

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2649 Session of
2006

INTRODUCED BY REICHLEY, BAKER, BOYD, CALTAGIRONE, CAPPELLI,
CLYMER, COHEN, CREIGHTON, DeLUCA, DENLINGER, GEIST, GEORGE,
GINGRICH, GODSHALL, GRELL, GRUCELA, HANNA, HARHART,
HENNESSEY, HESS, KENNEY, KILLION, KOTIK, McILHATTAN, MELIO,
MUSTIO, O'NEILL, PALLONE, PICKETT, ROHRER, ROSS, RUBLEY,
SIPTROTH, E. Z. TAYLOR, TIGUE, WALKO, WILT, YOUNGBLOOD,
HARPER AND BEYER, MAY 2, 2006

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES,
AS AMENDED, OCTOBER 3, 2006

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 providing for the procedure for claiming
11 special tax provisions and for proof of eligibility.

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

14 Section 1. Sections 336.1 and 336.2 of the act of March 4,
15 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, added
16 March 13, 1974 (P.L.179, No.32), are amended to read:

17 Section 336.1. Procedure for Claiming Special Tax
18 Provisions.--[The] (a) With the exception of the expedited
19 claim procedure as provided for in subsection (b), the following

1 procedures shall be employed for claiming the special tax
2 provisions:

3 (1) The claimant may claim the special tax provisions upon
4 the expiration of his taxable year in connection with his filing
5 of an annual return under the provisions of this article.

6 Notwithstanding any other provisions of this article to the
7 contrary, the department shall have the power to promulgate such
8 rules or regulations as it may deem necessary to fairly and
9 reasonably implement the provisions of this section.

10 (2) If the claimant receives income as defined in this
11 article, other than compensation from an employer, he may claim
12 the special tax provisions in connection with his filing of
13 estimated tax returns.

14 (b) (1) The claimant may claim the special tax provisions
15 upon the expiration of the claimant's taxable year by filing a
16 certification of no tax liability in lieu of filing a tax
17 return, provided all of the following apply:

18 (i) The poverty income of the claimant, or the joint poverty
19 income of the claimant and claimant's spouse, for the taxable
20 year, does not exceed the poverty income limitations prescribed
21 by section 304(d)(1), AND NO PART OF THE POVERTY INCOME OF THE <—
22 CLAIMANT OR CLAIMANTS IS DERIVED FROM THE SALE OF A PRINCIPAL
23 RESIDENCE.

24 (ii) The claimant is entitled to one hundred per cent tax
25 forgiveness for the taxable year pursuant to section 304.

26 (iii) The claimant incurred no personal income tax liability <—
27 WAS ENTITLED TO ONE HUNDRED PER CENT TAX FORGIVENESS for the <—
28 preceding tax year PURSUANT TO SECTION 304 AND CLAIMED SUCH TAX <—
29 FORGIVENESS BY FILING THE APPROPRIATE TAX SCHEDULE FOR THAT TAX
30 YEAR.

1 (iv) The claimant was not subject to tax withholding
2 pursuant to this article in the taxable year.

3 (v) No tax was withheld on account of the claimant pursuant
4 to this article in the taxable year.

5 (vi) The claimant was not subject to the estimated tax
6 payment requirements under this article in the taxable year.

7 (vii) The claimant made no estimated tax payments in the
8 taxable year.

9 (viii) The claimant is not entitled to a tax refund for the
10 taxable year.

11 (ix) The claimant, or, in the case of a married claimant,
12 the claimant or spouse, has attained the age of sixty-five (65) <—
13 years by or during the taxable year.

14 (X) THE FILING STATUS OF THE CLAIMANT HAS NOT CHANGED FROM <—
15 THE PRECEDING TAX YEAR.

16 (2) The furnishing of false information on the certification
17 by the claimant shall constitute a violation of 18 Pa.C.S. §
18 4904 (relating to unsworn falsification to authorities). Any
19 person who wilfully aids or assists in, or procures, counsels or
20 advises the preparation or presentation of a certification which
21 is fraudulent or is false as to any material matter, shall be
22 guilty of a misdemeanor and shall, upon conviction, be sentenced
23 to pay a fine not exceeding five thousand dollars (\$5,000) or to
24 undergo imprisonment not exceeding two years, or both.

25 (3) The department shall establish the form of the
26 certification that may be filed in lieu of a tax return pursuant
27 to this subsection. The department shall develop such rules,
28 regulations and procedures as it deems necessary to fairly and
29 reasonably implement the provisions of this subsection in a
30 simple and expeditious fashion. In establishing and developing

1 such certification form and rules, regulations and procedures,
2 the department shall not require the submission of any
3 additional form, return, report or schedule as a prerequisite or
4 condition to utilization of this expedited procedure for
5 claiming special tax forgiveness.

6 (4) Nothing in this subsection shall be construed to lessen
7 or curtail the power of the department to conduct examinations
8 pursuant to section 355 whenever such examinations are deemed
9 warranted in appropriate circumstances to ensure compliance with
10 this article.

11 Section 336.2. Proof of Eligibility.--The Department of
12 Revenue shall establish such rules, regulations, schedules or
13 other procedures as may be necessary for the submission and
14 establishment of proof of the eligibility of persons for the
15 special tax provisions or other matters relating to the
16 provisions of this act. [Such] Except as limited by the
17 provisions of section 336.1(b)(3), such procedures may include,
18 but not be limited to, the submission of requisite information
19 and certifications upon forms provided by the department,
20 including such special tax return or report forms as may be
21 necessary.

22 Section 2. This act shall ~~be retroactive~~ APPLY to tax years <—
23 commencing on or after January 1, ~~2006~~ 2007. <—

24 Section 3. This act shall take effect immediately.