 FOLLOWING INFORMATION:

9 (1) AN EXPLANATION OF THE PROGRAM AND THE REQUIREMENTS FOR
10 ELIGIBILITY FOR THE PROGRAM.

11 (2) THE DATES DURING WHICH A TAX AMNESTY RETURN MAY BE
12 FILED.

13 ~~(3) AN EXPLANATION OF THE PROCEDURE FOR OBTAINING AN~~ <—
14 ~~INSTALLMENT PAYMENT AGREEMENT.~~

15 ~~(4) (3) A SPECIMEN COPY OF THE TAX AMNESTY RETURN.~~ <—

16 (B) THE DEPARTMENT SHALL PUBLICIZE THE PROGRAM TO MAXIMIZE
17 PUBLIC AWARENESS OF AND PARTICIPATION IN THE PROGRAM. THE
18 DEPARTMENT SHALL COORDINATE TO THE HIGHEST DEGREE POSSIBLE ITS
19 PUBLICITY EFFORTS AND OTHER ACTIONS TAKEN TO IMPLEMENT THIS
20 ARTICLE.

21 ~~(C) THE DEPARTMENT SHALL ISSUE A REPORT TO THE GENERAL~~ <—
22 ~~ASSEMBLY BY APRIL 1, 1996, DETAILING THE IMPLEMENTATION OF THE~~
23 ~~PROGRAM. THE REPORT SHALL CONTAIN, BUT NOT BE LIMITED TO, THE~~
24 ~~FOLLOWING INFORMATION:~~

25 ~~(1) A DETAILED BREAKDOWN OF THE DEPARTMENT'S ADMINISTRATIVE~~
26 ~~COSTS IN IMPLEMENTING THE PROGRAM.~~

27 ~~(2) THE NUMBER OF TAX AMNESTY RETURNS FILED AND A BREAKDOWN~~
28 ~~OF THE NUMBER AND DOLLAR AMOUNT OF REVENUE RAISED FOR EACH TAX.~~

29 ~~(3) THE TOTAL DOLLAR AMOUNT OF REVENUE RAISED BY THE~~
30 ~~PROGRAM.~~

<—

1 (C) REPORT. --THE DEPARTMENT SHALL ISSUE A REPORT TO THE
2 GENERAL ASSEMBLY WITHIN ONE HUNDRED EIGHTY DAYS AFTER THE END OF
3 THE AMNESTY PERIOD, DETAILING THE IMPLEMENTATION OF THE PROGRAM.
4 THE REPORT SHALL CONTAIN, BUT NOT BE LIMITED TO, THE FOLLOWING
5 INFORMATION:

6 (1) A DETAILED BREAKDOWN OF THE DEPARTMENT'S ADMINISTRATIVE
7 COSTS IN IMPLEMENTING THE PROGRAM.

8 (2) THE NUMBER OF TAX AMNESTY RETURNS FILED AND A BREAKDOWN
9 OF THE NUMBER AND DOLLAR AMOUNT OF REVENUE RAISED FOR EACH TAX,
10 BY CALENDAR YEAR DURING WHICH THE TAX PERIOD ENDED. IN ADDITION,
11 THE GROSS REVENUES SHALL BE BROKEN DOWN INTO THE FOLLOWING
12 CATEGORIES:

13 (I) AMOUNTS REPRESENTED BY ASSESSMENTS RECEIVABLE
14 ESTABLISHED BY THE DEPARTMENT ON OR BEFORE THE FIRST DAY OF THE
15 AMNESTY PERIOD.

16 (II) ALL OTHER AMOUNTS.

17 (3) THE TOTAL DOLLAR AMOUNT OF REVENUE COLLECTED BY THE
18 PROGRAM.

19 (4) THE TOTAL DOLLAR AMOUNT OF PENALTIES FORGIVEN UNDER THE
20 PROGRAM.

