

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1321 Session of
1991

INTRODUCED BY EVANS, MAY 7, 1991

AS REPORTED FROM COMMITTEE ON RULES, HOUSE OF REPRESENTATIVES,
AS AMENDED, JULY 19, 1991

AN ACT

1 ~~Making appropriations to the Department of Public Welfare and~~ <—
2 ~~the Treasury Department; and providing for certain~~
3 ~~allocations therefrom for the purpose of carrying out the~~
4 ~~Public Assistance Law for the year beginning July 1, 1991,~~
5 ~~for the payment of cash grants and medical assistance and for~~
6 ~~the payment of general obligation debt service or arbitrage~~
7 ~~rebates and expenses accrued or incurred prior to and~~
8 ~~remaining unpaid on June 30, 1991.~~
9 AMENDING THE ACT OF MARCH 4, 1971 (P.L.6, NO.2), ENTITLED "AN <—
10 ACT RELATING TO TAX REFORM AND STATE TAXATION BY CODIFYING
11 AND ENUMERATING CERTAIN SUBJECTS OF TAXATION AND IMPOSING
12 TAXES THEREON; PROVIDING PROCEDURES FOR THE PAYMENT,
13 COLLECTION, ADMINISTRATION AND ENFORCEMENT THEREOF; PROVIDING
14 FOR TAX CREDITS IN CERTAIN CASES; CONFERRING POWERS AND
15 IMPOSING DUTIES UPON THE DEPARTMENT OF REVENUE, CERTAIN
16 EMPLOYERS, FIDUCIARIES, INDIVIDUALS, PERSONS, CORPORATIONS
17 AND OTHER ENTITIES; PRESCRIBING CRIMES, OFFENSES AND
18 PENALTIES," FURTHER PROVIDING FOR THE IMPOSITION OF SALES AND
19 USE TAX ON CERTAIN SERVICES AND FOR THE REISSUANCE OF SALES
20 AND USE TAX LICENSES; PROVIDING FOR THE INCREASE OF PERSONAL
21 INCOME TAX, FOR POVERTY EXEMPTIONS TO THE TAX, FOR NOTICE OF
22 CERTAIN SALES AND TRANSFERS AND FOR THE WITHHOLDING OF
23 CERTAIN TAX ON SHARES; FURTHER PROVIDING FOR THE IMPOSITION,
24 RATE AND COLLECTION OF CORPORATE NET INCOME TAX AND CAPITAL
25 STOCK AND FRANCHISE TAX; FURTHER PROVIDING FOR THE COLLECTION
26 OF BANK SHARES TAX AND TITLE INSURANCE AND TRUST COMPANIES
27 TAX; EXTENDING THE UTILITIES GROSS RECEIPTS TAX; FURTHER
28 PROVIDING FOR THE COLLECTION OF THE PUBLIC UTILITY REALTY
29 TAX; INCREASING THE RATE OF THE CIGARETTE TAX, IMPOSING A
30 CIGARETTE FLOOR TAX; FURTHER PROVIDING FOR COMMISSIONS FOR
31 CIGARETTE TAX AGENTS, AND DEDICATING A PORTION OF THE
32 REVENUES FOR AGRICULTURAL FARMLAND PRESERVATION AND

1 CHILDREN'S HEALTH CARE; FURTHER PROVIDING FOR IMPOSITION,
2 COLLECTION, AND ADMINISTRATION OF TAX ON PROPERTY PASSING
3 UPON DEATH; FURTHER PROVIDING FOR THE REPORTS AND PAYMENTS OF
4 CERTAIN ESTIMATED TAXES; AND MAKING REPEALS.

5 The General Assembly of the Commonwealth of Pennsylvania
6 hereby enacts as follows:

7 ~~Section 1. Department of Public~~

<—

8 ~~Welfare. The following amounts are~~

9 ~~appropriated to the Department of~~

10 ~~Public Welfare:_____ Federal_____ State_____~~

11 ~~For cash assistance grants.~~

12 ~~State appropriation..... 40,259,000~~

13 ~~The following Federal amounts are~~

14 ~~appropriated to supplement the sum~~

15 ~~appropriated for cash assistance:~~

16 ~~(1) "Maintenance Assistance—Cash~~

17 ~~Grants."~~

18 ~~Federal appropriation..... 20,755,000_____~~

19 ~~For medical assistance payments—~~

20 ~~outpatient services, exclusive of~~

21 ~~outpatient services provided through~~

22 ~~capitation plans.~~

23 ~~State appropriation..... 22,880,000~~

24 ~~The following Federal amounts are~~

25 ~~appropriated to supplement the sum~~

26 ~~appropriated for medical assistance—~~

27 ~~outpatient:~~

28 ~~(1) "Medical Assistance—~~

29 ~~Outpatient."~~

30 ~~Federal appropriation..... 21,150,000_____~~

31 ~~For medical assistance payments—~~

~~1 inpatient services, exclusive of~~
~~2 services provided through capitation~~
~~3 plans.~~

~~4 State appropriation.....~~ ~~31,528,000~~

~~5 The following Federal amounts are~~
~~6 appropriated to supplement the sum~~
~~7 appropriated for medical assistance—~~
~~8 inpatient services:~~

~~9 (1) "Medical Assistance—~~
~~10 Inpatient."~~

~~11 Federal appropriation.....~~ ~~20,492,000~~_____

~~12 For medical assistance—capitation~~
~~13 plans. For provision of outpatient~~
~~14 services and inpatient hospital~~
~~15 services to eligible persons enrolled~~
~~16 in an approved capitation plan.~~

~~17 State appropriation.....~~ ~~16,081,000~~

~~18 The following Federal amounts are~~
~~19 appropriated to supplement the sum~~
~~20 appropriated for medical assistance—~~
~~21 capitation plans:~~

~~22 (1) "Medical Assistance—~~
~~23 Capitation Plans."~~

~~24 Federal appropriation.....~~ ~~11,512,000~~_____

~~25 For medical assistance—long term~~
~~26 care facilities.~~

~~27 State appropriation.....~~ ~~22,795,000~~

~~28 The following Federal amounts are~~
~~29 appropriated to supplement the sum~~
~~30 appropriated for long term care~~

1 facilities:

2 ~~(1) "Medical Assistance Long~~
3 ~~Term Care Facilities."~~

4 ~~Federal appropriation..... 31,125,000~~

5 ~~Any rule, regulation or policy for~~
6 ~~the State or Federal appropriations~~
7 ~~for the cash assistance, outpatient,~~
8 ~~inpatient, capitation and long term~~
9 ~~care programs adopted by the Secretary~~
10 ~~of Public Welfare during the fiscal~~
11 ~~period 1991-1992 which adds to the~~
12 ~~cost of any public assistance program~~
13 ~~shall be effective only from and after~~
14 ~~the date upon which it is approved as~~
15 ~~to the availability of funds by the~~
16 ~~Governor.~~

17 ~~Section 2. Treasury Department.~~

18 ~~The following amounts are appropriated~~
19 ~~to the Treasury Department:~~

~~Federal State~~

20 ~~For general obligation debt service~~
21 ~~or to pay all arbitrage rebates to the~~
22 ~~Federal Government required under~~
23 ~~section 148 of the Internal Revenue~~
24 ~~Code of 1986 (Public Law 99-514, 26~~
25 ~~U.S.C. § 148).~~

26 ~~State appropriation..... 45,000,000~~

27 ~~Section 3. Effective date. This act shall take effect July~~
28 ~~1, 1991, or immediately, whichever is later.~~

29 SECTION 1. SECTION 201(B), (C), (D), (F), (G), (I), (K), <—
30 (L), (M), (O) AND (T) OF THE ACT OF MARCH 4, 1971 (P.L.6, NO.2),

1 KNOWN AS THE TAX REFORM CODE OF 1971, AMENDED AUGUST 31, 1971
2 (P.L.362, NO.93), SEPTEMBER 9, 1971 (P.L.437, NO.105), MAY 2,
3 1974 (P.L.269, NO.75), JULY 20, 1974 (P.L.563, NO.192), NOVEMBER
4 26, 1978 (P.L.1287, NO.306), DECEMBER 9, 1980 (P.L.1136,
5 NO.202), MAY 2, 1985 (P.L.28, NO.13) AND JULY 2, 1986 (P.L.318,
6 NO.77), ARE AMENDED AND THE SECTION IS AMENDED BY ADDING CLAUSES
7 TO READ:

8 SECTION 201. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND
9 PHRASES WHEN USED IN THIS ARTICLE II SHALL HAVE THE MEANING
10 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT
11 CLEARLY INDICATES A DIFFERENT MEANING:

12 * * *

13 (B) "MAINTAINING A PLACE OF BUSINESS IN THIS COMMONWEALTH."

14 (1) HAVING OR MAINTAINING WITHIN THIS COMMONWEALTH, DIRECTLY
15 OR BY A SUBSIDIARY, AN OFFICE, DISTRIBUTION HOUSE, SALES HOUSE,
16 WAREHOUSE, SERVICE ENTERPRISE OR OTHER PLACE OF BUSINESS, OR ANY
17 AGENT OF GENERAL OR RESTRICTED AUTHORITY IRRESPECTIVE OF WHETHER
18 THE PLACE OF BUSINESS OR AGENT IS LOCATED HERE PERMANENTLY OR
19 TEMPORARILY OR WHETHER THE PERSON OR SUBSIDIARY MAINTAINING SUCH
20 PLACE OF BUSINESS OR AGENT IS AUTHORIZED TO DO BUSINESS WITHIN
21 THIS COMMONWEALTH; OR

22 (2) THE ENGAGING IN ANY ACTIVITY AS A BUSINESS WITHIN THIS
23 COMMONWEALTH BY ANY PERSON, DIRECTLY OR BY A SUBSIDIARY, IN
24 CONNECTION WITH THE LEASE, SALE OR DELIVERY OF TANGIBLE PERSONAL
25 PROPERTY OR THE PERFORMANCE OF SERVICES THEREON FOR USE, STORAGE
26 OR CONSUMPTION OR IN CONNECTION WITH THE SALE OR DELIVERY FOR
27 USE OF THE SERVICES DESCRIBED IN SUBCLAUSES (11) THROUGH (23) OF
28 CLAUSE (K) OF THIS SECTION INCLUDING, BUT NOT LIMITED TO,
29 HAVING, MAINTAINING OR USING ANY OFFICE, DISTRIBUTION HOUSE,
30 SALES HOUSE, WAREHOUSE OR OTHER PLACE OF BUSINESS, ANY STOCK OF

1 GOODS OR ANY SOLICITOR, SALESMAN, AGENT OR REPRESENTATIVE UNDER
2 ITS AUTHORITY, AT ITS DIRECTION OR WITH ITS PERMISSION,
3 REGARDLESS OF WHETHER THE PERSON OR SUBSIDIARY IS AUTHORIZED TO
4 DO BUSINESS IN THIS COMMONWEALTH.

5 (3) REGULARLY OR SUBSTANTIALLY SOLICITING ORDERS WITHIN THIS
6 COMMONWEALTH IN CONNECTION WITH THE LEASE, SALE OR DELIVERY OF
7 TANGIBLE PERSONAL PROPERTY TO OR THE PERFORMANCE THEREON OF
8 SERVICES OR IN CONNECTION WITH THE SALE OR DELIVERY OF THE
9 SERVICES DESCRIBED IN SUBCLAUSES (11) THROUGH (23) OF CLAUSE (K)
10 OF THIS SECTION FOR RESIDENTS OF THIS COMMONWEALTH BY MEANS OF
11 CATALOGUES OR OTHER ADVERTISING, WHETHER SUCH ORDERS ARE
12 ACCEPTED WITHIN OR WITHOUT THIS COMMONWEALTH.

13 (C) "MANUFACTURE." THE PERFORMANCE OF MANUFACTURING,
14 FABRICATING, COMPOUNDING, PROCESSING OR OTHER OPERATIONS,
15 ENGAGED IN AS A BUSINESS, WHICH PLACE ANY TANGIBLE PERSONAL
16 PROPERTY IN A FORM, COMPOSITION OR CHARACTER DIFFERENT FROM THAT
17 IN WHICH IT IS ACQUIRED WHETHER FOR SALE OR USE BY THE
18 MANUFACTURER, AND SHALL INCLUDE, BUT NOT LIMITED TO--

19 (1) EVERY OPERATION COMMENCING WITH THE FIRST PRODUCTION
20 STAGE AND ENDING WITH THE COMPLETION OF TANGIBLE PERSONAL
21 PROPERTY HAVING THE PHYSICAL QUALITIES (INCLUDING PACKAGING, IF
22 ANY, PASSING TO THE ULTIMATE CONSUMER) WHICH IT HAS WHEN
23 TRANSFERRED BY THE MANUFACTURER TO ANOTHER;

24 (2) THE PUBLISHING OF BOOKS, NEWSPAPERS, MAGAZINES AND OTHER
25 PERIODICALS AND PRINTING;

26 (3) REFINING, BLASTING, EXPLORING, MINING AND QUARRYING FOR,
27 OR OTHERWISE EXTRACTING FROM THE EARTH OR FROM WASTE OR STOCK
28 PILES OR FROM PITS OR BANKS ANY NATURAL RESOURCES, MINERALS AND
29 MINERAL AGGREGATES INCLUDING BLAST FURNACE SLAG;

30 (4) BUILDING, REBUILDING, REPAIRING AND MAKING ADDITIONS TO,

1 OR REPLACEMENTS IN OR UPON VESSELS DESIGNED FOR COMMERCIAL USE
2 OF REGISTERED TONNAGE OF FIFTY TONS OR MORE WHEN PRODUCED UPON
3 SPECIAL ORDER OF THE PURCHASER, OR WHEN REBUILT, REPAIRED OR
4 ENLARGED, OR WHEN REPLACEMENTS ARE MADE UPON ORDER OF, OR FOR
5 THE ACCOUNT OF THE OWNER;

6 (5) RESEARCH HAVING AS ITS OBJECTIVE THE PRODUCTION OF A NEW
7 OR AN IMPROVED (I) PRODUCT OR UTILITY SERVICE, OR (II) METHOD OF
8 PRODUCING A PRODUCT OR UTILITY SERVICE, BUT IN EITHER CASE NOT
9 INCLUDING MARKET RESEARCH OR RESEARCH HAVING AS ITS OBJECTIVE
10 THE IMPROVEMENT OF ADMINISTRATIVE EFFICIENCY.

