

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 356 Session of
1997

INTRODUCED BY REBER, B. SMITH, STERN, PRESTON, TIGUE AND
E. Z. TAYLOR, FEBRUARY 10, 1997

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 10, 1997

AN ACT

1 Amending the act of December 31, 1965 (P.L.1257, No.511),
2 entitled "An act empowering cities of the second class,
3 cities of the second class A, cities of the third class,
4 boroughs, towns, townships of the first class, townships of
5 the second class, school districts of the second class,
6 school districts of the third class and school districts of
7 the fourth class including independent school districts, to
8 levy, assess, collect or to provide for the levying,
9 assessment and collection of certain taxes subject to maximum
10 limitations for general revenue purposes; authorizing the
11 establishment of bureaus and the appointment and compensation
12 of officers, agencies and employes to assess and collect such
13 taxes; providing for joint collection of certain taxes,
14 prescribing certain definitions and other provisions for
15 taxes levied and assessed upon earned income, providing for
16 annual audits and for collection of delinquent taxes, and
17 permitting and requiring penalties to be imposed and
18 enforced, including penalties for disclosure of confidential
19 information, providing an appeal from the ordinance or
20 resolution levying such taxes to the court of quarter
21 sessions and to the Supreme Court and Superior Court,"
22 further providing for restrictions on taxing powers, for the
23 occupational privilege tax, for limitations on the rates of
24 certain taxes, for the earned income tax and for suits for
25 collection of taxes; and providing for a municipal services
26 tax.

27 The General Assembly of the Commonwealth of Pennsylvania
28 hereby enacts as follows:

29 Section 1. Section 2 of the act of December 31, 1965

1 (P.L.1257, No.511), known as The Local Tax Enabling Act, amended
2 October 11, 1984 (P.L.885, No.172) and July 9, 1987 (P.L.203,
3 No.30), is amended to read:

4 Section 2. Delegation of Taxing Powers and Restrictions
5 Thereon.--The duly constituted authorities of the following
6 political subdivisions, cities of the second class, cities of
7 the second class A, cities of the third class, boroughs, towns,
8 townships of the first class, townships of the second class,
9 school districts of the second class, school districts of the
10 third class, and school districts of the fourth class, in all
11 cases including independent school districts, may, in their
12 discretion, by ordinance or resolution, for general revenue
13 purposes, levy, assess and collect or provide for the levying,
14 assessment and collection of such taxes as they shall determine
15 on persons, transactions, occupations, privileges, subjects and
16 personal property within the limits of such political
17 subdivisions, and upon the transfer of real property, or of any
18 interest in real property, situate within the political
19 subdivision levying and assessing the tax, regardless of where
20 the instruments making the transfers are made, executed or
21 delivered or where the actual settlements on such transfer take
22 place. The taxing authority may provide that the transferee
23 shall remain liable for any unpaid realty transfer taxes imposed
24 by virtue of this act. Each local taxing authority may, by
25 ordinance or resolution, exempt any person whose total income
26 from all sources is less than five thousand dollars (\$5,000) per
27 annum from the per capita or similar head tax, occupation tax
28 and [occupational privilege] municipal services tax, or earned
29 income tax, or any portion thereof, and may adopt regulations
30 for the processing of claims for exemptions. Such local

1 authorities shall not have authority by virtue of this act:

2 (1) To levy, assess and collect or provide for the levying,
3 assessment and collection of any tax on the transfer of real
4 property when the transfer is by will or mortgage or the
5 intestate laws of this Commonwealth or on a transfer by the
6 owner of previously occupied residential premises to a builder
7 of new residential premises when such previously occupied
8 residential premises is taken in trade by such builder as part
9 of the consideration from the purchaser of a new previously
10 unoccupied single family residential premises or on a transfer
11 between corporations operating housing projects pursuant to the
12 housing and redevelopment assistance law and the shareholders
13 thereof, or on a transfer between nonprofit industrial
14 development agencies and industrial corporations purchasing from
15 them, or on transfer to or from nonprofit industrial development
16 agencies, or on a transfer between husband and wife, or on a
17 transfer between persons who were previously husband and wife
18 but who have since been divorced; provided such transfer is made
19 within three months of the date of the granting of the final
20 decree in divorce, or the decree of equitable distribution of
21 marital property, whichever is later, and the property or
22 interest therein, subject to such transfer, was acquired by the
23 husband and wife, or husband or wife, prior to the granting of
24 the final decree in divorce, or on a transfer between parent and
25 child or the spouse of such a child, or between parent and
26 trustee for the benefit of a child or the spouse of such child,
27 or on a transfer between a grandparent and grandchild or the
28 spouse of such grandchild, or on a transfer between brother and
29 sister or brother and brother or sister and sister or the spouse
30 of such brother or sister, or on a transfer to a conservancy