21 (5) THE DEMOGRAPHIC CHARACTERISTICS OF TAX AMNESTY
22 PARTICIPANTS, INCLUDING STANDARD INDUSTRIAL CODES OF
23 PARTICIPANTS, TYPE OF TAXPAYER (INDIVIDUAL, PARTNERSHIP,
24 CORPORATION OR OTHER ENTITY), SIZE OF TAX LIABILITY AND
25 GEOGRAPHICAL LOCATION.

26 (D) THE DEPARTMENT SHALL NOTIFY IN WRITING ALL KNOWN TAX
27 DELINQUENTS AT THEIR LAST KNOWN ADDRESS OF THE EXISTENCE OF THE
28 TAX AMNESTY PROGRAM. THE SOLE PURPOSE OF THE LETTER SENT BY THE
29 DEPARTMENT TO TAXPAYERS MUST BE NOTIFICATION OF THE PROGRAM.

30 SECTION ~~3511~~ 2911-A. METHOD OF PAYMENT. --ALL TAX PAYMENTS

<—

1 UNDER THE PROGRAM SHALL BE MADE BY CERTIFIED CHECK OR, MONEY <—
2 ORDER, CASH OR ITS EQUIVALENT MONEY ORDER. <—

3 SECTION ~~3512~~ 2912-A. EXEMPTION FROM REVIEW PROCESS. -- <—
4 NOTWITHSTANDING ANY LAW TO THE CONTRARY THE REGULATIONS ISSUED
5 BY THE DEPARTMENT FOR THE PROGRAM SHALL BE EXEMPT FROM THE
6 REGULATORY REVIEW PROCESS PROVIDED IN THE ACT OF JUNE 25, 1982
7 (P. L. 633, NO. 181), KNOWN AS THE "REGULATORY REVIEW ACT. "

8 SECTION ~~3513~~ 2913-A. USE OF REVENUE. --ALL REVENUE GENERATED <—
9 BY THIS ARTICLE SHALL BE DISTRIBUTED IN THE FOLLOWING ORDER: <—
10 DEPOSITED INTO A RESTRICTED REVENUE ACCOUNT IN THE GENERAL FUND. <—
11 REVENUE FROM THE RESTRICTED REVENUE ACCOUNT SHALL BE DISTRIBUTED
12 AS FOLLOWS:

13 (1) REPAYMENT OF ANY COST FOR ADMINISTRATION OF THE PROGRAM
14 TO THE DEPARTMENT.

15 (2) AN AMOUNT NOT EXCEEDING THIRTY-FIVE MILLION DOLLARS <—
16 ~~(\$35,000,000)~~ SIXTY-SEVEN MILLION DOLLARS (\$67,000,000) FROM <—
17 GENERAL FUND SOURCES SHALL BE DEPOSITED INTO THE GENERAL FUND.
18 IF DELINQUENT TAX COLLECTIONS IN THE GENERAL FUND FOR FISCAL <—
19 YEAR 1995-1996 FALL BELOW THE LEVEL OF THE PREVIOUS YEAR, AN
20 ADDITIONAL AMOUNT EQUAL TO THE DIFFERENCE SHALL BE DEPOSITED
21 INTO THE GENERAL FUND.

22 ~~(3) ANY REVENUE IN EXCESS OF THIRTY FIVE MILLION DOLLARS~~ <—
23 ~~(\$35,000,000) FROM GENERAL FUND SOURCES SHALL BE DEPOSITED INTO~~
24 ~~THE TAX STABILIZATION RESERVE FUND.~~

25 ~~(4)~~ (3) ALL REVENUE FROM MOTOR LICENSE FUND SOURCES SHALL BE <—
26 DEPOSITED IN THE MOTOR LICENSE FUND NO LATER THAN JUNE 30, 1996. <—

27 (4) ALL REVENUE FROM LIQUID FUELS TAX FUND SOURCES SHALL BE
28 DEPOSITED IN THE LIQUID FUELS TAX FUND NO LATER THAN JUNE 30,
29 1996.