11 THE TERM "MANUFACTURE," SHALL NOT INCLUDE CONSTRUCTING,
12 ALTERING, SERVICING, REPAIRING OR IMPROVING REAL ESTATE OR
13 REPAIRING, SERVICING OR INSTALLING TANGIBLE PERSONAL PROPERTY,
14 NOR THE COOKING, FREEZING OR BAKING OF FRUITS, VEGETABLES,
15 MUSHROOMS, FISH, SEAFOOD, MEATS, POULTRY OR BAKERY PRODUCTS.

16 * * *

17 (D) "PROCESSING." THE PERFORMANCE OF THE FOLLOWING
18 ACTIVITIES WHEN ENGAGED IN AS A BUSINESS ENTERPRISE:

19 (1) THE COOKING, BAKING OR FREEZING OF FRUITS, VEGETABLES,
20 MUSHROOMS, FISH, SEAFOOD, MEATS [OR], POULTRY OR BAKERY
21 PRODUCTS, WHEN THE PERSON ENGAGED IN SUCH BUSINESS PACKAGES SUCH
22 PROPERTY IN SEALED CONTAINERS FOR WHOLESALE DISTRIBUTION.

23 (2) THE SCOURING, CARBONIZING, CORDING, COMBING, THROWING,
24 TWISTING OR WINDING OF NATURAL OR SYNTHETIC FIBERS, OR THE
25 SPINNING, BLEACHING, DYEING, PRINTING OR FINISHING OF YARNS OR
26 FABRICS, WHEN SUCH ACTIVITIES ARE PERFORMED PRIOR TO SALE TO THE
27 ULTIMATE CONSUMER.

28 (3) THE ELECTROPLATING, GALVANIZING, ENAMELING, ANODIZING,
29 COLORING, FINISHING, IMPREGNATING OR HEAT TREATING OF METALS OR
30 PLASTICS FOR SALE OR IN THE PROCESS OF MANUFACTURING.

(4) THE ROLLING, DRAWING OR EXTRUDING OF FERROUS AND NON-FERROUS METALS.

(5) THE FABRICATION FOR SALE OF ORNAMENTAL OR STRUCTURAL METAL OR OF METAL STAIRS, STAIRCASES, GRATINGS, FIRE ESCAPES OR RAILINGS (NOT INCLUDING FABRICATION WORK DONE AT THE CONSTRUCTION SITE).

(6) THE PREPARATION OF ANIMAL FEED OR POULTRY FEED FOR SALE.

(7) THE PRODUCTION, PROCESSING AND BOTTLING OF NON-ALCOHOLIC BEVERAGES FOR WHOLESALE DISTRIBUTION.

(8) THE OPERATION OF A SAW MILL OR PLANING MILL FOR THE PRODUCTION OF LUMBER OR LUMBER PRODUCTS FOR SALE.

(9) THE MILLING FOR SALE OF FLOUR OR MEAL FROM GRAINS.

(10) THE SLAUGHTERING AND DRESSING OF ANIMALS FOR MEAT TO BE SOLD OR TO BE USED IN PREPARING MEAT PRODUCTS FOR SALE, AND THE PREPARATION OF MEAT PRODUCTS INCLUDING LARD, TALLOW, GREASE, COOKING AND INEDIBLE OILS FOR WHOLESALE DISTRIBUTION.

(11) THE PROCESSING OF USED LUBRICATING OILS.

(12) THE BROADCASTING OF RADIO AND TELEVISION PROGRAMS OF LICENSED COMMERCIAL OR EDUCATIONAL STATIONS.

* * *

(F) "PURCHASE AT RETAIL."

(1) THE ACQUISITION FOR A CONSIDERATION OF THE OWNERSHIP, CUSTODY OR POSSESSION OF TANGIBLE PERSONAL PROPERTY OTHER THAN FOR RESALE BY THE PERSON ACQUIRING THE SAME WHEN SUCH ACQUISITION IS MADE FOR THE PURPOSE OF CONSUMPTION OR USE, WHETHER SUCH ACQUISITION SHALL BE ABSOLUTE OR CONDITIONAL, AND BY WHATSOEVER MEANS THE SAME SHALL HAVE BEEN EFFECTED.

(2) THE ACQUISITION OF A LICENSE TO USE OR CONSUME, AND THE RENTAL OR LEASE OF TANGIBLE PERSONAL PROPERTY, OTHER THAN FOR RESALE REGARDLESS OF THE PERIOD OF TIME THE LESSEE HAS

1 POSSESSION OR CUSTODY OF THE PROPERTY.

2 (3) THE OBTAINING FOR A CONSIDERATION OF THOSE SERVICES
3 DESCRIBED IN SUBCLAUSES (2), (3) AND (4) OF CLAUSE (K) OF THIS
4 SECTION OTHER THAN FOR RESALE.

5 (4) A RETENTION AFTER MARCH 7, 1956, OF POSSESSION, CUSTODY
6 OR A LICENSE TO USE OR CONSUME PURSUANT TO A RENTAL CONTRACT OR
7 OTHER LEASE ARRANGEMENT (OTHER THAN AS SECURITY), OTHER THAN FOR
8 RESALE.

9 (5) THE OBTAINING FOR A CONSIDERATION OF THOSE SERVICES
10 DESCRIBED IN SUBCLAUSES (11) THROUGH (23) OF CLAUSE (K) OF THIS
11 SECTION.

12 THE TERM "PURCHASE AT RETAIL" WITH RESPECT TO "LIQUOR" AND
13 "MALT OR BREWED BEVERAGES" SHALL INCLUDE THE PURCHASE OF
14 "LIQUOR" FROM ANY "PENNSYLVANIA LIQUOR STORE" BY ANY PERSON FOR
15 ANY PURPOSE, AND THE PURCHASE OF "MALT OR BREWED BEVERAGES" FROM
16 A "MANUFACTURER OF MALT OR BREWED BEVERAGES," "DISTRIBUTOR" OR
17 "IMPORTING DISTRIBUTOR" BY ANY PERSON FOR ANY PURPOSE, EXCEPT
18 PURCHASES FROM A "MANUFACTURER OF MALT OR BREWED BEVERAGES" BY A
19 "DISTRIBUTOR" OR "IMPORTING DISTRIBUTOR" OR PURCHASES FROM AN
20 "IMPORTING DISTRIBUTOR" BY A "DISTRIBUTOR" WITHIN THE MEANING OF
21 THE "LIQUOR CODE." THE TERM "PURCHASE AT RETAIL" SHALL NOT
22 INCLUDE ANY PURCHASE OF "MALT OR BREWED BEVERAGES" FROM A
23 "RETAIL DISPENSER" OR ANY PURCHASE OF "LIQUOR" OR "MALT OR
24 BREWED BEVERAGES" FROM A PERSON HOLDING A "RETAIL LIQUOR
25 LICENSE" WITHIN THE MEANING OF AND PURSUANT TO THE PROVISIONS OF
26 THE "LIQUOR CODE," BUT SHALL INCLUDE ANY PURCHASE OR ACQUISITION
27 OF "LIQUOR" OR "MALT OR BREWED BEVERAGES" OTHER THAN PURSUANT TO
28 THE PROVISIONS OF THE "LIQUOR CODE."

29 (G) "PURCHASE PRICE."

30 (1) THE TOTAL VALUE OF ANYTHING PAID OR DELIVERED, OR

1 PROMISED TO BE PAID OR DELIVERED, WHETHER IT BE MONEY OR
2 OTHERWISE, IN COMPLETE PERFORMANCE OF A SALE AT RETAIL OR
3 PURCHASE AT RETAIL, AS HEREIN DEFINED, WITHOUT ANY DEDUCTION ON
4 ACCOUNT OF THE COST OR VALUE OF THE PROPERTY SOLD, COST OR VALUE
5 OF TRANSPORTATION, COST OR VALUE OF LABOR OR SERVICE, INTEREST
6 OR DISCOUNT PAID OR ALLOWED AFTER THE SALE IS CONSUMMATED, ANY
7 OTHER TAXES IMPOSED BY THE COMMONWEALTH OF PENNSYLVANIA OR ANY
8 OTHER EXPENSE EXCEPT THAT THERE SHALL BE EXCLUDED ANY GRATUITY
9 OR SEPARATELY STATED DEPOSIT CHARGE FOR RETURNABLE CONTAINERS.

10 (2) THERE SHALL BE DEDUCTED FROM THE PURCHASE PRICE THE
11 VALUE OF ANY TANGIBLE PERSONAL PROPERTY ACTUALLY TAKEN IN TRADE
12 OR EXCHANGE IN LIEU OF THE WHOLE OR ANY PART OF THE PURCHASE
13 PRICE. FOR THE PURPOSE OF THIS CLAUSE, THE AMOUNT ALLOWED BY
14 REASON OF TANGIBLE PERSONAL PROPERTY ACTUALLY TAKEN IN TRADE OR
15 EXCHANGE SHALL BE CONSIDERED THE VALUE OF SUCH PROPERTY.

16 (3) IN DETERMINING THE PURCHASE PRICE ON THE SALE OR USE OF
17 TAXABLE TANGIBLE PERSONAL PROPERTY OR A SERVICE WHERE, BECAUSE
18 OF AFFILIATION OF INTERESTS BETWEEN THE VENDOR AND PURCHASER, OR
19 IRRESPECTIVE OF ANY SUCH AFFILIATION, IF FOR ANY OTHER REASON
20 THE PURCHASE PRICE DECLARED BY THE VENDOR OR TAXPAYER ON THE
21 TAXABLE SALE OR USE OF SUCH TANGIBLE PERSONAL PROPERTY OR
22 SERVICE IS, IN THE OPINION OF THE DEPARTMENT, NOT INDICATIVE OF
23 THE TRUE VALUE OF THE ARTICLE OR SERVICE OR THE FAIR PRICE
24 THEREOF, THE DEPARTMENT SHALL, PURSUANT TO UNIFORM AND EQUITABLE
25 RULES, DETERMINE THE AMOUNT OF CONSTRUCTIVE PURCHASE PRICE UPON
26 THE BASIS OF WHICH THE TAX SHALL BE COMPUTED AND LEVIED. SUCH
27 RULES SHALL PROVIDE FOR A CONSTRUCTIVE AMOUNT OF PURCHASE PRICE
28 FOR EACH SUCH SALE OR USE WHICH WOULD NATURALLY AND FAIRLY BE
29 CHARGED IN AN ARMS-LENGTH TRANSACTION IN WHICH THE ELEMENT OF
30 COMMON INTEREST BETWEEN THE VENDOR OR PURCHASER IS ABSENT OR IF

1 NO COMMON INTEREST EXISTS, ANY OTHER ELEMENT CAUSING A
2 DISTORTION OF THE PRICE OR VALUE IS LIKEWISE ABSENT. FOR THE
3 PURPOSE OF THIS CLAUSE WHERE A TAXABLE SALE OR PURCHASE AT
4 RETAIL TRANSACTION OCCURS BETWEEN A PARENT AND A SUBSIDIARY,
5 AFFILIATE OR CONTROLLED CORPORATION OF SUCH PARENT CORPORATION,
6 THERE SHALL BE A REBUTTABLE PRESUMPTION, THAT BECAUSE OF SUCH
7 COMMON INTEREST SUCH TRANSACTION WAS NOT AT ARMS-LENGTH.

8 (4) WHERE THERE IS A TRANSFER OR RETENTION OF POSSESSION OR
9 CUSTODY, WHETHER IT BE TERMED A RENTAL, LEASE, SERVICE OR
10 OTHERWISE, OF TANGIBLE PERSONAL PROPERTY INCLUDING, BUT NOT
11 LIMITED TO LINENS, APRONS, MOTOR VEHICLES, TRAILERS, TIRES,
12 INDUSTRIAL OFFICE AND CONSTRUCTION EQUIPMENT, AND BUSINESS
13 MACHINES THE FULL CONSIDERATION PAID OR DELIVERED TO THE VENDOR
14 OR LESSOR SHALL BE CONSIDERED THE PURCHASE PRICE, EVEN THOUGH
15 SUCH CONSIDERATION BE SEPARATELY STATED AND BE DESIGNATED AS
16 PAYMENT FOR PROCESSING, LAUNDERING, SERVICE, MAINTENANCE,
17 INSURANCE, REPAIRS, DEPRECIATION OR OTHERWISE. THE PRECEDING
18 SENTENCE SHALL NOT APPLY TO THE EXTENT THAT THE SEPARATELY
19 STATED PAYMENT IS DESIGNATED FOR A TAXABLE SERVICE DESCRIBED IN
20 SUBCLAUSES (11) THROUGH (23) OF CLAUSE (K) OF THIS SECTION.

21 WHERE THE VENDOR OR LESSOR SUPPLIES OR PROVIDES AN EMPLOYE TO
22 OPERATE SUCH TANGIBLE PERSONAL PROPERTY, THE VALUE OF THE LABOR
23 THUS SUPPLIED MAY BE EXCLUDED AND SHALL NOT BE CONSIDERED AS
24 PART OF THE PURCHASE PRICE IF SEPARATELY STATED. THERE SHALL
25 ALSO BE INCLUDED AS PART OF THE PURCHASE PRICE THE VALUE OF
26 ANYTHING PAID OR DELIVERED, OR PROMISED TO BE PAID OR DELIVERED
27 BY A LESSEE, WHETHER IT BE MONEY OR OTHERWISE, TO ANY PERSON
28 OTHER THAN THE VENDOR OR LESSOR BY REASON OF THE MAINTENANCE,
29 INSURANCE OR REPAIR OF THE TANGIBLE PERSONAL PROPERTY WHICH A
30 LESSEE HAS THE POSSESSION OR CUSTODY OF UNDER A RENTAL CONTRACT

1 OR LEASE ARRANGEMENT.

2 (5) WITH RESPECT TO THE TAX IMPOSED BY SUBSECTION (B) OF
3 SECTION 202 UPON ANY TANGIBLE PERSONAL PROPERTY ORIGINALLY
4 PURCHASED BY THE USER OF SUCH PROPERTY SIX MONTHS OR LONGER
5 PRIOR TO THE FIRST TAXABLE USE OF SUCH PROPERTY WITHIN THE
6 COMMONWEALTH, SUCH USER MAY ELECT TO PAY TAX ON A SUBSTITUTED
7 BASE DETERMINED BY CONSIDERING THE PURCHASE PRICE OF SUCH
8 PROPERTY FOR TAX PURPOSES TO BE EQUAL TO THE PREVAILING MARKET
9 PRICE OF SIMILAR TANGIBLE PERSONAL PROPERTY AT THE TIME AND
10 PLACE OF SUCH FIRST USE WITHIN THE COMMONWEALTH. SUCH ELECTION
11 MUST BE MADE [BY FILING A NOTICE THEREOF IN THE FORM SPECIFIED
12 BY] AT THE TIME OF FILING A TAX RETURN WITH THE DEPARTMENT AND
13 REPORTING SUCH TAX LIABILITY AND PAYING THE PROPER TAX DUE PLUS
14 ALL ACCRUED PENALTIES AND INTEREST, IF THERE BE ANY, WITHIN [ONE
15 YEAR] SIX MONTHS OF THE DUE DATE OF SUCH REPORT AND PAYMENT, AS
16 PROVIDED FOR BY SUBSECTIONS (A) AND (C) OF SECTION 217 OF THIS
17 ARTICLE.