1 which possesses a tax-exempt status pursuant to section
2 501(c)(3) of the Internal Revenue Code, and which has as its
3 primary purpose the preservation of land for historic,
4 recreational, scenic, agricultural or open space opportunities,
5 by and between a principal and straw party for the purpose of
6 placing a mortgage or ground rent upon the premises, or on a
7 correctional deed without consideration, or on a transfer to the
8 United States, the Commonwealth of Pennsylvania, or to any of
9 their instrumentalities, agencies or political subdivisions, by
10 gift, dedication or deed in lieu of condemnation, or deed of
11 confirmation in connection with condemnation proceedings, or
12 reconveyance by the condemning body of the property condemned to
13 the owner of record at the time of condemnation which
14 reconveyance may include property line adjustments provided said
15 reconveyance is made within one year from the date of
16 condemnation, leases, or on a conveyance to a trustee under a
17 recorded trust agreement for the express purpose of holding
18 title in trust as security for a debt contracted at the time of
19 the conveyance under which the trustee is not the lender and
20 requiring the trustee to make reconveyance to the grantor-
21 borrower upon the repayment of the debt, or a transfer within a
22 family from a sole proprietor family member to a family farm
23 corporation, or in any sheriff sale instituted by a mortgagee in
24 which the purchaser of said sheriff sale is the mortgagee who
25 instituted said sale, or on a privilege, transaction, subject,
26 occupation or personal property which is now or does hereafter
27 become subject to a State tax or license fee[;].

28 (2) To levy, assess or collect a tax on the gross receipts
29 from utility service of any person or company whose rates and
30 services are fixed and regulated by the Pennsylvania Public

1 Utility Commission or on any public utility services rendered by
2 any such person or company or on any privilege or transaction
3 involving the rendering of any such public utility service[;].

4 (3) Except on sales of admission to places of amusement or
5 on sales or other transfers of title or possession of property,
6 to levy, assess or collect a tax on the privilege of employing
7 such tangible property as is now or does hereafter become
8 subject to a State tax; and for the purposes of this clause,
9 real property rented for camping purposes shall not be
10 considered a place of amusement.

11 (4) To levy, assess and collect a tax on goods and articles
12 manufactured in such political subdivision or on the by-products
13 of manufacture, or on minerals, timber, natural resources and
14 farm products produced in such political subdivision or on the
15 preparation or processing thereof for use or market, or on any
16 privilege, act or transaction related to the business of
17 manufacturing, the production, preparation or processing of
18 minerals, timber and natural resources, or farm products, by
19 manufacturers, by producers and by farmers with respect to the
20 goods, articles and products of their own manufacture,
21 production or growth, or on any privilege, act or transaction
22 relating to the business of processing by-products of
23 manufacture, or on the transportation, loading, unloading or
24 dumping or storage of such goods, articles, products or by-
25 products; except that local authorities may levy, assess and
26 collect taxes on the occupation, [occupational privilege,] on
27 municipal services, on per capita and earned income or net
28 profits of natural persons engaged in the above activities
29 whether doing business as individual proprietorship or as
30 members of partnerships or other associations[;].

1 [(5) To levy, assess or collect a tax on salaries, wages,
2 commissions, compensation and earned income of nonresidents of
3 the political subdivisions: Provided, That this limitation (5)
4 shall apply only to school districts of the second, third and
5 fourth classes;

6 (6)] (5) To levy, assess or collect a tax on personal
7 property subject to taxation by counties or on personal property
8 owned by persons, associations and corporations specifically
9 exempted by law from taxation under the county personal property
10 tax law: Provided, That this limitation [(6)] (5) shall not
11 apply to cities of the second class[;].