30 SECTION ~~3514~~ 2914-A. PENALTIES FOR CERTAIN CORPORATE <—

1 OFFICERS. --IF AN OFFICER OR OFFICERS OF A CORPORATION OR
2 ASSOCIATION INTENTIONALLY NEGLECT OR REFUSE TO MAKE REPORTS TO
3 THE AUDITOR GENERAL, OR TO THE DEPARTMENT, OR SUCCESSIVELY TO
4 THE AUDITOR GENERAL AND TO THE DEPARTMENT, AS REQUIRED BY LAW,
5 FOR ANY TWO SUCCESSIVE TAX YEARS, THE OFFICER OR OFFICERS COMMIT
6 A MISDEMEANOR AND SHALL, UPON CONVICTION, BE SENTENCED TO PAY A
7 FINE OF NOT LESS THAN TWO THOUSAND FIVE HUNDRED DOLLARS (\$2,500)
8 NOR MORE THAN FIVE THOUSAND DOLLARS (\$5,000). THIS FINE SHALL BE
9 IN ADDITION TO ANY FINE OR PRISON SENTENCE UNDER SECTION 1704 OF
10 THE ACT OF APRIL 9, 1929 (P.L. 343, NO.176), KNOWN AS "THE FISCAL
11 CODE."

12 SECTION ~~3515~~ 2915-A. FURTHER EXAMINATION OF BOOKS AND <—
13 RECORDS. --(A) THE DEPARTMENT OR ANY OF ITS AUTHORIZED AGENTS IS
14 HEREBY AUTHORIZED TO EXAMINE THE BOOKS, PAPERS AND RECORDS OF
15 ANY TAXPAYER OR OTHER PERSONS IN ORDER TO VERIFY THE ACCURACY
16 AND COMPLETENESS OF ANY RETURN OR REPORT MADE, OR IF NO RETURN
17 OR REPORT WAS MADE, TO ASCERTAIN AND ASSESS ANY TAX OR OTHER
18 LIABILITY OWED THE COMMONWEALTH.

19 (B) THE DEPARTMENT MAY DETERMINE, BY DESK, FIELD OR OTHER
20 AUDIT, THE AMOUNT OF TAX OR OTHER LIABILITY REQUIRED TO BE PAID
21 TO THE COMMONWEALTH. THE DEPARTMENT MAY DETERMINE THE LIABILITY
22 BASED UPON THE FACTS CONTAINED IN THE RETURN OR REPORT BEING
23 AUDITED OR OTHER INFORMATION IN THE DEPARTMENT'S POSSESSION. THE
24 DEPARTMENT MAY DETERMINE THE LIABILITY BASED UPON A REASONABLE
25 STATISTICAL SAMPLE OR TEST AUDIT PERFORMED IN ACCORDANCE WITH
26 THE REGULATIONS OF THE DEPARTMENT WHEN THE INDIVIDUAL BEING
27 AUDITED DOES NOT HAVE COMPLETE RECORDS OF TRANSACTIONS OR WHEN
28 THE REVIEW OF EACH TRANSACTION OR INVOICE WOULD PLACE AN UNDUE
29 BURDEN ON THE DEPARTMENT TO CONDUCT AN AUDIT IN A TIMELY AND
30 EFFICIENT MANNER.

1 (C) THE TAXPAYER MAY CHALLENGE THE ACCURACY OF A STATISTICAL
2 SAMPLE OR TEST AUDIT BY PROVIDING CLEAR AND CONVINCING EVIDENCE
3 THAT THE METHOD USED FOR A STATISTICAL SAMPLE OR TEST AUDIT IS
4 ERRONEOUS, LACKS A RATIONAL BASIS OR PRODUCES A DIFFERENT RESULT
5 WHEN THE COMPLETE RECORDS ARE CONSIDERED.