18 * * *

19 (I) "RESALE."

20 (1) ANY TRANSFER OF OWNERSHIP, CUSTODY OR POSSESSION OF
21 TANGIBLE PERSONAL PROPERTY FOR A CONSIDERATION, INCLUDING THE
22 GRANT OF A LICENSE TO USE OR CONSUME AND TRANSACTIONS WHERE THE
23 POSSESSION OF SUCH PROPERTY IS TRANSFERRED BUT WHERE THE
24 TRANSFEROR RETAINS TITLE ONLY AS SECURITY FOR PAYMENT OF THE
25 SELLING PRICE WHETHER SUCH TRANSACTION BE DESIGNATED AS BAILMENT
26 LEASE, CONDITIONAL SALE OR OTHERWISE.

27 (2) THE PHYSICAL INCORPORATION OF TANGIBLE PERSONAL PROPERTY
28 AS AN INGREDIENT OR CONSTITUENT INTO OTHER TANGIBLE PERSONAL
29 PROPERTY, WHICH IS TO BE SOLD IN THE REGULAR COURSE OF BUSINESS
30 OR THE PERFORMANCE OF THOSE SERVICES DESCRIBED IN SUBCLAUSES

1 (2), (3) AND (4) OF CLAUSE (K) OF THIS SECTION UPON TANGIBLE
2 PERSONAL PROPERTY WHICH IS TO BE SOLD IN THE REGULAR COURSE OF
3 BUSINESS OR WHERE THE PERSON INCORPORATING SUCH PROPERTY HAS
4 UNDERTAKEN AT THE TIME OF PURCHASE TO CAUSE IT TO BE TRANSPORTED
5 IN INTERSTATE COMMERCE TO A DESTINATION OUTSIDE THIS
6 COMMONWEALTH.

7 (3) THE TERM "RESALE" SHALL ALSO INCLUDE TANGIBLE PERSONAL
8 PROPERTY PURCHASED OR HAVING A SITUS WITHIN THIS COMMONWEALTH
9 SOLELY FOR THE PURPOSE OF BEING PROCESSED, FABRICATED OR
10 MANUFACTURED INTO, ATTACHED TO OR INCORPORATED INTO TANGIBLE
11 PERSONAL PROPERTY AND THEREAFTER TRANSPORTED OUTSIDE THIS
12 COMMONWEALTH FOR USE EXCLUSIVELY OUTSIDE THIS COMMONWEALTH.

13 (4) THE TERM "RESALE" SHALL NOT INCLUDE ANY SALE OF "MALT OR
14 BREWED BEVERAGES" BY A "RETAIL DISPENSER," OR ANY SALE OF
15 "LIQUOR" OR "MALT OR BREWED BEVERAGES" BY A PERSON HOLDING A
16 "RETAIL LIQUOR LICENSE" WITHIN THE MEANING OF THE "LIQUOR CODE."

17 (5) THE PHYSICAL INCORPORATION OF TANGIBLE PERSONAL PROPERTY
18 AS AN INGREDIENT OR CONSTITUENT IN THE CONSTRUCTION OF
19 FOUNDATIONS FOR MACHINERY OR EQUIPMENT THE SALE OR USE OF WHICH
20 IS EXCLUDED FROM TAX UNDER THE PROVISIONS OF PARAGRAPHS (A),
21 (B), (C) AND (D) OF SUBCLAUSE (8) OF CLAUSE (K) AND
22 SUBPARAGRAPHS (I), (II), (III) AND (IV) OF PARAGRAPH (B) OF
23 SUBCLAUSE (4) OF CLAUSE (O) OF THIS SECTION, WHETHER SUCH
24 FOUNDATIONS AT THE TIME OF CONSTRUCTION OR TRANSFER CONSTITUTE
25 TANGIBLE PERSONAL PROPERTY OR REAL ESTATE.

26 * * *

27 (K) "SALE AT RETAIL."

28 (1) ANY TRANSFER, FOR A CONSIDERATION, OF THE OWNERSHIP,
29 CUSTODY OR POSSESSION OF TANGIBLE PERSONAL PROPERTY, INCLUDING
30 THE GRANT OF A LICENSE TO USE OR CONSUME WHETHER SUCH TRANSFER

1 BE ABSOLUTE OR CONDITIONAL AND BY WHATSOEVER MEANS THE SAME
2 SHALL HAVE BEEN EFFECTED.

3 (2) THE RENDITION OF THE SERVICE OF PRINTING OR IMPRINTING
4 OF TANGIBLE PERSONAL PROPERTY FOR A CONSIDERATION FOR PERSONS
5 WHO FURNISH, EITHER DIRECTLY OR INDIRECTLY THE MATERIALS USED IN
6 THE PRINTING OR IMPRINTING.

7 (3) THE RENDITION FOR A CONSIDERATION OF THE SERVICE OF--

8 (I) WASHING, CLEANING, WAXING, POLISHING OR LUBRICATING OF
9 MOTOR VEHICLES OF ANOTHER, WHETHER OR NOT ANY TANGIBLE PERSONAL
10 PROPERTY IS TRANSFERRED IN CONJUNCTION THEREWITH; AND

11 (II) INSPECTING MOTOR VEHICLES PURSUANT TO THE MANDATORY
12 REQUIREMENTS OF "THE VEHICLE CODE."

13 (4) THE RENDITION FOR A CONSIDERATION OF THE SERVICE OF
14 REPAIRING, ALTERING, MENDING, PRESSING, FITTING, DYEING,
15 LAUNDERING, DRYCLEANING OR CLEANING TANGIBLE PERSONAL PROPERTY
16 OTHER THAN WEARING APPAREL OR SHOES, OR APPLYING OR INSTALLING
17 TANGIBLE PERSONAL PROPERTY AS A REPAIR OR REPLACEMENT PART OF
18 OTHER TANGIBLE PERSONAL PROPERTY EXCEPT WEARING APPAREL OR SHOES
19 FOR A CONSIDERATION, WHETHER OR NOT THE SERVICES ARE PERFORMED
20 DIRECTLY OR BY ANY MEANS OTHER THAN BY COIN-OPERATED SELF-
21 SERVICE LAUNDRY EQUIPMENT FOR WEARING APPAREL OR HOUSEHOLD GOODS
22 AND WHETHER OR NOT ANY TANGIBLE PERSONAL PROPERTY IS TRANSFERRED
23 IN CONJUNCTION THEREWITH, EXCEPT SUCH SERVICES AS ARE RENDERED
24 IN THE CONSTRUCTION, RECONSTRUCTION, REMODELING, REPAIR OR
25 MAINTENANCE OF REAL ESTATE: PROVIDED, HOWEVER, THAT THIS
26 SUBCLAUSE SHALL NOT BE DEEMED TO IMPOSE TAX UPON SUCH SERVICES
27 IN THE PREPARATION FOR SALE OF NEW ITEMS WHICH ARE EXCLUDED FROM
28 THE TAX UNDER CLAUSE (26) OF SECTION 204, OR UPON DIAPER
29 SERVICE.

30 [(5) ANY RETENTION AFTER MARCH 7, 1956, OF POSSESSION,

1 CUSTODY OR A LICENSE TO USE OR CONSUME PURSUANT TO A RENTAL
2 CONTRACT OR OTHER LEASE ARRANGEMENT (OTHER THAN AS SECURITY).

3 (6) ANY RETENTION OF POSSESSION, CUSTODY OR A LICENSE TO USE
4 OR CONSUME TANGIBLE PERSONAL PROPERTY OR ANY FURTHER OBTAINING
5 OF SERVICES DESCRIBED IN SUBCLAUSES (2), (3) AND (4) OF THIS
6 CLAUSE AFTER APRIL 15, 1959, PURSUANT TO A RENTAL OR SERVICE
7 CONTRACT OR OTHER ARRANGEMENT (OTHER THAN AS SECURITY).

8 (7) ANY RETENTION OF POSSESSION, CUSTODY OR A LICENSE TO USE
9 OR CONSUME TANGIBLE PERSONAL PROPERTY OR ANY FURTHER OBTAINING
10 OF SERVICES DESCRIBED IN SUBCLAUSES (2), (3) AND (4) OF THIS
11 CLAUSE AFTER AUGUST 20, 1959, PURSUANT TO A RENTAL OR SERVICE
12 CONTRACT OR OTHER ARRANGEMENT (OTHER THAN AS SECURITY).]

13 (8) ANY RETENTION OF POSSESSION, CUSTODY OR A LICENSE TO USE
14 OR CONSUME TANGIBLE PERSONAL PROPERTY OR ANY FURTHER OBTAINING
15 OF SERVICES DESCRIBED IN SUBCLAUSES (2), (3) AND (4) OF THIS
16 CLAUSE PURSUANT TO A RENTAL OR SERVICE CONTRACT OR OTHER
17 ARRANGEMENT (OTHER THAN AS SECURITY).

18 THE TERM "SALE AT RETAIL" SHALL NOT INCLUDE (I) ANY SUCH
19 TRANSFER OF TANGIBLE PERSONAL PROPERTY OR RENDITION OF SERVICES
20 DESCRIBED IN SUBCLAUSES (2), (3) AND (4) OF THIS CLAUSE FOR THE
21 PURPOSE OF RESALE, OR (II) SUCH RENDITION OF SERVICES DESCRIBED
22 IN SUBCLAUSES (2), (3) AND (4) OF THIS CLAUSE OR THE TRANSFER OF
23 TANGIBLE PERSONAL PROPERTY INCLUDING, BUT NOT LIMITED TO,
24 MACHINERY AND EQUIPMENT AND PARTS THEREFOR AND SUPPLIES TO BE
25 USED OR CONSUMED BY THE PURCHASER DIRECTLY IN [ANY OF] THE
26 OPERATIONS OF--

27 (A) THE MANUFACTURE OF TANGIBLE PERSONAL PROPERTY;

28 (B) FARMING, DAIRYING, AGRICULTURE, HORTICULTURE OR
29 FLORICULTURE WHEN ENGAGED IN AS A BUSINESS ENTERPRISE. THE TERM
30 "FARMING" SHALL INCLUDE THE PROPAGATION AND RAISING OF RANCH

1 RAISED FUR-BEARING ANIMALS AND THE PROPAGATION OF GAME BIRDS FOR
2 COMMERCIAL PURPOSES BY HOLDERS OF PROPAGATION PERMITS ISSUED
3 UNDER [THE ACT OF JUNE 3, 1937 (P.L.1225), KNOWN AS "THE GAME
4 LAW"] 34 PA.C.S. (RELATING TO GAME);

5 (C) THE PRODUCING, DELIVERING OR RENDERING OF A PUBLIC
6 UTILITY SERVICE, OR IN CONSTRUCTING, RECONSTRUCTING, REMODELING,
7 REPAIRING OR MAINTAINING THE FACILITIES WHICH ARE DIRECTLY USED
8 IN PRODUCING, DELIVERING OR RENDERING SUCH SERVICE[;]. THIS
9 EXCLUSION SHALL NOT INCLUDE ANY TANGIBLE PERSONAL PROPERTY OR
10 SERVICES USED OR INSTALLED IN THE CONSTRUCTING, RECONSTRUCTING,
11 REMODELING, REPAIRING OR MAINTAINING OF ROADS, SIDEWALKS,
12 BUILDINGS OR ANY SIMILAR STRUCTURES NOTWITHSTANDING THEIR USE;

13 (D) [THE PROCESSING OF PERSONAL PROPERTY] PROCESSING AS
14 DEFINED IN CLAUSE (D) OF THIS SECTION[.];

15 (E) THE EXCLUSIONS PROVIDED IN PARAGRAPHS (A), (B), (C) AND
16 (D) SHALL BE AVAILABLE ONLY TO PERSONS ACTUALLY ENGAGED IN THE
17 ACTIVITIES ENUMERATED IN PARAGRAPHS (A), (B), (C) AND (D). THE
18 EXCLUSIONS ENUMERATED IN PARAGRAPHS (A), (B), (C) AND (D) SHALL
19 NOT BE AVAILABLE TO PERSONS PERFORMING ACTIVITIES ON BEHALF OF
20 THOSE ENGAGED IN THE ACTIVITIES ENUMERATED IN PARAGRAPHS (A),
21 (B), (C) AND (D).

22 THE EXCLUSIONS PROVIDED IN PARAGRAPHS (A), (B), (C) AND (D)
23 SHALL NOT APPLY TO ANY VEHICLE REQUIRED TO BE REGISTERED UNDER
24 THE VEHICLE CODE, EXCEPT THOSE VEHICLES USED DIRECTLY BY A
25 PUBLIC UTILITY ENGAGED IN BUSINESS AS A COMMON CARRIER; TO
26 MAINTENANCE FACILITIES; OR TO MATERIALS, SUPPLIES OR EQUIPMENT
27 TO BE USED OR CONSUMED IN THE CONSTRUCTION, RECONSTRUCTION,
28 REMODELING, REPAIR OR MAINTENANCE OF REAL ESTATE OTHER THAN
29 DIRECTLY USED MACHINERY, EQUIPMENT, PARTS OR FOUNDATIONS
30 THEREFOR THAT MAY BE AFFIXED TO SUCH REAL ESTATE.

1 THE EXCLUSIONS PROVIDED IN PARAGRAPHS (A), (B), (C) AND (D)
2 SHALL NOT APPLY TO TANGIBLE PERSONAL PROPERTY OR SERVICES TO BE
3 USED OR CONSUMED IN MANAGERIAL SALES OR OTHER NONOPERATIONAL
4 ACTIVITIES, NOR TO THE PURCHASE OR USE OF TANGIBLE PERSONAL
5 PROPERTY OR SERVICES BY ANY PERSON OTHER THAN THE PERSON
6 DIRECTLY USING THE SAME IN THE OPERATIONS DESCRIBED IN
7 PARAGRAPHS (A), (B), (C) AND (D) HEREIN.