12 [(7)] (6) To levy, assess or collect a tax on membership in
13 or membership dues, fees or assessment of charitable, religious,
14 beneficial or nonprofit organizations including but not limited
15 to sportsmens, recreational, golf and tennis clubs, girl and boy
16 scout troops and councils[;].

17 [(8)] (7) To levy, assess or collect any tax on a mobilehome
18 or house trailer subject to a real property tax unless the same
19 tax is levied, assessed and collected on other real property in
20 the political subdivision.

21 [(9)] (8) To levy, assess or collect any tax on individuals
22 for [the privilege of engaging in an occupation (occupational
23 privilege tax)] providing municipal services except that such a
24 tax may be levied, assessed and collected only by the political
25 subdivision of the taxpayer's place of employment.

26 Payment of any [occupational privilege] municipal services
27 tax to any political subdivision by any person pursuant to an
28 ordinance or resolution passed or adopted under the authority of
29 this act shall be limited to [ten dollars (\$10)] twenty-five
30 dollars (\$25) on each person for each calendar year.

1 The situs of such tax shall be the place of employment, but,
2 in the event a person is engaged in more than one occupation, or
3 an occupation which requires his working in more than one
4 political subdivision during the calendar year, the priority of
5 claim to collect such [occupational privilege] municipal
6 services tax shall be in the following order: first, the
7 political subdivision in which a person maintains his principal
8 office or is principally employed; second, the political
9 subdivision in which the person resides and works, if such a tax
10 is levied by that political subdivision; third, the political
11 subdivision in which a person is employed and which imposes the
12 tax nearest in miles to the person's home. The place of
13 employment shall be determined as of the day the taxpayer first
14 becomes subject to the tax during the calendar year.

15 It is the intent of this provision that no person shall pay
16 more than [ten dollars (\$10)] twenty-five dollars (\$25) in any
17 calendar year as [an occupational privilege] a municipal
18 services tax irrespective of the number of political
19 subdivisions within which such person may be employed within any
20 given calendar year.

21 In case of dispute, a tax receipt of the taxing authority for
22 that calendar year declaring that the taxpayer has made prior
23 payment which constitutes prima facie certification of payment
24 to all other political subdivisions.

25 [(10)] (9) To levy, assess or collect a tax on admissions to
26 motion picture theatres: Provided, That this limitation [(10)]
27 (9) shall not apply to cities of the second class.

28 [(11)] (10) To levy, assess or collect a tax on the
29 construction of or improvement to residential dwellings or upon
30 the application for or issuance of permits for the construction

1 of or improvements to residential dwellings.

2 [(12)] (11) To levy, assess and collect a mercantile or
3 business privilege tax on gross receipts or part thereof which
4 are: (i) discounts allowed to purchasers as cash discounts for
5 prompt payment of their bills; (ii) charges advanced by a seller
6 for freight, delivery or other transportation for the purchaser
7 in accordance with the terms of a contract of sale; (iii)
8 received upon the sale of an article of personal property which
9 was acquired by the seller as a trade-in to the extent that the
10 gross receipts in the sale of the article taken in trade does
11 not exceed the amount of trade-in allowance made in acquiring
12 such article; (iv) refunds, credits or allowances given to a
13 purchaser on account of defects in goods sold or merchandise
14 returned; (v) Pennsylvania sales tax; (vi) based on the value of
15 exchanges or transfers between one seller and another seller who
16 transfers property with the understanding that property of an
17 identical description will be returned at a subsequent date;
18 however, when sellers engaged in similar lines of business
19 exchange property and one of them makes payment to the other in
20 addition to the property exchanged, the additional payment
21 received may be included in the gross receipts of the seller
22 receiving such additional cash payments; (vii) of sellers from
23 sales to other sellers in the same line where the seller
24 transfers the title or possession at the same price for which
25 the seller acquired the merchandise; or (viii) transfers between
26 one department, branch or division of a corporation or other
27 business entity of goods, wares and merchandise to another
28 department, branch or division of the same corporation or
29 business entity and which are recorded on the books to reflect
30 such interdepartmental transactions.