6 SECTION 3516. POWER TO REQUIRE PRODUCTION OF BOOKS AND <—
7 TESTIMONY OF WITNESSES BY SUBPOENA. (A) THE SECRETARY OF
8 REVENUE MAY REQUIRE, BY SUBPOENA SERVED ON ANY CORPORATION,
9 PERSON, ASSOCIATION, PARTNERSHIP OR PUBLIC UTILITY, IN THE SAME
10 MANNER THAT A SUMMONS OR SUBPOENA IS SERVED IN A CIVIL ACTION IN
11 THE COURTS OF COMMON PLEAS, THE PRODUCTION OF BOOKS AND RECORDS
12 OR THE TESTIMONY OF WITNESSES CONCERNING COMMONWEALTH TAX OR
13 OTHER LIABILITIES AT SUCH TIME AND PLACE AS THE SECRETARY
14 DESIGNATES.

15 (B) NO CORPORATION, PERSON, ASSOCIATION, PARTNERSHIP OR
16 PUBLIC UTILITY SHALL FAIL TO COMPLY WITH A SUBPOENA. FOR EACH
17 DAY OF FAILURE TO COMPLY, THE PARTY SHALL PAY INTO THE STATE
18 TREASURY A SUM NOT LESS THAN FIFTY DOLLARS (\$50) AND NOT MORE
19 THAN FIVE HUNDRED DOLLARS (\$500).

20 (C) THE SECRETARY OF REVENUE MAY APPLY TO COMMONWEALTH COURT
21 TO ENFORCE COMPLIANCE WITH THE SECRETARY'S SUBPOENA.

22 SECTION 3517 2916-A. ADDITIONAL PENALTY. -- (A) SUBJECT TO <—
23 THE LIMITATIONS PROVIDED UNDER SUBSECTION (B), A PENALTY OF
24 FIFTEEN PER CENT OF THE UNPAID TAX LIABILITY AND PENALTIES AND
25 INTEREST SHALL BE LEVIED AGAINST A TAXPAYER SUBJECT TO AN
26 ELIGIBLE TAX IF THE TAXPAYER HAD FAILED TO REMIT AN ELIGIBLE TAX
27 OR INTEREST OR PENALTY THEREON DUE OR HAD AN UNREPORTED OR <—
28 UNDERREPORTED LIABILITY FOR AN ELIGIBLE TAX OR INTEREST OR <—
29 PENALTY THEREON ON OR AFTER THE FIRST DAY FOLLOWING THE END OF
30 THE AMNESTY PERIOD.

1 (B) THE PENALTY PROVIDED IN THIS SECTION SHALL NOT APPLY TO
2 A TAXPAYER WHO:

3 (1) HAS PAID THE LIABILITY IN FULL OR ENTERED INTO A DULY
4 APPROVED AND EXECUTED DEFERRED PAYMENT PLAN ON OR BEFORE THE
5 LAST DAY OF THE AMNESTY PERIOD; OR

6 (2) HAS FILED A TIMELY AND VALID ADMINISTRATIVE OR JUDICIAL
7 APPEAL CONTESTING THE LIABILITY ON OR BEFORE THE LAST DAY OF THE
8 AMNESTY PERIOD.

9 (C) THE PENALTY PROVIDED BY THIS SECTION SHALL BE IN
10 ADDITION TO ALL OTHER PENALTIES PROVIDED BY LAW.

11 SECTION ~~3518~~ 2917-A. APPLICATION OF PENALTY AND POWERS. -- <—
12 SECTIONS ~~3514~~ THROUGH AND INCLUDING ~~3516~~ 2914-A AND 2915-A OF <—
13 THIS ARTICLE SHALL APPLY TO ALL TAXES COLLECTED BY THE
14 DEPARTMENT.

15 SECTION ~~3519~~ 2918-A. CONSTRUCTION. --EXCEPT AS EXPRESSLY <—
16 PROVIDED IN THIS ARTICLE, THIS ARTICLE SHALL NOT:

17 (1) BE CONSTRUED TO RELIEVE ANY PERSON, CORPORATION OR OTHER
18 ENTITY FROM THE FILING OF RETURNS OR FROM ANY TAXES, PENALTIES
19 OR INTEREST IMPOSED BY THE PROVISIONS OF ANY LAWS;

