

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 815 Session of 2023

INTRODUCED BY BAKER, PHILLIPS-HILL, STEFANO, DUSH AND BREWSTER,  
JUNE 19, 2023

REFERRED TO JUDICIARY, JUNE 19, 2023

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 imposition of tax and for taxability of estates, trusts and  
12 their beneficiaries.

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

15 Section 1. Sections 302 and 305 of the act of March 4, 1971  
16 (P.L.6, No.2), known as the Tax Reform Code of 1971, are amended  
17 to read:

18 Section 302. Imposition of Tax.--(a) [Every] Except as  
19 provided in subsection (c), every resident individual, estate or  
20 trust shall be subject to, and shall pay for the privilege of  
21 receiving each of the classes of income hereinafter enumerated  
22 in section 303, a tax upon each dollar of income received by  
23 that resident during that resident's taxable year at the rate of

1 three and seven hundredths per cent.

2 (b) ~~[Every]~~ Except as provided in subsection (c), every  
3 nonresident individual, estate or trust shall be subject to, and  
4 shall pay for the privilege of receiving each of the classes of  
5 income hereinafter enumerated in section 303 from sources within  
6 this Commonwealth, a tax upon each dollar of income received by  
7 that nonresident during that nonresident's taxable year at the  
8 rate of three and seven hundredths per cent.

9 (c) The classes of income under section 303 received by a  
10 resident trust, and the classes of income received by a  
11 nonresident trust from sources within this Commonwealth, shall  
12 be taxable to the grantor of the trust or another person to the  
13 extent the grantor or other person is treated as the owner of  
14 the trust under sections 671, 672, 673, 674, 675, 676, 677, 678  
15 and 679 of the Internal Revenue Code of 1986 (Public Law 99-514,  
16 26 U.S.C. § 1 et seq.), as amended, whether or not such income  
17 is distributed or distributable to the beneficiaries of the  
18 trust or accumulated.

19 Section 305. Taxability of Estates, Trusts and Their  
20 Beneficiaries.--~~[The]~~ (a) Except as provided in subsection (b),  
21 the income of a beneficiary of an estate or trust in respect of  
22 such estate or trust shall consist of that part of the income or  
23 gains received by the estate or trust for its taxable year  
24 ending within or with the beneficiary's taxable year which,  
25 under the governing instrument and applicable State law, is  
26 required to be distributed currently or is in fact paid or  
27 credited to said beneficiary. The income or gains of the estate  
28 or trust, if any, taxable to such estate or trust shall consist  
29 of the income or gains received by it which has not been  
30 distributed or credited to its beneficiaries.

1     (b) Subsection (a) shall not apply to the extent the grantor  
2     or another person is taxable on the income of the trust under  
3     section 302(c).

4     Section 2. The amendment of sections 302 and 305 of the act  
5     shall apply to tax years beginning on or after January 1  
6     following the effective date of this section.

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