8 THE EXCLUSION PROVIDED IN PARAGRAPH (C) SHALL NOT APPLY TO
9 (I) CONSTRUCTION MATERIALS, SUPPLIES OR EQUIPMENT USED [TO
10 CONSTRUCT, RECONSTRUCT, REMODEL, REPAIR OR MAINTAIN] OR
11 INSTALLED IN THE CONSTRUCTION, RECONSTRUCTION, REMODELING,
12 REPAIR OR MAINTENANCE OF FACILITIES NOT USED DIRECTLY BY THE
13 PURCHASER IN THE PRODUCTION, DELIVERING OR RENDITION OF PUBLIC
14 UTILITY SERVICE[,] OR (II) [CONSTRUCTION MATERIALS, SUPPLIES OR
15 EQUIPMENT USED TO CONSTRUCT, RECONSTRUCT, REMODEL, REPAIR OR
16 MAINTAIN A BUILDING, ROAD OR SIMILAR STRUCTURE, OR (III)] TOOLS
17 AND EQUIPMENT USED BUT NOT INSTALLED IN THE MAINTENANCE OF
18 FACILITIES USED DIRECTLY IN THE PRODUCTION, DELIVERING OR
19 RENDITION OF A PUBLIC UTILITY SERVICE.

20 THE EXCLUSIONS PROVIDED IN PARAGRAPHS (A), (B), (C) AND (D)
21 SHALL NOT APPLY TO THE SERVICES ENUMERATED IN CLAUSES (K)(11)
22 THROUGH (23), (W) THROUGH (VV) OF THIS SECTION.

23 (9) WHERE TANGIBLE PERSONAL PROPERTY OR SERVICES ARE
24 UTILIZED FOR PURPOSES CONSTITUTING A "SALE AT RETAIL" AND FOR
25 PURPOSES EXCLUDED FROM THE DEFINITION OF "SALE AT RETAIL," IT
26 SHALL BE PRESUMED THAT SUCH TANGIBLE PERSONAL PROPERTY OR
27 SERVICES ARE UTILIZED FOR PURPOSES CONSTITUTING A "SALE AT
28 RETAIL" AND SUBJECT TO TAX UNLESS THE USER THEREOF PROVES TO THE
29 DEPARTMENT THAT THE PREDOMINANT PURPOSES FOR WHICH SUCH TANGIBLE
30 PERSONAL PROPERTY OR SERVICES ARE UTILIZED DO NOT CONSTITUTE A

1 "SALE AT RETAIL."

2 (10) THE TERM "SALE AT RETAIL" WITH RESPECT TO "LIQUOR" AND
3 "MALT OR BREWED BEVERAGES" SHALL INCLUDE THE SALE OF "LIQUOR" BY
4 ANY "PENNSYLVANIA LIQUOR STORE" TO ANY PERSON FOR ANY PURPOSE,
5 AND THE SALE OF "MALT OR BREWED BEVERAGES" BY A "MANUFACTURER OF
6 MALT OR BREWED BEVERAGES," "DISTRIBUTOR" OR "IMPORTING
7 DISTRIBUTOR" TO ANY PERSON FOR ANY PURPOSE, EXCEPT SALES BY A
8 "MANUFACTURER OF MALT OR BREWED BEVERAGES" TO A "DISTRIBUTOR" OR
9 "IMPORTING DISTRIBUTOR" OR SALES BY AN "IMPORTING DISTRIBUTOR"
10 TO A "DISTRIBUTOR" WITHIN THE MEANING OF THE "LIQUOR CODE." THE
11 TERM "SALE AT RETAIL" SHALL NOT INCLUDE ANY SALE OF "MALT OR
12 BREWED BEVERAGES" BY A "RETAIL DISPENSER" OR ANY SALE OF
13 "LIQUOR" OR "MALT OR BREWED BEVERAGES" BY A PERSON HOLDING A
14 "RETAIL LIQUOR LICENSE" WITHIN THE MEANING OF AND PURSUANT TO
15 THE PROVISIONS OF THE "LIQUOR CODE," BUT SHALL INCLUDE ANY SALE
16 OF "LIQUOR" OR "MALT OR BREWED BEVERAGES" OTHER THAN PURSUANT TO
17 THE PROVISIONS OF THE "LIQUOR CODE."

18 (11) THE RENDITION FOR A CONSIDERATION OF THE SERVICE OF
19 RESEARCH, OTHER THAN RESEARCH AS DEFINED IN CLAUSE (C)(5) OF
20 THIS SECTION.

21 (12) THE RENDITION FOR A CONSIDERATION OF MANAGEMENT
22 SERVICES, MANAGEMENT CONSULTING SERVICES, PUBLIC RELATIONS
23 SERVICES AND OTHER BUSINESS CONSULTING SERVICES.

24 (13) THE RENDITION FOR A CONSIDERATION OF ADJUSTMENT AND
25 COLLECTION SERVICES AND CREDIT REPORTING SERVICES.

26 (14) THE RENDITION FOR A CONSIDERATION OF SECRETARIAL AND
27 EDITING SERVICES.

28 (15) THE RENDITION FOR A CONSIDERATION OF DISINFECTING AND
29 PEST CONTROL SERVICES, AND OF BUILDING MAINTENANCE AND CLEANING
30 SERVICES.

1 (16) THE RENDITION FOR A CONSIDERATION OF EMPLOYMENT AGENCY
2 SERVICES, HELP SUPPLY SERVICES OR OTHER PERSONNEL SUPPLY
3 SERVICES.

4 (17) THE RENDITION FOR A CONSIDERATION OF COMPUTER
5 PROGRAMMING AND OTHER COMPUTER-RELATED SERVICES, INCLUDING
6 PROVIDING COMPUTER INTEGRATED SYSTEMS DESIGN, COMPUTER
7 PROCESSING AND DATA PREPARATION AND PROCESSING, INFORMATION
8 RETRIEVAL SERVICES, COMPUTER FACILITIES MANAGEMENT SERVICES,
9 COMPUTER MAINTENANCE AND REPAIR.

10 (18) THE RENDITION FOR A CONSIDERATION OF DETECTIVE AND
11 OTHER PROTECTIVE SERVICES.

12 (19) THE RENDITION FOR A CONSIDERATION OF LEGAL SERVICES.

13 (20) THE RENDITION FOR A CONSIDERATION OF ACCOUNTING,
14 AUDITING AND BOOKKEEPING SERVICES.

15 (21) THE RENDITION FOR A CONSIDERATION OF PROFESSIONAL
16 ENGINEERING, ARCHITECTURAL AND SURVEYING SERVICES.

17 (22) THE RENDITION FOR A CONSIDERATION OF LAWN CARE
18 SERVICES.

19 (23) THE RENDITION FOR A CONSIDERATION OF PROVIDING STORAGE
20 SPACE.

21 (L) "STORAGE." ANY KEEPING OR RETENTION OF TANGIBLE
22 PERSONAL PROPERTY WITHIN THIS COMMONWEALTH FOR ANY PURPOSE
23 INCLUDING THE INTERIM KEEPING, RETAINING OR EXERCISING ANY RIGHT
24 OR POWER OVER SUCH TANGIBLE PERSONAL PROPERTY. THE TERM EXCLUDES
25 STORAGE SPACE.

26 (M) "TANGIBLE PERSONAL PROPERTY." CORPOREAL PERSONAL
27 PROPERTY INCLUDING, BUT NOT LIMITED TO, GOODS, WARES,
28 MERCHANDISE, STEAM AND NATURAL AND MANUFACTURED AND BOTTLED GAS
29 FOR NON-RESIDENTIAL USE, ELECTRICITY FOR NON-RESIDENTIAL USE,
30 [INTRASTATE TELEPHONE AND TELEGRAPH SERVICE FOR NON-RESIDENTIAL

1 USE, SPIRITUOUS OR VINOUS LIQUOR AND MALT OR BREWED BEVERAGES
2 AND SOFT DRINKS; BUT THE TERM SHALL NOT INCLUDE HOUSEHOLD
3 SUPPLIES PURCHASED AT RETAIL ESTABLISHMENTS FOR RESIDENTIAL
4 CONSUMPTION, INCLUDING BUT NOT LIMITED TO, SOAPS, DETERGENTS,
5 CLEANING AND POLISHING PREPARATIONS, PAPER GOODS, HOUSEHOLD
6 WRAPPING SUPPLIES AND ITEMS OF SIMILAR NATURE, OR SANITARY
7 NAPKINS, TAMPONS OR SIMILAR ITEMS USED FOR FEMININE HYGIENE. NOR
8 SHALL SAID TERM INCLUDE STEAM, NATURAL AND MANUFACTURED AND
9 BOTTLED GAS, FUEL OIL, ELECTRICITY OR INTRASTATE TELEPHONE OR
10 TELEGRAPH SERVICE WHEN PURCHASED DIRECTLY BY THE USER THEREOF
11 SOLELY FOR HIS OWN RESIDENTIAL USE.] SPIRITUOUS OR VINOUS LIQUOR
12 AND MALT OR BREWED BEVERAGES AND SOFT DRINKS, INTERSTATE
13 TELEPHONE, TELEGRAPH AND TELECOMMUNICATIONS SERVICE ORIGINATING
14 OR TERMINATING IN THE COMMONWEALTH AND CHARGED TO A SERVICE
15 ADDRESS IN THIS COMMONWEALTH, INTRASTATE TELEPHONE, TELEGRAPH
16 AND TELECOMMUNICATIONS SERVICE WITH THE EXCEPTION OF SUBSCRIBER
17 LINE CHARGES AND BASIC LOCAL TELEPHONE SERVICE FOR RESIDENTIAL
18 USE, PROVIDED FURTHER, THE SERVICE ADDRESS OF ANY INTRASTATE
19 TELEPHONE, TELEGRAPH, OR TELECOMMUNICATIONS IS DEEMED TO BE
20 WITHIN THIS STATE, REGARDLESS OF HOW OR WHERE BILLED OR PAID. IN
21 THE CASE OF ANY SUCH INTERSTATE OR INTRASTATE TELEPHONE,
22 TELEGRAPH AND TELECOMMUNICATIONS SERVICE, ANY CHARGE PAID
23 THROUGH A CREDIT OR PAYMENT MECHANISM WHICH DOES NOT RELATE TO A
24 SERVICE ADDRESS, SUCH AS A BANK, TRAVEL, CREDIT OR DEBIT CARD,
25 IS DEEMED ATTRIBUTABLE TO THE ADDRESS OF ORIGINATION OF THE
26 TELEPHONE, TELEGRAPH, OR TELECOMMUNICATIONS.

27 * * *

28 (O) "USE."

29 (1) THE EXERCISE OF ANY RIGHT OR POWER INCIDENTAL TO THE
30 OWNERSHIP, CUSTODY OR POSSESSION OF TANGIBLE PERSONAL PROPERTY

1 AND SHALL INCLUDE, BUT NOT BE LIMITED TO TRANSPORTATION, STORAGE
2 OR CONSUMPTION.

3 (2) THE OBTAINING BY A PURCHASER OF THE SERVICE OF PRINTING
4 OR IMPRINTING OF TANGIBLE PERSONAL PROPERTY WHEN SUCH PURCHASER
5 FURNISHES, EITHER DIRECTLY OR INDIRECTLY, THE ARTICLES USED IN
6 THE PRINTING OR IMPRINTING.

7 (3) THE OBTAINING BY A PURCHASER OF THE SERVICES OF (I)
8 WASHING, CLEANING, WAXING, POLISHING OR LUBRICATING OF MOTOR
9 VEHICLES WHETHER OR NOT ANY TANGIBLE PERSONAL PROPERTY IS
10 TRANSFERRED TO THE PURCHASER IN CONJUNCTION WITH SUCH SERVICES,
11 AND (II) INSPECTING MOTOR VEHICLES PURSUANT TO THE MANDATORY
12 REQUIREMENTS OF "THE VEHICLE CODE."

13 (4) THE OBTAINING BY A PURCHASER OF THE SERVICE OF
14 REPAIRING, ALTERING, MENDING, PRESSING, FITTING, DYEING,
15 LAUNDERING, DRYCLEANING OR CLEANING TANGIBLE PERSONAL PROPERTY
16 OTHER THAN WEARING APPAREL OR SHOES OR APPLYING OR INSTALLING
17 TANGIBLE PERSONAL PROPERTY AS A REPAIR OR REPLACEMENT PART OF
18 OTHER TANGIBLE PERSONAL PROPERTY OTHER THAN WEARING APPAREL OR
19 SHOES, WHETHER OR NOT THE SERVICES ARE PERFORMED DIRECTLY OR BY
20 ANY MEANS OTHER THAN BY MEANS OF COIN-OPERATED SELF-SERVICE
21 LAUNDRY EQUIPMENT FOR WEARING APPAREL OR HOUSEHOLD GOODS, AND
22 WHETHER OR NOT ANY TANGIBLE PERSONAL PROPERTY IS TRANSFERRED TO
23 THE PURCHASER IN CONJUNCTION THEREWITH, EXCEPT SUCH SERVICES AS
24 ARE OBTAINED IN THE CONSTRUCTION, RECONSTRUCTION, REMODELING,
25 REPAIR OR MAINTENANCE OF REAL ESTATE: PROVIDED, HOWEVER, THAT
26 THIS SUBCLAUSE SHALL NOT BE DEEMED TO IMPOSE TAX UPON SUCH
27 SERVICES IN THE PREPARATION FOR SALE OF NEW ITEMS WHICH ARE
28 EXCLUDED FROM THE TAX UNDER CLAUSE (26) OF SECTION 204, OR UPON
29 DIAPER SERVICE: AND PROVIDED FURTHER, THAT THE TERM "USE" SHALL
30 NOT INCLUDE--

1 (A) ANY TANGIBLE PERSONAL PROPERTY ACQUIRED AND KEPT,
2 RETAINED OR OVER WHICH POWER IS EXERCISED WITHIN THIS
3 COMMONWEALTH ON WHICH THE TAXING OF THE STORAGE, USE OR OTHER
4 CONSUMPTION THEREOF IS EXPRESSLY PROHIBITED BY THE CONSTITUTION
5 OF THE UNITED STATES OR WHICH IS EXCLUDED FROM TAX UNDER OTHER
6 PROVISIONS OF THIS ARTICLE.

