

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 30 Session of 2015

INTRODUCED BY GREENLEAF, BREWSTER, TEPLITZ, VOGEL, SCHWANK,
COSTA, VULAKOVICH, BOSCOLA, FOLMER, STEFANO AND RAFFERTY,
JANUARY 14, 2015

REFERRED TO FINANCE, JANUARY 14, 2015

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," in personal income tax, further providing for
11 classes of income.

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

14 Section 1. Section 303(a)(2) of the act of March 4, 1971
15 (P.L.6, No.2), known as the Tax Reform Code of 1971, amended
16 July 9, 2013 (P.L.270, No.52), is amended to read:

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

19 * * *

20 (2) Net profits. The net income from the operation of a
21 business, profession, or other activity, after provision for all
22 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. For purposes of calculating net income
4 under this paragraph, to the extent a taxpayer properly deducts
5 an amount under section 195(b)(1)(A) of the Internal Revenue
6 Code of 1986 (26 U.S.C. § 195(b)(1)(A)), as amended, and the
7 regulations promulgated under section 195(b)(1)(A) of the
8 Internal Revenue Code of 1986, the taxpayer shall be permitted a
9 deduction in equal amount in the same taxable year. A self-
10 employed taxpayer may exclude one-half of self-employment taxes
11 to the extent allowable under section 164(f) of the Internal
12 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 164(f)).

13 * * *

14 Section 2. The amendment of section 303(a)(2) of the act
15 shall apply to taxable years beginning after December 31, 2014.

16 Section 3. This act shall take effect immediately.