

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 311

Session of
1979

INTRODUCED BY MESSRS. THOMAS, ANDERSON, LAUGHLIN, HELFRICK,
WILT, YAHNER AND McCLATCHY, FEBRUARY 13, 1979

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES,
AS AMENDED APRIL 23, 1979

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," further defining "dividends," providing for <—
11 taxation as personal income on installment payments of real
12 and personal property and further providing for tax returns.

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

15 ~~Section 1. Clause (f) of section 301, act of March 4, 1971~~ <—
16 ~~(P.L.6, No.2), known as the "Tax Reform Code of 1971," added~~
17 ~~August 31, 1971 (P.L.362, No.93), is amended to read:~~

18 ~~Section 301. Definitions. The following words, terms and~~
19 ~~phrases when used in this article shall have the meaning~~
20 ~~ascribed to them in this section except where the context~~
21 ~~clearly indicates a different meaning. Any reference in this~~
22 ~~article to the Internal Revenue Code shall include the Internal~~

1 ~~Revenue Code of 1954, as amended to the date on which this~~
2 ~~article is effective.~~

3 * * *

4 ~~(f) "Dividends" means any distribution in cash or property~~
5 ~~made by a corporation, association or business trust, (i) out of~~
6 ~~accumulated earnings and profits, or (ii) out of earnings and~~
7 ~~profits of the year in which such dividend is paid, except that~~
8 ~~a stock dividend which is not treated as income for Federal~~
9 ~~income tax purposes shall not be considered as income for~~
10 ~~purposes of this article.~~

11 * * *

12 Section 2 1. The first paragraph of clause (3) of subsection <—
13 (a) of section 303 ~~of the act~~, ACT OF MARCH 4, 1971 (P.L.6, <—
14 NO.2), KNOWN AS THE "TAX REFORM CODE OF 1971," amended June 17,
15 1974 (P.L.325, No.105), is amended to read:

16 Section 303. Classes of Income.--(a) The classes of income
17 referred to above are as follows:

18 * * *

19 (3) Net gains or income from disposition of property. Net
20 gains or net income, less net losses, derived from the sale,
21 exchange or other disposition of property, including real or
22 personal, whether tangible or intangible as determined in
23 accordance with accepted accounting principles and practices.
24 For the purpose of this act, for the determination of the basis
25 of any property, real and personal, if acquired prior to June 1,
26 1971, the date of acquisition shall be adjusted to June 1, 1971
27 as if the property had been acquired on that date. If the
28 property was acquired after June 1, 1971, the actual date of
29 acquisition shall be used in determination of the basis. In the
30 case of installment sales of real or personal property the

1 taxable gain recognized in any year shall be that portion of the
2 total gain that the installment payment in any such year bears
3 to the total sales price to be paid over the entire installment
4 period. The determination of total gains, installment payment
5 and total sales price shall be determined in accordance with
6 accepted accounting principles and practices. The portion of the
7 gain in installment payments received in a tax year commencing
8 after the effective date of this amendatory act is taxable
9 notwithstanding that the sale occurred prior to June 1, 1971
10 unless the tax has been previously paid on the entire gain.

11 * * *

12 Section 3 2. Section 330 of the act, added August 31, 1971
13 (P.L.362, No.93), is amended to read:

14 Section 330. Returns and Liability.--On or before the date
15 when the taxpayer's Federal income tax return is due or would be
16 due if the taxpayer were required to file a Federal income tax
17 return, under the Internal Revenue Code of 1954, a tax return
18 under this article shall be made and filed by or for every
19 taxpayer having income for the taxable year: Provided, That no
20 return shall be required if the taxpayer has no tax due by
21 reason of application of special tax provisions.

22 Section 4 3. This act shall take effect immediately.