7 (B) THE USE OR CONSUMPTION OF TANGIBLE PERSONAL PROPERTY,
8 INCLUDING BUT NOT LIMITED TO MACHINERY AND EQUIPMENT AND PARTS
9 THEREFOR, AND SUPPLIES OR THE OBTAINING OF THE SERVICES
10 DESCRIBED IN SUBCLAUSES (2), (3) AND (4) OF THIS CLAUSE DIRECTLY
11 IN [ANY OF] THE OPERATIONS OF--

12 (I) THE MANUFACTURE OF TANGIBLE PERSONAL PROPERTY;

13 (II) FARMING, DAIRYING, AGRICULTURE, HORTICULTURE OR
14 FLORICULTURE WHEN ENGAGED IN AS A BUSINESS ENTERPRISE[;]. THE
15 TERM "FARMING" SHALL INCLUDE THE PROPAGATION AND RAISING OF
16 RANCH RAISED FURBEARING ANIMALS AND THE PROPAGATION OF GAME
17 BIRDS FOR COMMERCIAL PURPOSES BY HOLDERS OF PROPAGATION PERMITS
18 ISSUED UNDER 34 PA.C.S. (RELATING TO GAME);

19 (III) THE PRODUCING, DELIVERING OR RENDERING OF A PUBLIC
20 UTILITY SERVICE, OR IN CONSTRUCTING, RECONSTRUCTING, REMODELING,
21 REPAIRING OR MAINTAINING THE FACILITIES WHICH ARE DIRECTLY USED
22 IN PRODUCING, DELIVERING OR RENDERING SUCH SERVICE[;]. THIS
23 EXCLUSION SHALL NOT INCLUDE ANY TANGIBLE PERSONAL PROPERTY OR
24 SERVICES USED OR INSTALLED IN THE CONSTRUCTING, RECONSTRUCTING,
25 REMODELING, REPAIRING OR MAINTAINING OF ROADS, SIDEWALKS,
26 BUILDINGS OR ANY SIMILAR STRUCTURES NOTWITHSTANDING THEIR USE;

27 (IV) [THE PROCESSING OF PERSONAL PROPERTY] PROCESSING AS
28 DEFINED IN SUBCLAUSE (D) OF THIS SECTION.

29 (V) THE EXCLUSIONS PROVIDED IN SUBPARAGRAPHS (I), (II),
30 (III) AND (IV) SHALL BE AVAILABLE ONLY TO PERSONS ACTUALLY

1 ENGAGED IN THE ACTIVITIES ENUMERATED IN SUBPARAGRAPHS (I) (II),
2 (III) AND (IV). THE EXCLUSIONS ENUMERATED IN SUBPARAGRAPHS (I),
3 (II), (III) AND (IV) SHALL NOT BE AVAILABLE TO PERSONS
4 PERFORMING ACTIVITIES ON BEHALF OF THOSE ENGAGED IN THE
5 ACTIVITIES ENUMERATED IN SUBPARAGRAPHS (I), (II), (III) AND
6 (IV).

7 THE EXCLUSIONS PROVIDED IN SUBPARAGRAPHS (I), (II), (III) AND
8 (IV) SHALL NOT APPLY TO ANY VEHICLE REQUIRED TO BE REGISTERED
9 UNDER THE VEHICLE CODE EXCEPT THOSE VEHICLES DIRECTLY USED BY A
10 PUBLIC UTILITY ENGAGED IN THE BUSINESS AS A COMMON CARRIER; TO
11 MAINTENANCE FACILITIES; OR TO MATERIALS, SUPPLIES OR EQUIPMENT
12 TO BE USED OR CONSUMED IN THE CONSTRUCTION, RECONSTRUCTION,
13 REMODELING, REPAIR OR MAINTENANCE OF REAL ESTATE OTHER THAN
14 DIRECTLY USED MACHINERY, EQUIPMENT, PARTS OR FOUNDATIONS
15 THEREFOR THAT MAY BE AFFIXED TO SUCH REAL ESTATE. THE EXCLUSIONS
16 PROVIDED IN SUBPARAGRAPHS (I), (II), (III) AND (IV) SHALL NOT
17 APPLY TO TANGIBLE PERSONAL PROPERTY OR SERVICES TO BE USED OR
18 CONSUMED IN MANAGERIAL SALES OR OTHER NONOPERATIONAL ACTIVITIES,
19 NOR TO THE PURCHASE OR USE OF TANGIBLE PERSONAL PROPERTY OR
20 SERVICES BY ANY PERSON OTHER THAN THE PERSON DIRECTLY USING THE
21 SAME IN THE OPERATIONS DESCRIBED IN SUBPARAGRAPHS (I), (II),
22 (III) AND (IV).

23 THE EXCLUSION PROVIDED IN SUBPARAGRAPH (III) SHALL NOT APPLY
24 TO (A) CONSTRUCTION MATERIALS, SUPPLIES OR EQUIPMENT USED [TO
25 CONSTRUCT, RECONSTRUCT, REMODEL, REPAIR OR MAINTAIN] OR
26 INSTALLED IN THE CONSTRUCTION, RECONSTRUCTION, REMODELING,
27 REPAIR OR MAINTENANCE OF FACILITIES NOT USED DIRECTLY BY THE
28 PURCHASER IN THE PRODUCTION, DELIVERING OR RENDITION OF PUBLIC
29 UTILITY SERVICE[,] OR (B) [CONSTRUCTION MATERIALS, SUPPLIES OR
30 EQUIPMENT USED TO CONSTRUCT, RECONSTRUCT, REMODEL, REPAIR OR

1 MAINTAIN A BUILDING, ROAD OR SIMILAR STRUCTURE, OR (C)] TOOLS
2 AND EQUIPMENT USED BUT NOT INSTALLED IN THE MAINTENANCE OF
3 FACILITIES USED DIRECTLY IN THE PRODUCTION, DELIVERING OR
4 RENDITION OF A PUBLIC UTILITY SERVICE.

5 THE EXCLUSION PROVIDED IN SUBPARAGRAPHS (I), (II), (III) AND
6 (IV) SHALL NOT APPLY TO THE SERVICES ENUMERATED IN CLAUSES
7 (O)(9) THROUGH (20), (W) THROUGH (UU) OF THIS SECTION.

8 (5) WHERE TANGIBLE PERSONAL PROPERTY OR SERVICES ARE
9 UTILIZED FOR PURPOSES CONSTITUTING A "USE," AS HEREIN DEFINED,
10 AND FOR PURPOSES EXCLUDED FROM THE DEFINITION OF "USE," IT SHALL
11 BE PRESUMED THAT SUCH PROPERTY OR SERVICES ARE UTILIZED FOR
12 PURPOSES CONSTITUTING A "SALE AT RETAIL" AND SUBJECT TO TAX
13 UNLESS THE USER THEREOF PROVES TO THE DEPARTMENT THAT THE
14 PREDOMINANT PURPOSES FOR WHICH SUCH PROPERTY OR SERVICES ARE
15 UTILIZED DO NOT CONSTITUTE A "SALE AT RETAIL."

16 (6) THE TERM "USE" WITH RESPECT TO "LIQUOR" AND "MALT OR
17 BREWED BEVERAGES" SHALL INCLUDE THE PURCHASE OF "LIQUOR" FROM
18 ANY "PENNSYLVANIA LIQUOR STORE" BY ANY PERSON FOR ANY PURPOSE
19 AND THE PURCHASE OF "MALT OR BREWED BEVERAGES" FROM A
20 "MANUFACTURER OF MALT OR BREWED BEVERAGES," "DISTRIBUTOR" OR
21 "IMPORTING DISTRIBUTOR" BY ANY PERSON FOR ANY PURPOSE, EXCEPT
22 PURCHASES FROM A "MANUFACTURER OF MALT OR BREWED BEVERAGES" BY A
23 "DISTRIBUTOR" OR "IMPORTING DISTRIBUTOR," OR PURCHASES FROM AN
24 "IMPORTING DISTRIBUTOR" BY A "DISTRIBUTOR" WITHIN THE MEANING OF
25 THE "LIQUOR CODE." THE TERM "USE" SHALL NOT INCLUDE ANY PURCHASE
26 OF "MALT OR BREWED BEVERAGES" FROM A "RETAIL DISPENSER" OR ANY
27 PURCHASE OF "LIQUOR" OR "MALT OR BREWED BEVERAGES" FROM A PERSON
28 HOLDING A "RETAIL LIQUOR LICENSE" WITHIN THE MEANING OF AND
29 PURSUANT TO THE PROVISIONS OF THE "LIQUOR CODE," BUT SHALL
30 INCLUDE THE EXERCISE OF ANY RIGHT OR POWER INCIDENTAL TO THE

1 OWNERSHIP, CUSTODY OR POSSESSION OF "LIQUOR" OR "MALT OR BREWED
2 BEVERAGES" OBTAINED BY THE PERSON EXERCISING SUCH RIGHT OR POWER
3 IN ANY MANNER OTHER THAN PURSUANT TO THE PROVISIONS OF THE
4 "LIQUOR CODE."

5 (7) THE USE OF TANGIBLE PERSONAL PROPERTY PURCHASED AT
6 RETAIL UPON WHICH THE SERVICES DESCRIBED IN SUBCLAUSES (2), (3)
7 AND (4) OF THIS CLAUSE HAVE BEEN PERFORMED SHALL BE DEEMED TO BE
8 A USE OF SAID SERVICES BY THE PERSON USING SAID PROPERTY.

9 (8) THE TERM "USE" SHALL NOT INCLUDE THE PROVIDING OF A
10 MOTOR VEHICLE TO A NONPROFIT PRIVATE OR PUBLIC SCHOOL TO BE USED
11 BY SUCH A SCHOOL FOR THE SOLE PURPOSE OF DRIVER EDUCATION.

12 (9) THE OBTAINING BY THE PURCHASER OF THE SERVICE OF
13 RESEARCH, OTHER THAN RESEARCH AS DEFINED IN CLAUSE (C)(5) OF
14 THIS SECTION.

15 (10) THE OBTAINING BY THE PURCHASER OF MANAGEMENT SERVICES,
16 MANAGEMENT CONSULTING SERVICES, PUBLIC RELATIONS SERVICES AND
17 OTHER BUSINESS CONSULTING SERVICES.

18 (11) THE OBTAINING BY THE PURCHASER OF ADJUSTMENT AND
19 COLLECTION SERVICES AND CREDIT REPORTING SERVICES.

20 (12) THE OBTAINING BY THE PURCHASER OF SECRETARIAL AND
21 EDITING SERVICES.

22 (13) THE OBTAINING BY THE PURCHASER OF DISINFECTING AND PEST
23 CONTROL SERVICES, AND OF BUILDING MAINTENANCE AND CLEANING
24 SERVICES.

25 (14) THE OBTAINING BY THE PURCHASER OF EMPLOYMENT AGENCY
26 SERVICES, HELP SUPPLY SERVICES OR OTHER PERSONNEL SUPPLY
27 SERVICES.

28 (15) THE OBTAINING BY THE PURCHASER OF COMPUTER PROGRAMMING
29 AND OTHER COMPUTER RELATED SERVICES, INCLUDING PROVIDING
30 COMPUTER INTEGRATED SYSTEMS DESIGN, COMPUTER PROCESSING AND DATA

1 PREPARATION AND PROCESSING, INFORMATION RETRIEVAL SERVICES,
2 COMPUTER FACILITIES MANAGEMENT SERVICES, COMPUTER MAINTENANCE
3 AND REPAIR.

4 (16) THE OBTAINING BY THE PURCHASER OF DETECTIVE AND OTHER
5 PROTECTIVE SERVICES.

6 (17) THE OBTAINING BY THE PURCHASER OF LEGAL SERVICES.

7 (18) THE OBTAINING BY THE PURCHASER OF ACCOUNTING, AUDITING
8 AND BOOKKEEPING SERVICES.

9 (19) THE OBTAINING BY THE PURCHASER OF PROFESSIONAL
10 ENGINEERING, ARCHITECTURAL AND SURVEYING SERVICES.

11 (20) THE OBTAINING BY THE PURCHASER OF LAWN SERVICE.

12 * * *

13 (T) "TRANSIENT VENDOR."

14 (1) ANY PERSON WHO--

15 (I) BRINGS INTO THE COMMONWEALTH, BY AUTOMOBILE, TRUCK OR
16 OTHER MEANS OF TRANSPORTATION, OR PURCHASES IN THE COMMONWEALTH
17 TANGIBLE PERSONAL PROPERTY THE SALE OR USE OF WHICH IS SUBJECT
18 TO THE TAX IMPOSED BY THIS ARTICLE OR COMES INTO THE
19 COMMONWEALTH TO PERFORM SERVICES THE SALE OR USE OF WHICH IS
20 SUBJECT TO THE TAX IMPOSED BY THIS ARTICLE;

21 (II) OFFERS OR INTENDS TO OFFER SUCH TANGIBLE PERSONAL
22 PROPERTY OR SERVICES FOR SALE AT RETAIL WITHIN THE COMMONWEALTH;
23 AND

24 (III) DOES NOT MAINTAIN AN ESTABLISHED OFFICE, DISTRIBUTION
25 HOUSE, SALESHOUSE, WAREHOUSE, SERVICE ENTERPRISE, RESIDENCE FROM
26 WHICH BUSINESS IS CONDUCTED OR OTHER PLACE OF BUSINESS WITHIN
27 THE COMMONWEALTH.

28 (2) THE TERM SHALL NOT INCLUDE A PERSON WHO DELIVERS
29 TANGIBLE PERSONAL PROPERTY WITHIN THE COMMONWEALTH PURSUANT TO
30 ORDERS FOR SUCH PROPERTY WHICH WERE SOLICITED OR PLACED BY MAIL

1 OR OTHER MEANS.

2 (3) THE TERM SHALL NOT INCLUDE A PERSON WHO HANDCRAFTS ITEMS
3 FOR SALE AT SPECIAL EVENTS, INCLUDING, BUT NOT LIMITED TO,
4 FAIRS, CARNIVALS, ART AND CRAFT SHOWS AND OTHER FESTIVALS AND
5 CELEBRATIONS WITHIN THIS COMMONWEALTH.

6 * * *

7 (W) "MANAGEMENT SERVICES." GENERAL OR SPECIALIZED
8 MANAGEMENT SERVICES ON A DAY TO DAY BASIS ON A CONTRACT, FEE OR
9 OTHER BASIS, INCLUDING, BUT NOT LIMITED TO, ADMINISTRATIVE
10 MANAGEMENT SERVICES, BUSINESS MANAGEMENT SERVICES, CONSTRUCTION
11 MANAGEMENT, MOTEL MANAGEMENT SERVICES AND OFFICE MANAGEMENT
12 SERVICES.

