THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 3015 Session of 2002

INTRODUCED BY CORNELL, BARD, BUNT, GABIG, GEIST, GEORGE, HERSHEY, HORSEY, JOSEPHS, LAUGHLIN, S. MILLER, MUNDY, SAYLOR, R. STEVENSON, E. Z. TAYLOR, THOMAS AND YOUNGBLOOD, NOVEMBER 27, 2002

REFERRED TO COMMITTEE ON FINANCE, NOVEMBER 27, 2002

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 providing for classes of income.

11   The General Assembly of the Commonwealth of Pennsylvania

12 hereby enacts as follows:

13   Section 1. Section 303(a)(2) of the act of March 4, 1971

14 (P.L.6, No.2), known as the Tax Reform Code of 1971, is amended

15 to read:

16   Section 303. Classes of Income.--(a) The classes of income

17 referred to above are as follows:

18   * * *

19   (2) Net profits. The net income from the operation of a

20 business, profession, or other activity, after provision for all

21 costs and expenses incurred in the conduct thereof, determined

1 either on a cash or accrual basis in accordance with accepted

2 accounting principles and practices but without deduction of

3 taxes based on income. A self-employed taxpayer may exclude one-

4 half of self-employment taxes to the extent allowable under

5 section 164(f) of the Internal Revenue Code 1986 (Public Law 99-

6 514, 26 U.S.C. § 164(f)).

7   * * *

8   Section 2. The amendment of section 303(a)(2) of the act

9 shall apply to taxable years beginning after December 31, 2001.

10   Section 3. This act shall take effect immediately.