20 (2) AFFECT OR TERMINATE ANY PETITIONS, INVESTIGATIONS,
21 PROSECUTIONS, LEGAL OR OTHERWISE, OR OTHER PROCEEDINGS PENDING
22 UNDER THE PROVISIONS OF ANY SUCH LAWS; OR

23 (3) PREVENT THE COMMENCEMENT OR FURTHER PROSECUTION OF ANY
24 PROCEEDINGS BY THE PROPER AUTHORITIES OF THE COMMONWEALTH FOR
25 VIOLATION OF ANY SUCH LAWS, OR FOR THE ASSESSMENT, SETTLEMENT,
26 COLLECTION OR RECOVERY OF TAXES, PENALTIES OR INTEREST DUE TO
27 THE COMMONWEALTH UNDER ANY SUCH LAWS.

28 SECTION ~~3520~~ 2919-A. SUSPENSION OF INCONSISTENT ACTS. --ALL <—
29 ACTS OR PARTS OF ACTS INCONSISTENT WITH THE PROVISIONS OF THIS
30 ARTICLE ARE SUSPENDED TO THE EXTENT NECESSARY TO CARRY OUT THE

1 PROVISIONS OF THIS ARTICLE.

2 ~~SECTION 3. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:~~ <—

3 ~~(1) SECTIONS 3514 THROUGH AND INCLUDING 3518 OF THE ACT~~
4 ~~SHALL TAKE EFFECT ON THE FIRST DAY IMMEDIATELY FOLLOWING~~
5 ~~PUBLICATION IN THE PENNSYLVANIA BULLETIN OF NOTICE OF THE~~
6 ~~EXPIRATION OF THE AMNESTY PERIOD ESTABLISHED IN THIS ARTICLE.~~

7 SECTION 23. THE ACT IS AMENDED BY ADDING A SECTION TO READ: <—

8 SECTION 3010. COMMERCIAL PRINTERS. --FOR PURPOSES OF DEFINING
9 THE PHRASES "DOING BUSINESS IN THIS COMMONWEALTH," "CARRYING ON
10 ACTIVITIES IN THIS COMMONWEALTH," "HAVING CAPITAL OR PROPERTY
11 EMPLOYED OR USED IN THIS COMMONWEALTH" OR "OWNING PROPERTY IN
12 THIS COMMONWEALTH" IN SECTION 401 OF ARTICLE IV AND
13 SUBSTANTIALLY SIMILAR PHRASES IN SECTION 601 OF ARTICLE VI, THE
14 FOLLOWING ACTIVITIES SHALL BE EXCLUDED:

15 (1) OWNING OR LEASING OF TANGIBLE OR INTANGIBLE PROPERTY BY
16 A PERSON WHO HAS CONTRACTED WITH AN UNAFFILIATED COMMERCIAL
17 PRINTER FOR PRINTING, PROVIDED THAT:

18 (I) THE PROPERTY IS FOR USE BY THE COMMERCIAL PRINTER; AND

19 (II) THE PROPERTY IS LOCATED AT THE PENNSYLVANIA PREMISES OF
20 THE COMMERCIAL PRINTER.

21 (2) VISITS BY A PERSON'S EMPLOYEES OR AGENTS TO THE PREMISES
22 IN THIS COMMONWEALTH OF AN UNAFFILIATED COMMERCIAL PRINTER WITH
23 WHOM THE PERSON HAS CONTRACTED FOR PRINTING IN CONNECTION WITH
24 SAID CONTRACT.

25 (3) OWNING OF PRINTED MATTER AND OTHER ITEMS PACKAGED
26 THEREWITH BY A PERSON WHO HAS CONTRACTED WITH AN UNAFFILIATED
27 COMMERCIAL PRINTER FOR PRINTING ON THE PREMISES OF SUCH
28 UNAFFILIATED COMMERCIAL PRINTER PRIOR TO DELIVERY OF THE
29 PROPERTY REGARDLESS OF TO WHOM OR BY WHOM THE PRINTED MATTER IS
30 DELIVERED OR MAILED.