13 (X) "MANAGEMENT CONSULTING SERVICES." THE FURNISHING OF
14 ADVICE, ANALYSIS OR ASSISTANCE IN THE MANAGEMENT OF ENTITIES,
15 INCLUDING, BUT NOT LIMITED TO, STRATEGIC AND ORGANIZATIONAL
16 PLANNING, FINANCIAL PLANNING AND BUDGETING, MARKETING OBJECTIVES
17 AND POLICIES, COMPUTER AND INFORMATION SYSTEMS PLANNING,
18 EVALUATION AND SELECTION, HUMAN RESOURCES POLICIES AND PRACTICES
19 PLANNING, PRODUCTION SCHEDULING AND CONTROL PLANNING.

20 (Y) "PUBLIC RELATIONS SERVICES." THE PREPARATION OR
21 DISSEMINATION OF MATERIALS, WRITTEN OR SPOKEN AND ANY OTHER
22 ACTIVITIES INCLUDING LOBBYING WHICH ARE DESIGNED TO INFLUENCE
23 THE GENERAL PUBLIC OR OTHER GROUPS IN PROMOTING THE INTERESTS OF
24 THEIR CLIENTS. THE TERM SHALL NOT INCLUDE THE PURCHASE OF
25 ADVERTISING SPACE OR TIME FOR PRESENTATION OF A PROMOTIONAL
26 MESSAGE.

27 (Z) "ADJUSTMENT AND COLLECTION SERVICES." COLLECTING OR
28 ADJUSTING ACCOUNTS RECEIVABLE INCLUDING, BUT NOT LIMITED TO,
29 SERVICES OF THE TYPE PROVIDED BY ADJUSTMENT BUREAUS OR
30 COLLECTION AGENCIES. SUCH SERVICES DO NOT INCLUDE COLLECTING

1 INSURANCE RECEIVABLES, OR PROVIDING CREDIT CARD SERVICE WITH
2 COLLECTION BY A CENTRAL AGENCY, OR PROVIDING DEBT COUNSELING OR
3 ADJUSTMENT SERVICES TO INDIVIDUALS.

4 (AA) "CREDIT REPORTING SERVICES." PROVIDING MERCANTILE AND
5 CONSUMER CREDIT REPORTING SERVICES INCLUDING, BUT NOT LIMITED
6 TO, SERVICES OF THE TYPE PROVIDED BY CONSUMER AND MERCANTILE
7 CREDIT REPORTING BUREAUS, CREDIT BUREAUS AND AGENCIES, CREDIT
8 CLEARINGHOUSES AND CREDIT INVESTIGATION SERVICES.

9 (BB) "SECRETARIAL AND EDITING SERVICES." PROVIDING SERVICES
10 WHICH INCLUDE, BUT ARE NOT LIMITED TO, EDITING, LETTER WRITING,
11 PROOFREADING, RESUME WRITING, SECRETARIAL SERVICES, TYPING AND
12 WORD PROCESSING. SUCH SERVICES SHALL NOT INCLUDE COURT REPORTING
13 AND STENOGRAPHIC SERVICES.

14 (CC) "DISINFECTING AND PEST CONTROL SERVICES." DISINFECTING
15 DWELLINGS AND OTHER BUILDINGS, AND CONTROLLING TERMITES,
16 INSECTS, RODENTS AND OTHER PESTS, GENERALLY, IN DWELLINGS AND
17 OTHER BUILDINGS. SUCH SERVICES INCLUDE, BUT ARE NOT LIMITED TO,
18 DEODORANT SERVICING OF REST ROOMS, WASHROOM SANITATION SERVICE,
19 REST ROOM CLEANING SERVICE, DISINFECTING SERVICE, BIRD PROOFING,
20 EXTERMINATION SERVICE, FUMIGATING SERVICES, TERMITE CONTROL AND
21 PEST CONTROL IN STRUCTURES.

22 (DD) "BUILDING MAINTENANCE AND CLEANING SERVICES."
23 PROVIDING SERVICES WHICH INCLUDE, BUT ARE NOT LIMITED TO,
24 JANITORIAL, MAID OR HOUSEKEEPING SERVICE ON A CONTRACT OR FEE
25 BASIS, OFFICE OR INTERIOR BUILDING CLEANING AND MAINTENANCE
26 SERVICE, WINDOW CLEANING SERVICE, FLOOR WAXING SERVICE, LIGHTING
27 MAINTENANCE SERVICE SUCH AS BULB REPLACEMENT AND CLEANING,
28 CHIMNEY CLEANING SERVICE, ACOUSTICAL TILE CLEANING SERVICE,
29 VENETIAN BLIND CLEANING, INCLUDING WORK DONE ON OWNER'S
30 PREMISES, CLEANING AND MAINTENANCE OF TELEPHONE BOOTHS, AND

CLEANING AND DEGREASING OF SERVICE STATIONS. THIS TERM SHALL NOT
INCLUDE REPAIRS ON BUILDINGS AND OTHER STRUCTURES.

(EE) "EMPLOYMENT AGENCY SERVICES." PROVIDING EMPLOYMENT
SERVICES TO A PROSPECTIVE EMPLOYER OR EMPLOYEE OTHER THAN
EMPLOYMENT SERVICES PROVIDED BY THEATRICAL EMPLOYMENT AGENCIES
AND MOTION PICTURE CASTING BUREAUS. SUCH SERVICES SHALL INCLUDE,
BUT ARE NOT LIMITED TO, SERVICES OF THE TYPE PROVIDED BY
EMPLOYMENT AGENCIES, EXECUTIVE PLACING SERVICES, LABOR
CONTRACTOR EMPLOYMENT AGENCIES OTHER THAN FARM LABOR, MAID,
TEACHER, CHAUFFEUR, SHIP CREW AND MODEL REGISTRIES, AND
EXECUTIVE PLACING SERVICES.

(FF) "HELP SUPPLY SERVICES." SUPPLYING TEMPORARY OR
CONTINUING HELP ON A CONTRACT, FEE OR SIMILAR BASIS. THE HELP
SUPPLIED IS ON THE PAYROLL OF THE SUPPLYING PERSON OR ENTITY,
BUT IS UNDER THE SUPERVISION OF THE BUSINESS TO WHICH HELP IS
FURNISHED. SUCH SERVICES INCLUDE, BUT ARE NOT LIMITED TO,
SERVICE OF A TYPE PROVIDED BY LABOR AND MANPOWER POOLS, EMPLOYEE
LEASING SERVICES, OFFICE HELP SUPPLY SERVICES, TEMPORARY HELP
SERVICES, HELP SUPPLY SERVICES, USHER SERVICES, MODELING
SERVICES AND FASHION SHOW MODEL SUPPLY SERVICES. SUCH SERVICES
SHALL NOT INCLUDE PROVIDING FARM LABOR SERVICES.

(GG) "COMPUTER PROGRAMMING SERVICES." PROVIDING COMPUTER
PROGRAMMING SERVICES ON A CONTRACT OR FEE BASIS, AND PROVIDING
COMPUTER SOFTWARE DESIGN AND ANALYSIS, MODIFYING CUSTOM SOFTWARE
AND TRAINING IN THE USE OF CUSTOM SOFTWARE. SUCH SERVICES
INCLUDE, BUT ARE NOT LIMITED TO, SERVICES OF THE TYPE PROVIDED
BY OR THROUGH COMPUTER PROGRAMMING SERVICES, CUSTOMER COMPUTER
PROGRAMMING SERVICES, CUSTOM SOFTWARE PROGRAMMING, CUSTOM
COMPUTER PROGRAMS OR SYSTEM SOFTWARE DEVELOPMENT, CUSTOM
COMPUTER SOFTWARE SYSTEMS ANALYSIS AND DESIGN, CUSTOM

1 APPLICATIONS SOFTWARE PROGRAMMING, COMPUTER CODE AUTHORS AND
2 FREE-LANCE COMPUTER SOFTWARE WRITERS.

3 (HH) "COMPUTER INTEGRATED SYSTEMS DESIGN." DEVELOPING OR
4 MODIFYING COMPUTER SOFTWARE AND PACKAGING OR BUNDLING THE
5 SOFTWARE WITH PURCHASED COMPUTER HARDWARE (COMPUTERS AND
6 COMPUTER PERIPHERAL EQUIPMENT) TO CREATE AND MARKET AN
7 INTEGRATED SYSTEM FOR SPECIFIC APPLICATION. A BUSINESS IS
8 PROVIDING SUCH SERVICES UNDER THIS SUBPARAGRAPH ONLY IF IT
9 PROVIDES EACH OF THE FOLLOWING SERVICES:

10 (1) THE DEVELOPMENT OR MODIFICATION OF THE COMPUTER
11 SOFTWARE;

12 (2) THE MARKETING OF PURCHASED COMPUTER HARDWARE; AND

13 (3) INVOLVEMENT IN ALL PHASES OF SYSTEMS DEVELOPMENT FROM
14 DESIGN THROUGH INSTALLATION.

15 SUCH SERVICES UNDER THIS CLAUSE INCLUDE, BUT ARE NOT LIMITED TO,
16 COMPUTER SYSTEMS INTEGRATION, COMPUTER NETWORK SYSTEMS
17 INTEGRATION, LOCAL AREA NETWORK (LAN) SYSTEMS INTEGRATION,
18 OFFICE AUTOMATION, COMPUTER SYSTEMS VALUE-ADDED RESELLERS,
19 COMPUTER SYSTEMS TURNKEY VENDORS, CAD/CAM SYSTEMS SERVICES,
20 COMPUTER-AIDED DESIGN (CAD) SYSTEMS SERVICES, COMPUTER-AIDED
21 ENGINEERING (CAE) SYSTEMS SERVICES AND COMPUTER-AIDED
22 MANUFACTURING (CAM) SYSTEMS SERVICES.

23 (II) "COMPUTER PROCESSING AND DATA PREPARATION AND
24 PROCESSING SERVICES." SUCH SERVICES INCLUDE, BUT ARE NOT
25 LIMITED TO, PROVIDING COMPLETE PROCESSING AND PREPARATION OF
26 REPORTS FROM DATA SUPPLIED BY THE CUSTOMER OR A SPECIALIZED
27 SERVICE, SUCH AS DATA ENTRY OR MAKING DATA PROCESSING EQUIPMENT
28 AVAILABLE ON AN HOURLY OR TIME-SHARING BASIS; COMPUTER TIME-
29 SHARING AND LEASING OR RENTAL OF COMPUTER TIME; COMPUTER
30 TABULATING AND CALCULATING SERVICES; COMPUTER SERVICE BUREAUS;

DATA ENTRY, PROCESSING AND/OR VERIFICATION SERVICES; KEY-PUNCH SERVICES AND OPTICAL SCANNING DATA SERVICES.

(JJ) "INFORMATION RETRIEVAL SERVICES." PROVIDING COMPUTER ON-LINE INFORMATION RETRIEVAL SERVICES. SUCH INFORMATION IS GENERALLY TAKEN FROM OTHER PRIMARY SOURCES AND MAY BE REFORMATTED OR EDITED FOR DISTRIBUTION. SUCH SERVICES INCLUDE, BUT ARE NOT LIMITED TO, DATA BASE INFORMATION RETRIEVAL SERVICES, ON-LINE INFORMATION RETRIEVAL SERVICES, ON-LINE DATA BASE INFORMATION RETRIEVAL SERVICES AND REMOTE DATA BASE INFORMATION RETRIEVAL SERVICES.

(KK) "COMPUTER FACILITIES MANAGEMENT SERVICES." PROVIDING ON-SITE MANAGEMENT AND OPERATION OF COMPUTER AND DATA PROCESSING FACILITIES ON A CONTRACT OR FEE BASIS.

(LL) "COMPUTER MAINTENANCE AND REPAIR." PROVIDING MAINTENANCE AND REPAIR SERVICES FOR COMPUTERS AND COMPUTER PERIPHERAL EQUIPMENT.

(MM) "OTHER COMPUTER-RELATED SERVICES." SUPPLYING COMPUTER-RELATED SERVICES NOT DESCRIBED ELSEWHERE IN CLAUSE (GG) THROUGH (LL). SUCH SERVICES INCLUDE, BUT ARE NOT LIMITED TO, SERVICES PROVIDED BY COMPUTER CONSULTANTS, DATA BASE DEVELOPERS AND DATA PROCESSING CONSULTANTS, DISK AND DISKETTE CONVERSION SERVICES, DISK AND DISKETTE RECERTIFICATION SERVICES, TAPE RECERTIFICATION SERVICES AND COMPUTER HARDWARE AND SOFTWARE REQUIREMENTS ANALYSIS, PREPARING SOFTWARE DOCUMENTATION FOR THE USER, INSTALLING SOFTWARE FOR THE USER, TRAINING THE USER IN THE USE OF SOFTWARE, REFORMATTING OR EDITING FOR DISTRIBUTION INFORMATION TAKEN FROM OTHER PRIMARY SOURCES.

(NN) "ENGINEERING SERVICES." PROVIDING PROFESSIONAL ENGINEERING SERVICES. SUCH SERVICES INCLUDE, BUT ARE NOT LIMITED TO, INDUSTRIAL, CIVIL, ELECTRICAL, MECHANICAL, PETROLEUM, MARINE

1 AND DESIGN ENGINEERING SERVICES; SHIP, BOAT AND MACHINE
2 ENGINEERING SERVICES; MACHINE TOOL DESIGN AND MACHINE TOOL
3 ALIGNMENT, AND PROVIDING SUPERVISING ENGINEERING STAFF ON
4 TEMPORARY CONTRACT TO OTHER FIRMS.

5 (OO) "ARCHITECTURAL SERVICES." PROVIDING PROFESSIONAL
6 ARCHITECTURAL SERVICES. SUCH SERVICES INCLUDE, BUT ARE NOT
7 LIMITED TO, ARCHITECTURAL SERVICES, ARCHITECTURAL ENGINEERING
8 SERVICES, AND SERVICES PROVIDED BY HOUSE DESIGNERS.

9 (PP) "SURVEYING SERVICES." PROVIDING PROFESSIONAL LAND,
10 WATER AND AERIAL SURVEYING SERVICES. SUCH SERVICES INCLUDE, BUT
11 ARE NOT LIMITED TO, LAND, WATER AND AERIAL SURVEYING SERVICES
12 AND PHOTOGRAMMETRIC ENGINEERING SERVICES.