1 [(13)] (12) To levy, assess or collect an amusement or
2 admissions tax on membership, membership dues, fees or
3 assessments, donations, contributions or monetary charges of any
4 character whatsoever paid by the general public, or a limited or
5 selected number thereof, for such persons to enter into any
6 place, indoors or outdoors, to engage in any activities, the
7 predominant purpose or nature of which is exercise, fitness,
8 health maintenance, improvement or rehabilitation, health or
9 nutrition education, or weight control.

10 Section 2. Section 8(3) and (8) of the act, amended October
11 11, 1984 (P.L.885, No.172), are amended to read:

12 Section 8. Limitations on Rates of Specific Taxes.--No taxes
13 levied under the provisions of this act shall be levied by any
14 political subdivision on the following subjects exceeding the
15 rates specified in this section:

16 * * *

17 (3) On wages, salaries, commissions and other earned income
18 of individuals, [one percent.] one and one-half percent when the
19 tax is levied by a school district and three-quarters of one
20 percent when the tax is levied by a municipality. The combined
21 rate of the municipality and school district shall not exceed
22 two and one-quarter percent.

23 * * *

24 (8) [Occupational privilege taxes, ten dollars (\$10).]
25 Municipal services taxes, twenty-five dollars (\$25).

26 * * *

27 Section 3. Section 9 of the act, amended December 12, 1968
28 (P.L.1203, No.377), is amended to read:

29 Section 9. Register for Earned Income and [Occupational
30 Privilege] Municipal Services Taxes.--It shall be the duty of

1 the Department of Community Affairs to have available an
2 official continuing register supplemented annually of all earned
3 income and [occupational privilege] municipal services taxes
4 levied under authority of this act. The register and its
5 supplements, hereinafter referred to as the register, shall list
6 such jurisdictions levying earned income and/or [occupational
7 privilege] municipal services taxes, the rate of the tax as
8 stated in the tax levying ordinance or resolution, and the
9 effective rate on resident and nonresident taxpayers, if
10 different from the stated rate because of a coterminous levy,
11 the name and address of the officer responsible for
12 administering the collection of the tax and from whom
13 information, forms for reporting and copies of rules and
14 regulations are available. With each jurisdiction listed, all
15 jurisdictions making coterminous levies shall also be noted and
16 their tax rates shown.

17 Information for the register shall be furnished by the
18 secretary of each taxing body to the Department of Community
19 Affairs in such manner and on such forms as the Department of
20 Community Affairs may prescribe. The information must be
21 received by the Department of Community Affairs by certified
22 mail not later than May 31 of each year to show new tax
23 enactments, repeals and changes. Failure to comply with this
24 date for filing may result in the omission of the levy from the
25 register for that year. Failure of the Department of Community
26 Affairs to receive information of taxes continued without change
27 may be construed by the department to mean that the information
28 contained in the previous register remains in force.

29 The Department of Community Affairs shall have the register
30 with such annual supplements as may be required by new tax

1 enactments, repeals or changes available upon request not later
2 than July 1 of each year. The effective period for each register
3 shall be from July 1 of the year in which it is issued to June
4 30 of the following year.

5 Employers shall not be required by any local ordinance to
6 withhold from the wages, salaries, commissions or other
7 compensation of their employees any tax imposed under the
8 provisions of this act, which is not listed in the register, or
9 make reports of wages, salaries, commissions or other
10 compensation in connection with taxes not so listed: Provided,
11 That if the register is not available by July 1, the register of
12 the previous year shall continue temporarily in effect for an
13 additional period not to exceed one year. The provisions of this
14 section shall not affect the liability of any taxpayer for taxes
15 lawfully imposed under this act.

