

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 1055 Session of
1977

INTRODUCED BY REED, CIMINI, GRIECO, HAMILTON, GIAMMARCO, BROWN,
ZWIKL, WISE, BORSKI AND JONES, APRIL 27, 1977

REFERRED TO COMMITTEE ON FINANCE, APRIL 27, 1977

AN ACT

1 Amending the act of March 16, 1970 (P.L.180, No.69), entitled
2 "An act relating to State taxation; changing the manner in
3 which tentative and annual taxes are to be paid; providing a
4 penalty in certain cases; and making a repealer," providing
5 for a revision in the method of reporting, additional tax and
6 interest, the underpayment of annual and quarterly taxes, the
7 removal of additional tax for understatement, and for
8 quarterly reporting and payment of the tentative corporate
9 net income tax and corporation income tax.

10 The General Assembly of the Commonwealth of Pennsylvania
11 hereby enacts as follows:

12 Section 1. Section 1, act of March 16, 1970 (P.L.180,
13 No.69), entitled "An act relating to State taxation; changing
14 the manner in which tentative and annual taxes are to be paid;
15 providing a penalty in certain cases; and making a repealer,"
16 amended November 12, 1971 (P.L.541, No.142), is amended to read:

17 Section 1. (a) Notwithstanding the provisions of any State
18 tax law to the contrary which requires taxpayers to make payment
19 of tentative tax, including but not limited to the capital stock
20 and franchise tax, corporate net income and corporation income
21 tax, gross receipts tax on public service companies,

1 transportation by motor vehicles and trackless trolleys, other
2 than motor vehicles for hire, insurance premiums tax, mutual
3 thrift institutions tax, net earnings tax, or other similar tax
4 law requiring payment of tentative tax, such taxpayers,
5 commencing with the calendar year 1970 and fiscal years
6 beginning during the calendar year 1970 and each taxable year
7 thereafter, on or before the thirtieth day of April for calendar
8 year taxpayers, and on or before the end of the fourth month
9 after the close of its previous fiscal year for fiscal year
10 taxpayers, shall report annually and pay on account of the tax
11 due for the current year not less than ninety per cent of the
12 amount of said tax; the said amount to be computed by applying
13 the current tax rate to ninety per cent of such tax base from
14 the [immediate prior year] last filed annual tax report as may
15 be applicable with respect to the tax being reported: Provided,
16 however, That with respect to the taxes imposed by Articles IV,
17 V, IX, and XI of the act of March 4, 1971 (P.L.6, No.2), known
18 as the "Tax Reform Code of 1971" and "The Mutual Thrift
19 Institutions Tax Act," of June 22, 1964 (P.L.16, No.2), said
20 payment may at the taxpayer's election be computed by applying
21 the current tax rate to ninety per cent of the taxable income,
22 taxable gross premiums, taxable gross receipts, or taxable net
23 earnings, as the case may be, received or accrued by the
24 taxpayer during the first three months of the current calendar
25 or fiscal year period annualized, which amount resulting from
26 said annualization shall not be less than ninety per cent of the
27 tax [basis] base as is actually reported in the annual report
28 for the current calendar or fiscal year: And, provided further,
29 That with respect to the corporate net income tax imposed by
30 Article IV and the corporation income tax imposed by Article V,

act of March 4, 1971 (P.L.6, No.2), a corporation may, at its election, report and pay on account of the tax due for the current taxable year a tax computed by applying the current tax rate to one hundred per cent of the tentative tax base as reported in the last filed annual tax report or as computed by annualization of the taxable income received or accrued by the taxpayer during the first three months of the current calendar or fiscal year, on a quarterly basis on or before the last day of the month following each quarter, in accordance with the following schedule:

<u>Year in Which</u>	<u>Quarterly Reports and Payments</u>			
<u>Taxable Year Begins</u>	<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>
	<u>Quarter</u>	<u>Quarter</u>	<u>Quarter</u>	<u>Quarter</u>
<u>1978</u>	<u>70%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>
<u>1979</u>	<u>55%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
<u>1980</u>	<u>40%</u>	<u>20%</u>	<u>20%</u>	<u>20%</u>
<u>1981</u>				
<u>and thereafter</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>

The remaining portion of the tax due, if any, shall be paid upon the date the taxpayer's annual tax report is required to be made under the applicable tax statute.

(b) Should it subsequently be determined that the amount of the [tentative tax was understated by more than five per cent,] annual or any quarterly tentative tax payment due, was underpaid, there shall be added to the tax determined to be due an additional ten per cent of the [understatement] underpayment and said [percentage addition to the understatement] additional amount shall be deemed an additional tax and shall bear interest from the date the payment of the annual or quarterly tentative tax was due. Failure to remit the annual or quarterly tentative

1 tax payments on or before the due dates prescribed in this act
2 shall result in the assessment of interest and additions, if
3 any, in the same manner as prescribed by law.

4 Section 2. This act shall take effect for tax period
5 beginning January 1, 1978 and thereafter, except that the
6 provisions relating to quarterly tentative tax reporting and
7 payments shall take effect for tax periods beginning January 1,
8 1979 and thereafter.