13 (QQ) "LEGAL SERVICES." SUPPLYING LEGAL SERVICES FROM
14 ESTABLISHMENTS WHICH ARE HEADED BY MEMBERS OF THE BAR AND ARE
15 PRIMARILY ENGAGED IN OFFERING LEGAL ADVICE OR SERVICES. SUCH
16 TERM SHALL INCLUDE, BUT IS NOT LIMITED TO, ATTORNEYS, COUNSELORS
17 AT LAW, LAW OFFICES, LEGAL SERVICES, PARALEGAL SERVICES, PATENT
18 SOLICITORS' OFFICES AND REFEREES IN BANKRUPTCY.

19 (RR) "ACCOUNTING, AUDITING AND BOOKKEEPING SERVICES." SUCH
20 SERVICES INCLUDE, BUT ARE NOT LIMITED TO, ACCOUNTING SERVICES,
21 AUDITING SERVICES, BOOKKEEPING AND BILLING SERVICES, PAYROLL
22 ACCOUNTING AND TAX RETURN PREPARATION SERVICES.

23 (SS) "DETECTIVE AND OTHER PROTECTIVE SERVICES." SUCH
24 SERVICES INCLUDE, BUT ARE NOT LIMITED TO, PROVIDING DETECTIVE
25 AND ARMORED CAR SERVICES, RENTAL OF DOGS FOR PROTECTIVE
26 SERVICES, FINGERPRINT SERVICES, GUARD SERVICES, PRIVATE
27 INVESTIGATOR SERVICES, LIE DETECTION SERVICES, POLYGRAPH
28 SERVICES AND PROTECTIVE GUARD OR SECURITY GUARD SERVICES.

29 (TT) "LAWN CARE SERVICES." PROVIDING SERVICES FOR LAWN
30 UPKEEP INCLUDING, BUT NOT LIMITED TO, FERTILIZING SERVICES, LAWN

1 MOWING SERVICES AND SHRUBBERY TRIMMING SERVICES.

2 (UU) "STORAGE SPACE." A BUILDING OR PORTION OF A BUILDING
3 OR SIMILAR STRUCTURE FOR PURPOSES OF STORING CORPOREAL PERSONAL
4 PROPERTY, INCLUDING, BUT NOT LIMITED TO, GOODS, WARES OR
5 MERCHANDISE, SPIRITOUS OR VINOUS LIQUOR AND MALT OR BREWED
6 BEVERAGES, FURNITURE AND HOUSEHOLD GOODS, AUTOMOBILES, FURS,
7 TEXTILES, PERISHABLE GOODS UNDER REFRIGERATION, FARM PRODUCTS,
8 COTTON COMPRESSES AND TOBACCO. THE TERM EXCLUDES STORAGE.

9 (VV) "RESEARCH." INCLUDES, BUT IS NOT LIMITED TO, ECONOMIC
10 RESEARCH AND FORECASTING, EDUCATIONAL RESEARCH, MARKET RESEARCH,
11 OPINION RESEARCH AND SOCIOLOGICAL RESEARCH.

12 SECTION 2. SECTION 202(C) OF THE ACT IS AMENDED TO READ:

13 SECTION 202. IMPOSITION OF TAX.--* * *

14 (C) NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS ARTICLE,
15 THE TAX WITH RESPECT TO [NON-RESIDENTIAL INTRASTATE TELEPHONE
16 SERVICE AND INTRASTATE] TELEPHONE, TELEGRAPH AND
17 TELECOMMUNICATIONS SERVICE WITHIN THE MEANING OF CLAUSE (M) OF
18 SECTION 201 OF THIS ARTICLE SHALL, EXCEPT FOR TELEGRAMS PAID FOR
19 IN CASH AT TELEGRAPH OFFICES, BE COMPUTED AT THE RATE OF SIX PER
20 CENT UPON THE TOTAL AMOUNT [BILLED] CHARGED TO CUSTOMERS
21 [PERIODICALLY] FOR SUCH SERVICES, IRRESPECTIVE OF WHETHER SUCH
22 [BILLING] CHARGE IS BASED UPON A FLAT RATE OR UPON A MESSAGE
23 UNIT CHARGE. TO PREVENT ACTUAL MULTI-STATE TAXATION OF
24 INTERSTATE TELEPHONE, TELEGRAPH OR TELECOMMUNICATIONS SERVICE,
25 ANY TAXPAYER, UPON PROOF THAT THE TAXPAYER HAS PAID A SIMILAR
26 TAX TO ANOTHER STATE ON THE SAME INTERSTATE TELEPHONE, TELEGRAPH
27 OR TELECOMMUNICATIONS SERVICE, SHALL BE ALLOWED A CREDIT AGAINST
28 THE TAX IMPOSED BY THIS SECTION ON THE SAME INTERSTATE
29 TELEPHONE, TELEGRAPH OR TELECOMMUNICATIONS SERVICE TO THE EXTENT
30 OF THE AMOUNT OF SUCH TAX PROPERLY DUE AND PAID TO SUCH OTHER

1 STATE.

2 * * *

3 SECTION 3. SECTION 204(4), (5), (6), (7), (8), (9), (16),
4 (19), (20), (21), (22), (23) AND (29) OF THE ACT, AMENDED
5 SEPTEMBER 9, 1971 (P.L.437, NO.105), ARE AMENDED TO READ:

6 SECTION 204. EXCLUSIONS FROM TAX.--THE TAX IMPOSED BY
7 SECTION 202 SHALL NOT BE IMPOSED UPON

8 * * *

9 (4) [THE SALE AT RETAIL OR USE OF SUPPLIES AND MATERIALS TO
10 BE USED IN THE FULFILLMENT OF CONTRACTS FOR THE CONSTRUCTION,
11 RECONSTRUCTION, REMODELING, REPAIRING, MAINTENANCE OR SALE OF
12 REAL ESTATE WHEN SUCH CONTRACT WAS ENTERED INTO

13 (I) PRIOR TO MARCH 7, 1956, AND IS AT A FIXED PRICE NOT
14 SUBJECT TO CHANGE OR MODIFICATION BY REASON OF THE TAX IMPOSED
15 BY THE TAX ACT OF 1963 FOR EDUCATION; OR

16 (II) PURSUANT TO THE OBLIGATION OF A BID OR BIDS SUBMITTED
17 PRIOR TO MARCH 7, 1956, WHICH BID OR BIDS COULD NOT BE ALTERED
18 OR WITHDRAWN ON OR AFTER THAT DATE AND WHICH BID OR BIDS AND
19 CONTRACT ENTERED INTO PURSUANT THERETO ARE AT A FIXED PRICE NOT
20 SUBJECT TO CHANGE OR MODIFICATION BY REASON OF THE TAX IMPOSED
21 BY THE ACT IN EFFECT PRIOR TO THIS ARTICLE.

22 PROVIDED, HOWEVER, THAT NOTICE OF SUCH CONTRACT OR BID BY
23 REASON OF WHICH AN EXCLUSION IS CLAIMED UNDER THIS CLAUSE (4)
24 MUST BE GIVEN BY THE TAXPAYER TO THE DEPARTMENT ON OR BEFORE
25 JUNE 15, 1956.] THE SALE AT RETAIL OR USE OF TOILET PAPER,
26 SANITARY NAPKINS, TAMPONS OR SIMILAR ITEMS USED FOR FEMININE
27 HYGIENE.

28 (5) [THE SALE AT RETAIL OR USE OF MATERIALS TO BE
29 INCORPORATED INTO AND MADE A PART OF REAL ESTATE PURSUANT TO A
30 CONTRACT FOR THE CONSTRUCTION, RECONSTRUCTION, REMODELING,

1 REPAIRING, MAINTENANCE OR SALE OF SUCH REAL ESTATE, WHEN THE
2 CONTRACT IS, EITHER AT A FIXED PRICE NOT SUBJECT TO CHANGE OR
3 MODIFICATION, OR ENTERED INTO PURSUANT TO THE OBLIGATION OF A
4 FORMAL WRITTEN BID WHICH CANNOT BE ALTERED OR WITHDRAWN, AND, IN
5 EITHER CASE, SUCH CONTRACT WAS ENTERED INTO OR SUCH BID MADE ON
6 OR AFTER MARCH 7, 1956, BUT PRIOR TO APRIL 15, 1959, SHALL BE
7 EXEMPT FROM THE ADDITIONAL ONE-HALF OF ONE PER CENT OF TAX
8 IMPOSED BY SECTION 201 OF THE TAX ACT OF 1963 FOR EDUCATION AS
9 AMENDED APRIL 15, 1959 (P.L.20), AND FROM THE ADDITIONAL ONE-
10 HALF OF ONE PER CENT OF TAX IMPOSED BY SECTION 201 OF THE TAX
11 ACT OF 1963 FOR EDUCATION AS AMENDED AUGUST 20, 1959 (P.L.729),
12 AND FROM THE ADDITIONAL ONE PER CENT OF TAX IMPOSED BY SECTION
13 201 OF THE TAX ACT OF 1963 FOR EDUCATION AS AMENDED MAY 29, 1963
14 (P.L.49) AND FROM THE ADDITIONAL ONE PER CENT OF TAX IMPOSED BY
15 SECTION 201 OF THE TAX ACT OF 1963 FOR EDUCATION AS AMENDED
16 JANUARY 1, 1968 (P.L.918): PROVIDED, HOWEVER, THAT THE EXEMPTION
17 GRANTED BY THIS CLAUSE SHALL NOT BE CLAIMED BY THE PURCHASER
18 FROM ANY VENDOR BUT SHALL BE CLAIMED ONLY BY THE FILING OF A
19 REFUND PETITION WITH THE DEPARTMENT.] THE SALE AT RETAIL OR USE
20 OF STEAM, NATURAL AND MANUFACTURED AND BOTTLED GAS, FUEL OIL,
21 ELECTRICITY OR INTRASTATE SUBSCRIBER LINE CHARGES AND BASIC
22 LOCAL TELEPHONE SERVICE OR TELEGRAPH SERVICE WHEN PURCHASED
23 DIRECTLY BY THE USER THEREOF SOLELY FOR HIS OWN RESIDENTIAL USE.

24 [(6) THE SALE AT RETAIL OR USE OF MATERIALS TO BE
25 INCORPORATED INTO AND MADE A PART OF REAL ESTATE PURSUANT TO A
26 CONTRACT FOR THE CONSTRUCTION, RECONSTRUCTION, REMODELING,
27 REPAIRING, MAINTENANCE OR SALE OF SUCH REAL ESTATE WHEN THE
28 CONTRACT IS, EITHER AT A FIXED PRICE NOT SUBJECT TO CHANGE OR
29 MODIFICATION, OR ENTERED INTO PURSUANT TO THE OBLIGATION OF A
30 FORMAL WRITTEN BID WHICH CANNOT BE ALTERED OR WITHDRAWN, AND, IN

1 EITHER CASE, SUCH CONTRACT WAS ENTERED INTO OR SUCH BID MADE ON
2 OR AFTER APRIL 15, 1959, BUT PRIOR TO AUGUST 20, 1959, SHALL BE
3 EXEMPT FROM THE ADDITIONAL ONE-HALF OF ONE PER CENT OF TAX
4 IMPOSED BY SECTION 201 OF THE TAX ACT OF 1963 FOR EDUCATION AS
5 AMENDED AUGUST 20, 1959 (P.L.729), AND FROM THE ADDITIONAL ONE
6 PER CENT OF TAX IMPOSED BY SECTION 201 OF THE TAX ACT OF 1963
7 FOR EDUCATION AS AMENDED MAY 29, 1963 (P.L.49) AND FROM THE
8 ADDITIONAL ONE PER CENT OF TAX IMPOSED BY SECTION 201 OF THE TAX
9 ACT OF 1963 FOR EDUCATION AS AMENDED JANUARY 1, 1968 (P.L.918):
10 PROVIDED, HOWEVER, THAT THE EXEMPTION GRANTED BY THIS CLAUSE
11 SHALL NOT BE CLAIMED BY THE PURCHASER FROM ANY VENDOR BUT SHALL
12 BE CLAIMED ONLY BY THE FILING OF A REFUND PETITION WITH THE
13 DEPARTMENT.

14 (7) THE SALE AT RETAIL OR USE OF MATERIALS TO BE
15 INCORPORATED INTO AND MADE A PART OF REAL ESTATE PURSUANT TO A
16 CONTRACT FOR THE CONSTRUCTION, RECONSTRUCTION, REMODELING,
17 REPAIRING, MAINTENANCE OR SALE OF SUCH REAL ESTATE WHEN THE
18 CONTRACT IS, EITHER AT A FIXED PRICE NOT SUBJECT TO CHANGE OR
19 MODIFICATION, OR ENTERED INTO PURSUANT TO THE OBLIGATION OF A
20 FORMAL WRITTEN BID WHICH CANNOT BE ALTERED OR WITHDRAWN, AND, IN
21 EITHER CASE, SUCH CONTRACT WAS ENTERED INTO OR SUCH BID MADE ON
22 OR AFTER AUGUST 20, 1959, BUT PRIOR TO JUNE 1, 1963 SHALL BE
23 EXEMPT FROM THE ADDITIONAL ONE PER CENT OF TAX IMPOSED BY
24 SECTION 201 OF THE TAX ACT OF 1963 FOR EDUCATION AS AMENDED MAY
25 29, 1963 (P.L.49) AND FROM THE ADDITIONAL ONE PER CENT OF THE
26 TAX IMPOSED BY SECTION 201 OF THE TAX ACT OF 1963 FOR EDUCATION
27 AS AMENDED JANUARY 1, 1968 (P.L.918): PROVIDED, HOWEVER, THAT
28 THE EXEMPTION GRANTED BY THIS CLAUSE SHALL NOT BE CLAIMED BY THE
29 PURCHASER FROM ANY VENDOR BUT SHALL BE CLAIMED ONLY BY THE
30 FILING OF A REFUND PETITION WITH THE DEPARTMENT.

1 (8) THE SALE AT RETAIL OR USE OF MATERIALS TO BE
2 INCORPORATED INTO AND MADE A PART OF REAL ESTATE PURSUANT TO A
3 CONTRACT FOR THE CONSTRUCTION, RECONSTRUCTION, REMODELING,
4 REPAIRING, MAINTENANCE OR SALE OF SUCH REAL ESTATE WHEN THE
5 CONTRACT IS, EITHER AT A FIXED PRICE NOT SUBJECT TO CHANGE OR
6 MODIFICATION, OR ENTERED INTO PURSUANT TO THE OBLIGATION OF A
7 FORMAL WRITTEN BID WHICH CANNOT BE ALTERED OR WITHDRAWN, AND, IN
8 EITHER CASE, SUCH CONTRACT WAS ENTERED INTO OR SUCH BID MADE ON
9 OR AFTER JUNE 1, 1963, BUT PRIOR TO JANUARY 1, 1968, SHALL BE
10 EXEMPT FROM THE ADDITIONAL ONE PER CENT OF TAX IMPOSED BY
11 SECTION 201 OF THE TAX ACT OF 1963 FOR EDUCATION AS AMENDED
12 JANUARY 1, 1968 (P.L.918): PROVIDED, HOWEVER, THAT THE EXEMPTION
13 GRANTED BY THIS CLAUSE SHALL NOT BE CLAIMED BY THE PURCHASER
14 FROM ANY VENDOR BUT SHALL BE CLAIMED ONLY BY THE FILING OF A
15 REFUND PETITION WITH THE DEPARTMENT.