16 Ordinances or resolutions imposing earned income or
17 [occupational privilege] municipal services taxes under
18 authority of this act may contain provisions requiring employers
19 doing business within the jurisdiction of the political
20 subdivision imposing the tax to withhold the tax from the
21 compensation of those of their employees who are subject to the
22 tax: Provided, That no employer shall be held liable for failure
23 to withhold earned income taxes or for the payment of such
24 withheld tax money to a political subdivision other than the
25 political subdivision entitled to receive such money if such
26 failure to withhold or such incorrect transmittal of withheld
27 taxes arises from incorrect information as to the employee's
28 place of residence submitted by the employee: And provided
29 further, That employers shall not be required by any local
30 ordinance to withhold from compensation for any one of their

1 employees for the [occupational privilege] municipal services tax
2 more than one time in any fiscal period: And provided further,
3 That the [occupational privilege] municipal services tax shall
4 be applicable to employment in the period beginning January 1,
5 of the current year and ending December 31 of the current year,
6 except that taxes imposed for the first time shall become
7 effective from the date specified in the ordinance or
8 resolution, and the tax shall continue in force on a calendar
9 year basis.

10 Section 4. Division I of section 13 of the act is amended by
11 adding definitions and Subdivision B of Division III,
12 subsections (a) and (b) of Division IV and Division VII of
13 section 13 of the act are amended to read:

14 Section 13. Earned Income Taxes.--On and after the effective
15 date of this act the remaining provisions of this section shall
16 be included in or construed to be a part of each tax levied and
17 assessed upon earned income by any political subdivision levying
18 and assessing such tax pursuant to this act. The definitions
19 contained in this section shall be exclusive for any tax upon
20 earned income and net profits levied and assessed pursuant to
21 this act, and shall not be altered or changed by any political
22 subdivision levying and assessing such tax.

23 I. Definitions

24 * * *

25 "Municipality." A city of the second class, city of the
26 second class A, city of the third class, borough, incorporated
27 town, township of the first class, township of the second class,
28 home rule municipality, optional plan municipality, optional
29 form municipality or similar general purpose unit of government
30 which may hereafter be created by statute, except a city of the

1 first class.

2 * * *

3 "School district." A school district of the second class,
4 third class or fourth class, including any independent school
5 district.

6 * * *

7 III. Declaration and Payment of Tax

8 * * *

9 B. Earned Income.

10 Annual Earned Income Tax Return.

11 At the election of the governing body every taxpayer shall,
12 on or before April 15, of the succeeding year, make and file
13 with the officer on a form prescribed or approved by the officer
14 a final return showing the amount of earned income received
15 during the period beginning January 1, of the current year, and
16 ending December 31, of the current year, the total amount of tax
17 due thereon, the amount of tax paid thereon, the amount of tax
18 thereon that has been withheld pursuant to the provisions
19 relating to the collection at source and the balance of tax due.
20 At the time of filing the final return, the taxpayer shall pay
21 the balance of the tax due or shall make demand for refund or
22 credit in the case of overpayment. On or before December 31 of
23 each year, every taxpayer shall provide each of his employers
24 with the following information on a form provided by the
25 employers: name, current address and name of municipality and
26 school district. Each employer shall require the identical
27 information from each new employe at the time of initial
28 employment.

29 Earned Income Not Subject to Withholding.

30 Every taxpayer who is employed for a salary, wage,

1 commission, or other compensation and who received any earned
2 income not subject to the provisions relating to collection at
3 source, shall as the governing body elects:

4 (1) Make and file with the officer on a form prescribed or
5 approved by the officer, an annual return setting forth the
6 aggregate amount of earned income not subject to withholding
7 from him during the period beginning January 1, and ending
8 December 31, of the current year, and such other information as
9 the officer may require, and pay to the officer the amount of
10 tax shown as due thereon on or before April 15, of the
11 succeeding year, or

12 (2) Make and file with the officer on a form prescribed or
13 approved by the officer, a quarterly return on or before April
14 30, of the current year, July 31, of the current year, October
15 31, of the current year, and January 31, of the succeeding year,
16 setting forth the aggregate amount of earned income not subject
17 to withholding by him during the three-month periods ending
18 March 31, of the current year, June 30, of the current year,
19 September 30, of the current year, and December 31, of the
20 current year, respectively, and subject to the tax, together
21 with such other information as the officer may require. Every
22 taxpayer making such return shall, at the time of filing
23 thereof, pay to the officer the amount of tax shown as due
24 thereon.

