

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 236

Session of
1977

INTRODUCED BY BRUNNER, GARZIA, ZWIKL, CIANCIULLI, ZEARFOSS,
MOEHLMANN, POTT, MEBUS, SCANLON AND HASKELL, FEBRUARY 9, 1977

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 9, 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," further defining "dividends" and "compensation,"
11 and providing for taxation as personal income on installment
12 payments of real and personal property and further providing
13 for tax returns.

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

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

19 Section 301. Definitions.--The following words, terms and
20 phrases when used in this article shall have the meaning
21 ascribed to them in this section except where the context
22 clearly indicates a different meaning. Any reference in this
23 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. The first paragraph of clause (3) of subsection
13 (a) of section 303 of the act, amended June 17, 1974 (P.L.325,
14 No.105), is amended to read:

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

17 * * *

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

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

10 * * *

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

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

21 Section 4. This act shall take effect immediately and shall
22 be retroactive to January 1, 1977.