1 SECTION 24. THE FOLLOWING ACTS AND PARTS OF ACTS ARE
2 REPEALED TO THE EXTENT SPECIFIED:
3 SECTION 43(4)(II) OF THE ACT OF JUNE 16, 1994 (P. L. 279,
4 NO. 48), ENTITLED "AN ACT AMENDING THE ACT OF MARCH 4, 1971
5 (P. L. 6, NO. 2), ENTITLED 'AN ACT RELATING TO TAX REFORM AND STATE
6 TAXATION BY CODIFYING AND ENUMERATING CERTAIN SUBJECTS OF
7 TAXATION AND IMPOSING TAXES THEREON; PROVIDING PROCEDURES FOR
8 THE PAYMENT, COLLECTION, ADMINISTRATION AND ENFORCEMENT THEREOF;
9 PROVIDING FOR TAX CREDITS IN CERTAIN CASES; CONFERRING POWERS
10 AND IMPOSING DUTIES UPON THE DEPARTMENT OF REVENUE, CERTAIN
11 EMPLOYERS, FIDUCIARIES, INDIVIDUALS, PERSONS, CORPORATIONS AND
12 OTHER ENTITIES; PRESCRIBING CRIMES, OFFENSES AND PENALTIES, '
13 FURTHER DEFINING 'MANUFACTURE' FOR SALES TAX PURPOSES; EXCLUDING
14 MAGAZINE SUBSCRIPTIONS AND CERTAIN OFFICE BUILDING CLEANING
15 SERVICES FROM SALES AND USE TAX; PROVIDING SPECIFIC SITUS
16 PROVISIONS FOR LOCAL SALES TAX COLLECTION; FURTHER PROVIDING FOR
17 SPECIAL TAX PROVISIONS FOR POVERTY AND FOR PENNSYLVANIA S
18 CORPORATIONS; REQUIRING ALL EMPLOYERS TO WITHHOLD WAGE TAXES
19 LEVIED BY CITIES OF THE FIRST CLASS; FURTHER PROVIDING FOR THE
20 TAXATION OF BUSINESS TRUSTS, FOR LOSS CARRYFORWARD AND FOR THE
21 RATE OF CORPORATE NET INCOME TAX; REPEALING CORPORATE NET INCOME
22 TAX REVENUE ALLOCATIONS TO THE INDUSTRIAL DEVELOPMENT FUND;
23 FURTHER DEFINING 'CAPITAL STOCK VALUE' FOR CAPITAL STOCK AND
24 FRANCHISE TAX PURPOSES; FURTHER PROVIDING FOR THE BANK SHARES
25 TAX, FOR THE ALTERNATIVE BANK SHARES TAX AND FOR THE TAX ON
26 TITLE INSURANCE COMPANIES; PROVIDING FOR THE DISCLOSURE OF
27 CERTAIN GROSS RECEIPTS TAXES; EXCLUDING TRANSFERS TO FAMILY FARM
28 PARTNERSHIPS; PROVIDING FOR THE IMPOSITION OF A TAX ON THE GROSS
29 RECEIPTS OF VEHICLE RENTAL COMPANIES RENTING PRIVATE PASSENGER
30 MOTOR VEHICLES AND FOR THE COLLECTION AND DISPOSITION OF THE TAX

1 REVENUES; PROVIDING A TAX CREDIT TO CERTAIN BUSINESS FIRMS WHO
2 CONTRIBUTE TO NEIGHBORHOOD ORGANIZATIONS AND WHOSE ACTIVITIES
3 TEND TO UPGRADE IMPOVERISHED AREAS; FURTHER PROVIDING FOR MALT
4 BEVERAGE LIMITED TAX CREDIT; EXEMPTING SPOUSAL TRANSFERS FROM
5 INHERITANCE TAXATION; PROVIDING FOR THE TAXATION OF CERTAIN
6 SPOUSAL TRUSTS; PROVIDING FOR A TRANSPORTATION ASSISTANCE FUND;
7 IMPOSING ADDITIONAL POWERS AND DUTIES ON THE DEPARTMENT OF
8 REVENUE; AND MAKING REPEALS," IN SO FAR AS IT LIMITS THE AMENDMENT
9 OR ADDITION OF ARTICLE XXI FROM APPLYING TO THE ESTATES OF
10 DECEDENTS DYING ON OR AFTER JANUARY 1, 1995.