25 IV. Collection at Source

26 (a) Every employer having an office, factory, workshop,
27 branch, warehouse, or other place of business within [the taxing
28 jurisdiction imposing a tax on earned income or net profits
29 within the taxing district who employs one or more persons,
30 other than domestic servants, for a salary, wage, commission or

1 other compensation,] this Commonwealth who has not previously
2 registered, shall, within fifteen days after becoming an
3 employer, register with the officer his name and address and
4 such other information as the officer may require.

5 (b) Every employer having an office, factory, workshop,
6 branch, warehouse, or other place of business within [the taxing
7 jurisdiction imposing a tax on earned income or net profits
8 within the taxing district who employs one or more persons,
9 other than domestic servants, for a salary, wage, commission, or
10 other compensation, shall deduct at the time of payment thereof,
11 the tax imposed by ordinance or resolution on the earned income
12 due to his employe or employes, and] this Commonwealth shall, on
13 or before April 30, of the current year, July 31, of the current
14 year, October 31, of the current year, and January 31, of the
15 succeeding year, file a return and pay to the officer the amount
16 of taxes deducted during the preceding three-month periods
17 ending March 31, of the current year, June 30, of the current
18 year, September 30, of the current year, and December 31, of the
19 current year, respectively. Such return unless otherwise agreed
20 upon between the officer and employer shall show the name and
21 social security number of each such employe, the earned income
22 of such employe during such preceding three-month period, the
23 tax deducted therefrom, the political subdivisions imposing the
24 tax upon such employe, the total earned income of all such
25 employes during such preceding three-month period, and the total
26 tax deducted therefrom and paid with the return.

27 Any employer who for two of the preceding four quarterly
28 periods has failed to deduct the proper tax, or any part
29 thereof, or has failed to pay over the proper amount of tax to
30 the taxing authority, may be required by the officer to file his

1 return and pay the tax monthly. In such cases, payments of tax
2 shall be made to the officer on or before the last day of the
3 month succeeding the month for which the tax was withheld.

4 * * *

5 VII. Suit for Collection of Tax

6 (a) The officer may sue in the name of the taxing district
7 for the recovery of taxes due and unpaid under this ordinance.

8 (b) Any suit brought to recover the tax imposed by the
9 ordinance or resolution shall be begun within three years after
10 such tax is due, or within three years after the declaration or
11 return has been filed, whichever date is later: Provided,
12 however, That this limitation shall not prevent the institution
13 of a suit for the collection of any tax due or determined to be
14 due in the following cases:

15 (1) Where no declaration or return was filed by any person
16 although a declaration or return was required to be filed by him
17 under provisions of the ordinance or resolution, [there shall be
18 no limitation.] suit shall be begun within six years.

19 (2) Where an examination of the declaration or return filed
20 by any person, or of other evidence relating to such declaration
21 or return in the possession of the officer, reveals a fraudulent
22 evasion of taxes, [there shall be no limitation.] suit shall be
23 brought within six years.

24 (3) In the case of substantial understatement of tax
25 liability of twenty-five percent or more and no fraud, suit
26 shall be begun within six years.

27 (4) Where any person has deducted taxes under the provisions
28 of the ordinance or resolution, and has failed to pay the
29 amounts so deducted to the officer, or where any person has
30 wilfully failed or omitted to make the deductions required by

1 this section, [there shall be no limitation.] suit shall be
2 brought within six years.

3 (5) This section shall not be construed to limit the
4 governing body from recovering delinquent taxes by any other
5 means provided by this act.

6 (c) The officer may sue for recovery of an erroneous refund
7 provided such suit is begun two years after making such refund,
8 except that the suit may be brought within five years if it
9 appears that any part of the refund was induced by fraud or
10 misrepresentation of material fact.

