

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 314

Session of
1975

INTRODUCED BY MESSRS. THOMAS, SHELHAMER, WEIDNER, YAHNER, W. W.
WILT, PETRARCA, DeVERTER AND ANDERSON, FEBRUARY 5, 1975

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
MARCH 19, 1975

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 providing for <—
11 taxation as personal income on installment payments of real
12 and personal property AND FURTHER PROVIDING FOR TAX RETURNS. <—

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

15 Section 1. ~~The first paragraph of clause (3) of subsection~~ <—
16 ~~(a) of section 303~~ CLAUSE (F) OF SECTION 301, act of March 4, <—
17 1971 (P.L.6, No.2), known as the "Tax Reform Code of 1971,"
18 added August 31, 1971 (P.L.362, No.93), ~~and amended June 17,~~ <—
19 ~~1974 (No.105),~~ is amended to read:

20 SECTION 301. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND <—
21 PHRASES WHEN USED IN THIS ARTICLE SHALL HAVE THE MEANING
22 ASCRIBED TO THEM IN THIS SECTION EXCEPT WHERE THE CONTEXT

1 CLEARLY INDICATES A DIFFERENT MEANING. ANY REFERENCE IN THIS
2 ARTICLE TO THE INTERNAL REVENUE CODE SHALL INCLUDE THE INTERNAL
3 REVENUE CODE OF 1954, AS AMENDED TO THE DATE ON WHICH THIS
4 ARTICLE IS EFFECTIVE.

5 * * *

6 (F) "DIVIDENDS" MEANS ANY DISTRIBUTION IN CASH OR PROPERTY
7 MADE BY A CORPORATION, ASSOCIATION OR BUSINESS TRUST, (I) OUT OF
8 ACCUMULATED EARNINGS AND PROFITS, OR (II) OUT OF EARNINGS AND
9 PROFITS OF THE YEAR IN WHICH SUCH DIVIDEND IS PAID, EXCEPT THAT
10 A STOCK DIVIDEND WHICH IS NOT TREATED AS INCOME FOR FEDERAL
11 INCOME TAX PURPOSES SHALL NOT BE CONSIDERED AS INCOME FOR
12 PURPOSES OF THIS ARTICLE.

13 * * *

14 SECTION 2. THE FIRST PARAGRAPH OF CLAUSE (3) OF SUBSECTION
15 (A) OF SECTION 303 OF THE ACT, AMENDED JUNE 17, 1974 (NO.105),
16 IS AMENDED TO READ:

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

19 * * *

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

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

12 * * *

13 SECTION 3. SECTION 330 OF THE ACT, ADDED AUGUST 31, 1971 <—
14 (P.L.362, NO.93), IS AMENDED TO READ:

15 SECTION 330. RETURNS AND LIABILITY.--ON OR BEFORE THE DATE
16 WHEN THE TAXPAYER'S FEDERAL INCOME TAX RETURN IS DUE OR WOULD BE
17 DUE IF THE TAXPAYER WERE REQUIRED TO FILE A FEDERAL INCOME TAX
18 RETURN, UNDER THE INTERNAL REVENUE CODE OF 1954, A TAX RETURN
19 UNDER THIS ARTICLE SHALL BE MADE AND FILED BY OR FOR EVERY
20 TAXPAYER HAVING INCOME FOR THE TAXABLE YEAR: PROVIDED, THAT NO
21 RETURN SHALL BE REQUIRED IF THE TAXPAYER HAS NO TAX DUE BY
22 REASON OF APPLICATION OF SPECIAL TAX PROVISIONS.

23 Section 2 4. This act shall take effect immediately. <—