
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 6

Session of
1977

INTRODUCED BY A. K. HUTCHINSON AND BRUNNER, JANUARY 19, 1977

REFERRED TO COMMITTEE ON FINANCE, JANUARY 19, 1977

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," adding certain definitions and certain exclusions
11 from taxation.

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

14 Section 1. Clause (c) of section 301, act of March 4, 1971
15 (P.L.6, No.2), known as the "Tax Reform Code of 1971," added
16 August 31, 1971 (P.L.362, No.93), is amended and a clause is
17 added 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
23 Revenue Code of 1954, as amended to the date on which this

1 article is effective.

2 * * *

3 (c) "Business" means an enterprise, activity, profession,
4 vocation, trade, joint venture, commerce or any other
5 undertaking of any nature when engaged in as commercial
6 enterprise and conducted for profit or ordinarily conducted for
7 profit, whether by an individual, partnership, association or
8 other unincorporated entity. The performance of services as an
9 employe and the performance of the functions of a public office
10 shall be considered businesses for purposes of this act.

11 * * *

12 (n.1) "Ordinary and necessary expenses" means unavoidable
13 expenses that are not unique in the course of conduct of a
14 business.

15 * * *

16 Section 2. Clause (2) of subsection (a) of section 303 of
17 the act, added August 31, 1971 (P.L.362, No.93), is amended to
18 read:

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

21 * * *

22 (2) Net profits. The net income from the operation of a
23 business, profession, or other activity, after provision for all
24 costs and expenses incurred in the conduct thereof, determined
25 either on a cash or accrual basis in accordance with accepted
26 accounting principles and practices but without deduction of
27 taxes based on income.

28 In the case of an employe or public officer, only
29 unreimbursed ordinary and necessary expenses incurred directly
30 in the production of income shall be allowed. Such expense may

1 include, but shall not be limited to:

2 (i) Travel, meals and lodging expenses incurred by an
3 employee while away from home in connection with his employment.

4 (ii) Business transportation expenses other than commuting
5 to and from work.

6 (iii) Expenses of soliciting business for the employer away
7 from the employer's place of business.

8 (iv) The cost and upkeep of uniforms and special clothing if
9 such are required as a condition of employment and are not
10 adaptable to general wear.

11 (v) Expenses of moving from one location to another if the
12 move is incidental to the commencement of work in a new
13 location.

14 (vi) Education expenses if necessary to (A) maintain or
15 improve skills required by the individual's employment; or (B)
16 meet express requirements of the employer or the requirements of
17 applicable law or regulations imposed as a condition to an
18 individual's retention of his salary, status or employment.

19 (vii) Expenses of the cost of small tools, equipment and
20 supplies when such are required in the performance of the
21 employees duties but which are not furnished by the employer.

22 (viii) Entertainment expenses when incurred directly in the
23 course of employment for the benefit of the employer.

24 * * *

25 Section 3. This act shall take effect in 60 days.