11 SECTION 25. TENTATIVE TAX PAYMENTS REQUIRED UNDER SECTION
12 3003 OF THE ACT ON OR AFTER THE EFFECTIVE DATE OF THE REPEAL OF
13 SECTION 901(3) AND THE AMENDMENTS OF SECTIONS 902 AND 903 SHALL
14 BE COMPUTED BY APPLYING THE CURRENT TAX RATE TO 90% OF THE TAX
15 BASE, EXCLUDING ANNUITY BUSINESS FOR THE FULL IMMEDIATE PRIOR
16 YEAR.

17 SECTION 26. THIS ACT SHALL APPLY AS FOLLOWS:

18 (1) THE AMENDMENT OF SECTION 301(D) OF THE ACT SHALL
19 APPLY TO THE TAX YEAR BEGINNING JANUARY 1, 1995, AND TO EACH
20 TAX YEAR THEREAFTER.

21 (2) THE AMENDMENT OR ADDITION OF SECTIONS 401(3)2(A)(9)
22 AND 4 AND 402, THE DEFINITION OF "CAPITAL STOCK VALUE," THE
23 AMENDMENT OF CLAUSE (1) AND THE ADDITION OF CLAUSE (1.1) IN
24 THE DEFINITION OF "PROCESSING" IN SECTION 601 AND THE
25 AMENDMENT OR ADDITION OF SECTION 1101(A) AND SECTION 3010
26 SHALL APPLY TO THE TAX YEAR BEGINNING JANUARY 1, 1995, AND TO
27 EACH TAX YEAR THEREAFTER.

28 (3) THE REPEAL OF SECTION 1101.2 OF THE ACT SHALL APPLY
29 TO THE TAX YEAR BEGINNING JANUARY 1, 1995, AND TO EACH TAX
30 YEAR THEREAFTER.

1 (4) THE AMENDMENT OR REENACTMENT OF SECTIONS 2107(D),
2 2108(B), 2111(K) AND (M), 2112(D) AND (G), 2113,
3 2116(A)(1.1), 2130 AND 2144(E.1) OF THE ACT SHALL APPLY TO
4 THE ESTATES OF DECEDENTS DYING ON OR AFTER JANUARY 1, 1995,
5 AND TO INTER VIVOS TRANSFERS MADE BY DECEDENTS DYING ON OR
6 AFTER JANUARY 1, 1995, WITHOUT REGARD TO THE DATE OF THE
7 TRANSFER.

8 (5) THE AMENDMENT OF SECTIONS 333, 901(3), 902 AND 903
9 SHALL APPLY TO THE TAX YEAR BEGINNING JANUARY 1, 1996, AND TO
10 EACH TAX YEAR THEREAFTER.

11 SECTION 27. THIS ACT SHALL BE RETROACTIVE AS FOLLOWS:

12 (1) THE ADDITION OF SECTION 204(52) OF THE ACT SHALL BE
13 RETROACTIVE TO AUGUST 4, 1991.

14 (2) THE AMENDMENT OF SECTION 2010(E) OF THE ACT SHALL BE
15 RETROACTIVE TO DECEMBER 31, 1994.

16 SECTION 28. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

17 (1) THE AMENDMENT OR ADDITION OF SECTIONS 201(B)(4),
18 (D)(1) AND (1.1), (I), (M) AND (11), 202(C), 204(5), 1904-
19 A(C) AND 1905-A SHALL TAKE EFFECT JULY 1, 1995, OR
20 IMMEDIATELY, WHICHEVER IS LATER.

21 (2) THE ADDITION OF SECTIONS 2914-A, 2915-A AND 2917-A
22 OF THE ACT SHALL TAKE EFFECT JULY 1, 1996.

23 ~~(2)~~ (3) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT
24 IMMEDIATELY. <—