

THE GENERAL ASSEMBLY OF PENNSYLVANIA

**HOUSE BILL**  
**No. 1086** Session of  
1977

INTRODUCED BY BRUNNER, MANDERINO, PRENDERGAST, A. K. HUTCHINSON,  
MEBUS, ANDERSON AND DORR, MAY 2, 1977

REFERRED TO COMMITTEE ON FINANCE, MAY 2, 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," further  
5 providing for a revision in the method of reporting, for  
6 additional tax and interest, for the underpayment of annual  
7 and quarterly taxes, for removing additional tax for  
8 understatement, and for the reporting and payment of the  
9 tentative corporate net income tax and corporation income tax  
10 in installments.

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

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

18 Section 1. (a) Notwithstanding the provisions of any State  
19 tax law to the contrary which requires taxpayers to make payment  
20 of tentative tax, including but not limited to the capital stock  
21 and franchise tax, corporate net income and corporation income  
22 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] fifteenth day of April  
8 for calendar year taxpayers, and on or before the [end]  
9 fifteenth day of the fourth month after the close of its  
10 previous fiscal year for fiscal year taxpayers, shall report  
11 annually and pay on account of the tax due for the current year  
12 not less than [ninety per cent of the amount of said tax; the  
13 said] an amount to be computed by applying the current tax rate  
14 to ninety per cent of such tax base from the [immediate prior  
15 year] last filed annual tax report as may be applicable with  
16 respect to the tax being reported: Provided, however, That with  
17 respect to the taxes imposed by Articles, IV, V, IX, and XI of  
18 the act of March 4, 1971 (P.L.6, No.2), known as the "Tax Reform  
19 Code of 1971" and "The Mutual Thrift Institutions Tax Act," of  
20 June 22, 1964 (P.L.16, No.2), said payment may at the taxpayer's  
21 election be [computed by applying the current tax rate to ninety  
22 per cent of the taxable income, taxable gross premiums, taxable  
23 gross receipts, or taxable net earnings, as the case may be,  
24 received or accrued by the taxpayer during the first three  
25 months of the current calendar or fiscal year period annualized,  
26 which amount resulting from said annualization] an amount  
27 estimated by the taxpayer which estimated amount shall not be  
28 less than ninety per cent of the tax [basis] as is [actually]  
29 finally reported in the annual tax report for the current  
30 calendar or fiscal year: And, provided further, That with

1 respect to the corporate net income tax imposed by Article IV  
2 and the corporation income tax imposed by Article V, act of  
3 March 4, 1971 (P.L.6, No.2), a corporation may, at its election,  
4 report and pay in installments on account of the tax due for the  
5 current taxable year an amount computed either by applying the  
6 current tax rate to ninety per cent of the tax base as reported  
7 in the last filed annual tax report or as computed on the basis  
8 estimated by the taxpayer to be due for the current year which  
9 estimated amount shall not be less than ninety per cent of the  
10 tax as is finally reported in the annual tax report for the  
11 current year. The installments shall be paid in accordance with  
12 the following schedule:

	<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>
<u>Year In</u>	<u>Due on the 15th day of the following months after</u>			
<u>Which Tax</u>	<u>close of previous tax year:</u>			
<u>Year Begins</u>	<u>4th month</u>	<u>6th month</u>	<u>9th month</u>	<u>12th month</u>
<u>1978</u>	<u>50%</u>	<u>50%</u>	<u>0%</u>	<u>0%</u>
<u>1979</u>	<u>40%</u>	<u>50%</u>	<u>10%</u>	<u>0%</u>
<u>1980</u>	<u>40%</u>	<u>40%</u>	<u>20%</u>	<u>0%</u>
<u>1981</u>	<u>40%</u>	<u>30%</u>	<u>25%</u>	<u>5%</u>
<u>1982</u>	<u>30%</u>	<u>30%</u>	<u>25%</u>	<u>15%</u>
<u>1983 and</u>				
<u>thereafter</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>

24 The remaining portion of the tax due, if any, shall be paid  
25 upon the date the taxpayer's annual report is required to be  
26 [made] filed under the applicable tax statute, determined  
27 without reference to any extension of time for filing such  
28 report.

29 (b) Should it subsequently be determined that the amount of  
30 the annual or any installment payment of tentative tax due was

1 [understated by more than five per cent] underpaid, there shall  
2 be [added to the tax determined to be due] imposed an additional  
3 tax of ten per cent of the [understatement] underpayment and  
4 said [percentage addition to the understatement shall be deemed  
5 an additional tax and] tax shall bear interest from the date the  
6 annual or any installment payment of tentative tax was due.  
7 Failure to remit the annual or any installment of tentative tax  
8 payments on or before the due dates prescribed in this act shall  
9 result in the assessment of interest and additions, if any, in  
10 the same manner as prescribed by law.

11 Section 2. This act shall take effect immediately and shall  
12 apply to tentative tax reports and payments for the calendar  
13 year 1978 and fiscal years beginning in 1978 and thereafter.