11 * * *

12 Section 5. Section 19 of the act, amended October 4, 1978
13 (P.L.930, No.177), is amended to read:

14 Section 19. Collection of Delinquent Per Capita, Occupation,
15 [Occupational Privilege] Municipal Services and Earned Income
16 Taxes from Employers, etc.--[The] (a) Duties of Employers.--
17 Subject to the limitations and restrictions in subsection (b) of
18 this section, the tax collector shall demand, receive and
19 collect from all corporations, political subdivisions,
20 associations, companies, firms or individuals, employing persons
21 owing delinquent per capita, or occupation, [occupational
22 privilege] municipal services and earned income taxes, or whose
23 spouse owes delinquent per capita, occupation, [occupational
24 privilege] municipal services and earned income taxes, or having
25 in possession unpaid commissions or earnings belonging to any
26 person or persons owing delinquent per capita, occupation,
27 [occupational privilege] municipal services and earned income
28 taxes, or whose spouse owes delinquent per capita, occupation,
29 [occupational privilege] municipal services and earned income
30 taxes, upon the presentation of a written notice and demand

1 certifying that the information contained therein is true and
2 correct and containing the name of the taxable or the spouse
3 thereof and the amount of tax due. Upon the presentation of such
4 written notice and demand, it shall be the duty of any such
5 corporation, political subdivision, association, company, firm
6 or individual to deduct from the wages, commissions or earnings
7 of such individual employees, then owing or that shall within
8 sixty days thereafter become due, or from any unpaid commissions
9 or earnings of any such taxable in its or his possession, or
10 that shall within sixty days thereafter come into its or his
11 possession, a sum sufficient to pay the respective amount of the
12 delinquent per capita, occupation, [occupational privilege]
13 municipal services and earned income taxes and costs, shown upon
14 the written notice or demand, and to pay the same to the tax
15 collector of the taxing district in which such delinquent tax
16 was levied within sixty days after such notice shall have been
17 given. No more than ten percent of the wages, commissions or
18 earnings of the delinquent taxpayer or spouse thereof may be
19 deducted at any one time for delinquent per capita, occupation,
20 [occupational privilege] municipal services and earned income
21 taxes and costs. Such corporation, political subdivision,
22 association, firm or individual shall be entitled to deduct from
23 the moneys collected from each employe the costs incurred from
24 the extra bookkeeping necessary to record such transactions, not
25 exceeding two percent of the amount of money so collected and
26 paid over to the tax collector. Upon the failure of any such
27 corporation, political subdivision, association, company, firm
28 or individual to deduct the amount of such taxes or to pay the
29 same over to the tax collector, less the cost of bookkeeping
30 involved in such transaction, as herein provided, within the

1 time hereby required, such corporation, political subdivision,
2 association, company, firm or individual shall forfeit and pay
3 the amount of such tax for each such taxable whose taxes are not
4 withheld and paid over, or that are withheld and not paid over
5 together with a penalty of ten percent added thereto, to be
6 recovered by an action of assumpsit in a suit to be instituted
7 by the tax collector, or by the proper authorities of the taxing
8 district, as debts of like amount are now by law recoverable,
9 except that such person shall not have the benefit of any stay
10 of execution or exemption law. The tax collector shall not
11 proceed against a spouse or his employer until he has pursued
12 collection remedies against the delinquent taxpayer and his
13 employer under this section.

14 (b) Effect of Action in Divorce.--Whenever a tax collector
15 institutes proceedings to collect delinquent municipal services
16 and earned income taxes and costs against a spouse or an
17 employer of a spouse and that spouse thereafter files a
18 complaint instituting an action in divorce, then all proceedings
19 of the tax collector against that spouse shall terminate.

20 Section 6. Section 20 of the act is amended to read:

21 Section 20. Collection of Delinquent Per Capita, Occupation,
22 [Occupational Privilege] Municipal Services and Earned Income
23 Taxes from the Commonwealth.--Upon presentation of a written
24 notice and demand under oath or affirmation, to the State
25 Treasurer or any other fiscal officer of the State, or its
26 boards, authorities, agencies or commissions, it shall be the
27 duty of the treasurer or officer to deduct from the wages then
28 owing, or that shall within sixty days thereafter become due to
29 any employe, a sum sufficient to pay the respective amount of
30 the delinquent per capita, occupation, [occupational privilege]

1 municipal services and earned income taxes and costs shown on
2 the written notice. The same shall be paid to the tax collector
3 of the taxing district in which said delinquent tax was levied
4 within sixty days after such notice shall have been given.

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