

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 505 Session of
1995

INTRODUCED BY LEH, FARGO, ROHRER, TRELLO, BROWNE, FAIRCHILD,
VANCE, ADOLPH, SATHER, M. N. WRIGHT, GEIST, HUTCHINSON,
CIVERA, RUBLEY AND HENNESSEY, FEBRUARY 1, 1995

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 1, 1995

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 compensation to exclude payments
11 from cafeteria plans for personal income tax purposes.

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

14 Section 1. Section 301(d) of the act of March 4, 1971
15 (P.L.6, No.2), known as the Tax Reform Code of 1971, amended May
16 9, 1972 (P.L.273, No.66), is amended to read:

17 Section 301. Definitions.--The following words, terms and
18 phrases when used in this article shall have the meaning
19 ascribed to them in this section except where the context
20 clearly indicates a different meaning. Any reference in this
21 article to the Internal Revenue Code shall include the Internal
22 Revenue Code of 1954, as amended to the date on which this

1 article is effective:

2 * * *

3 (d) "Compensation" means and shall include salaries, wages,
4 commissions, bonuses and incentive payments whether based on
5 profits or otherwise, fees, tips and similar remuneration
6 received for services rendered, whether directly or through an
7 agent, and whether in cash or in property.

8 The term "compensation" shall not mean or include: (i)
9 periodic payments for sickness and disability other than regular
10 wages received during a period of sickness or disability; or
11 (ii) disability, retirement or other payments arising under
12 workmen's compensation acts, occupational disease acts and
13 similar legislation by any government; or (iii) payments
14 commonly recognized as old age or retirement benefits paid to
15 persons retired from service after reaching a specific age or
16 after a stated period of employment; or (iv) payments commonly
17 known as public assistance, or unemployment compensation
18 payments by any governmental agency; or (v) payments to
19 reimburse actual expenses; or (vi) payments made by employers or
20 labor unions for programs covering hospitalization, sickness,
21 disability or death, supplemental unemployment benefits, strike
22 benefits, social security and retirement; or (vii) any
23 compensation received by United States servicemen serving in a
24 combat zone; or (viii) any payments made by an employe to a
25 cafeteria plan as defined in section 125 of the Internal Revenue
26 Code.

27 * * *

28 Section 2. This act shall apply to the 1995 tax year and
29 each year thereafter.

30 Section 3. This act shall take effect immediately.