16 (9) THE SALE AT RETAIL OR USE OF TANGIBLE PERSONAL PROPERTY
17 OR SERVICES SUBJECT TO TAX UNDER THIS ARTICLE, BUT WHICH PRIOR
18 TO THE EFFECTIVE DATE OF THIS ARTICLE WERE EXCLUDED FROM TAX
19 UNDER THE PROVISIONS OF THE "TAX ACT OF 1963 FOR EDUCATION"
20 SHALL BE EXCLUDED FROM THE TAX IMPOSED BY THIS ARTICLE, PROVIDED
21 SUCH SALE AT RETAIL OR USE OCCURRED PURSUANT TO AND IN
22 FULFILLMENT OF A WRITTEN FIXED PRICE SALES OR CONSTRUCTION
23 CONTRACT OR FORMAL BID ENTERED INTO PRIOR TO THE EFFECTIVE DATE
24 OF THIS ARTICLE BY THE PERSON WHO OTHERWISE WOULD BE SUBJECT TO
25 TAX UNDER THIS ARTICLE AND ANOTHER, AND WHICH CONTRACT OR BID
26 CANNOT BE ALTERED, MODIFIED OR WITHDRAWN BY THE PARTIES. THE
27 EXCLUSION FROM TAX PROVIDED HEREIN SHALL NOT BE CLAIMED BY ANY
28 PERSON FROM A VENDOR BUT SHALL BE CLAIMED ONLY BY THE FILING OF
29 A REFUND PETITION WITH THE DEPARTMENT AS PROVIDED IN THIS
30 ARTICLE.]

1 * * *

2 (16) THE SALE AT RETAIL OR USE OF TANGIBLE PERSONAL PROPERTY
3 OR SERVICES TO BE USED OR CONSUMED FOR SHIP CLEANING OR
4 MAINTENANCE OR AS FUEL, SUPPLIES, SHIPS' EQUIPMENT, SHIPS'
5 STORES OR SEA STORES ON VESSELS DESIGNED FOR COMMERCIAL USE OF
6 REGISTERED TONNAGE OF FIFTY TONS OR MORE TO BE OPERATED
7 PRINCIPALLY OUTSIDE THE LIMITS OF THE COMMONWEALTH.

8 * * *

9 [(19) THE SALE AT RETAIL OR USE OF SUPPLIES AND MATERIALS TO
10 BE USED EXCLUSIVELY IN THE FULFILLMENT OF A CONTRACT FOR THE
11 CONSTRUCTION, RECONSTRUCTION, REMODELING, REPAIRING OR
12 MAINTENANCE OF REAL ESTATE, WHEN SUCH CONTRACT WAS ENTERED INTO
13 PRIOR TO MARCH 7, 1956, BETWEEN THE PERSON WHO WOULD OTHERWISE
14 BE SUBJECT TO THE TAX AND A MUNICIPAL AUTHORITY, INCORPORATED
15 UNDER THE "MUNICIPALITY AUTHORITIES ACT OF 1945": PROVIDED, THAT
16 NOTICE OF A CLAIM OF EXEMPTION UNDER THIS CLAUSE IS RECEIVED BY
17 THE DEPARTMENT WITHIN FIFTEEN DAYS AFTER THE EFFECTIVE DATE OF
18 THIS CLAUSE UNDER THE TAX ACT OF 1963 FOR EDUCATION.

19 (20) THE SALE AT RETAIL OR USE OF MATERIALS TO BE
20 INCORPORATED INTO AND MADE A PART OF REAL ESTATE PURSUANT TO A
21 CONTRACT FOR THE CONSTRUCTION, RECONSTRUCTION, REMODELING,
22 REPAIRING OR MAINTENANCE OF SUCH REAL ESTATE, WHEN THE CONTRACT
23 WAS ENTERED INTO ON OR AFTER MARCH 7, 1956, BUT PRIOR TO APRIL
24 15, 1959, BETWEEN THE PERSON WHO WOULD OTHERWISE BE SUBJECT TO
25 THE TAX AND A MUNICIPAL AUTHORITY, INCORPORATED UNDER THE
26 "MUNICIPALITY AUTHORITIES ACT OF 1945," SHALL BE EXEMPT FROM THE
27 ADDITIONAL ONE-HALF OF ONE PER CENT OF TAX IMPOSED BY SECTION
28 201 OF THE TAX ACT OF 1963 FOR EDUCATION AS AMENDED APRIL 15,
29 1959 (P.L.20), AND FROM THE ADDITIONAL ONE-HALF OF ONE PER CENT
30 OF TAX IMPOSED BY SECTION 201 OF THE TAX ACT OF 1963 FOR

1 EDUCATION AS AMENDED AUGUST 20, 1959 (P.L.729), AND FROM THE
2 ADDITIONAL ONE PER CENT OF TAX IMPOSED BY SECTION 201 OF THE TAX
3 ACT OF 1963 FOR EDUCATION, AS AMENDED MAY 29, 1963 (P.L.49) AND
4 FROM THE ADDITIONAL ONE PER CENT OF TAX IMPOSED BY SECTION 201
5 OF THE TAX ACT OF 1963 FOR EDUCATION AS AMENDED JANUARY 1, 1968
6 (P.L.918): PROVIDED, HOWEVER, THAT THE EXEMPTION GRANTED BY THIS
7 CLAUSE SHALL NOT BE CLAIMED BY THE PURCHASER FROM ANY VENDOR BUT
8 SHALL BE CLAIMED ONLY BY THE FILING OF A REFUND PETITION WITH
9 THE DEPARTMENT.

10 (21) THE SALE AT RETAIL OR USE OF MATERIALS TO BE
11 INCORPORATED INTO AND MADE A PART OF REAL ESTATE PURSUANT TO A
12 CONTRACT FOR THE CONSTRUCTION, RECONSTRUCTION, REMODELING,
13 REPAIRING OR MAINTENANCE OF SUCH REAL ESTATE, WHEN THE CONTRACT
14 WAS ENTERED INTO ON OR AFTER APRIL 15, 1959, BUT PRIOR TO AUGUST
15 20, 1959, BETWEEN THE PERSON WHO WOULD OTHERWISE BE SUBJECT TO
16 THE TAX AND A MUNICIPAL AUTHORITY, INCORPORATED UNDER THE
17 "MUNICIPALITY AUTHORITIES ACT OF 1945," SHALL BE EXEMPT FROM THE
18 ADDITIONAL ONE-HALF OF ONE PER CENT OF TAX IMPOSED BY SECTION
19 201 OF THE TAX ACT OF 1963 FOR EDUCATION AS AMENDED AUGUST 20,
20 1959 (P.L.729), AND FROM THE ADDITIONAL ONE PER CENT OF TAX
21 IMPOSED BY SECTION 201 OF THE TAX ACT OF 1963 FOR EDUCATION, AS
22 AMENDED MAY 29, 1963 (P.L.49) AND FROM THE ADDITIONAL ONE PER
23 CENT OF TAX IMPOSED BY SECTION 201 OF THE TAX ACT OF 1963 FOR
24 EDUCATION AS AMENDED JANUARY 1, 1968 (P.L.918): PROVIDED,
25 HOWEVER, THAT THE EXEMPTION GRANTED BY THIS CLAUSE SHALL NOT BE
26 CLAIMED BY THE PURCHASER FROM ANY VENDOR BUT SHALL BE CLAIMED
27 ONLY BY THE FILING OF A REFUND PETITION WITH THE DEPARTMENT.

28 (22) THE SALE AT RETAIL OR USE OF MATERIALS TO BE
29 INCORPORATED INTO AND MADE A PART OF REAL ESTATE PURSUANT TO A
30 CONTRACT FOR THE CONSTRUCTION, RECONSTRUCTION, REMODELING,

1 REPAIRING OR MAINTENANCE OF SUCH REAL ESTATE WHEN THE CONTRACT
2 WAS ENTERED INTO ON OR AFTER AUGUST 20, 1959, BUT PRIOR TO JUNE
3 1, 1963, BETWEEN THE PERSON WHO WOULD OTHERWISE BE SUBJECT TO
4 THE TAX AND A MUNICIPAL AUTHORITY, INCORPORATED UNDER THE
5 "MUNICIPALITY AUTHORITIES ACT OF 1945," SHALL BE EXEMPT FROM THE
6 ADDITIONAL ONE PER CENT OF TAX IMPOSED BY SECTION 201 OF THE TAX
7 ACT OF 1963 FOR EDUCATION AS AMENDED MAY 29, 1963 (P.L.49) AND
8 FROM THE ADDITIONAL ONE PER CENT OF THE TAX IMPOSED BY SECTION
9 201 OF THE TAX ACT OF 1963 FOR EDUCATION, AS AMENDED JANUARY 1,
10 1968 (P.L.918): PROVIDED, HOWEVER, THAT THE EXEMPTION GRANTED BY
11 THIS CLAUSE SHALL NOT BE CLAIMED BY THE PURCHASER FROM ANY
12 VENDOR BUT SHALL BE CLAIMED ONLY BY THE FILING OF A REFUND
13 PETITION WITH THE DEPARTMENT.

14 (23) THE SALE AT RETAIL OR USE OF MATERIALS TO BE
15 INCORPORATED INTO AND MADE A PART OF REAL ESTATE PURSUANT TO A
16 CONTRACT FOR THE CONSTRUCTION, RECONSTRUCTION, REMODELING,
17 REPAIRING OR MAINTENANCE OF SUCH REAL ESTATE, WHEN THE CONTRACT
18 WAS ENTERED INTO ON OR AFTER JUNE 1, 1963, BUT PRIOR TO JANUARY
19 1, 1968, BETWEEN THE PERSON WHO WOULD OTHERWISE BE SUBJECT TO
20 THE TAX AND A MUNICIPAL AUTHORITY INCORPORATED UNDER THE
21 "MUNICIPALITY AUTHORITIES ACT OF 1945," SHALL BE EXEMPT FROM THE
22 ADDITIONAL ONE PER CENT OF TAX IMPOSED BY SECTION 201 OF THE TAX
23 ACT OF 1963 FOR EDUCATION, AS AMENDED JANUARY 1, 1968 (P.L.918):
24 PROVIDED, HOWEVER, THAT THE EXEMPTION GRANTED BY THIS CLAUSE
25 SHALL NOT BE CLAIMED BY THE PURCHASER FROM ANY VENDOR BUT SHALL
26 BE CLAIMED ONLY BY THE FILING OF A REFUND PETITION WITH THE
27 DEPARTMENT.]

28 * * *

29 (29) THE SALE AT RETAIL OR USE OF FOOD AND BEVERAGES FOR
30 HUMAN CONSUMPTION INCLUDING CANDY[, GUM AND SIMILAR CONFECTIONS]

1 AND GUM, EXCEPT THAT THIS EXCLUSION SHALL NOT APPLY WITH RESPECT
2 TO--

3 (I) SOFT DRINKS;

4 (II) MALT AND BREWED BEVERAGES AND SPIRITUOUS AND VINOUS
5 LIQUORS;

6 (III) FOOD [AND BEVERAGES (EXCEPT WHEN PURCHASED AT, OR FROM
7 A SCHOOL OR CHURCH IN THE ORDINARY COURSE OF ACTIVITIES OF SUCH
8 ORGANIZATION) WHEN THE PURCHASE PRICE OF THE TOTAL TRANSACTION
9 IS MORE THAN TEN CENTS (10¢)] OR BEVERAGES READY TO EAT AND
10 INTENDED FOR IMMEDIATE CONSUMPTION, WHETHER SOLD FOR CONSUMPTION
11 ON OR OFF THE PREMISES OR ON A "TAKE-OUT" OR "TO GO" BASIS OR
12 DELIVERED TO THE PURCHASER OR CONSUMER, WHEN PURCHASED (I) FROM
13 PERSONS ENGAGED IN THE BUSINESS OF CATERING, OR (II) FROM
14 PERSONS ENGAGED IN THE BUSINESS OF OPERATING ESTABLISHMENTS,
15 INCLUDING, BUT NOT LIMITED TO RESTAURANTS, CAFES, LUNCH
16 COUNTERS, PRIVATE AND SOCIAL CLUBS, TAVERNS, DINING CARS, HOTELS
17 [AND OTHER EATING PLACES. FOR THE PURPOSE OF THIS SUBCLAUSE
18 (III), BEVERAGES SHALL NOT INCLUDE MALT AND BREWED BEVERAGES AND
19 SPIRITUOUS AND VINOUS LIQUORS, BUT SHALL INCLUDE SOFT DRINKS,
20 AND THE PRICE OF SUCH SOFT DRINKS SHALL BE CONSIDERED TOGETHER
21 WITH THE PRICE OF OTHER BEVERAGES AND FOOD IN DETERMINING
22 WHETHER THE PURCHASE PRICE OF THE TOTAL TRANSACTION IS MORE THAN
23 TEN CENTS (10¢).], NIGHT CLUBS, FAST FOOD OPERATIONS, PIZZERIAS,
24 FAIRS, CARNIVALS, LUNCH CARTS, ICE CREAM STANDS, VENDING
25 MACHINES, SNACK BARS, CAFETERIAS, EMPLOYE CAFETERIAS, THEATERS,
26 STADIUMS, ARENAS, AMUSEMENT PARKS, CARRYOUT SHOPS, COFFEE SHOPS,
27 BAKERY, PASTRY AND DONUT SHOPS AND OTHER ESTABLISHMENTS WHETHER
28 MOBILE OR IMMOBILE FROM WHICH FOOD OR BEVERAGES READY TO EAT AND
29 INTENDED FOR IMMEDIATE CONSUMPTION ARE SOLD. FOR PURPOSES OF
30 THIS CLAUSE, A DELICATESSEN, GROCERY STORE, SUPERMARKET OR A

1 CONVENIENCE STORE SHALL NOT BE CONSIDERED AN ESTABLISHMENT FROM
2 WHICH FOOD OR BEVERAGES READY TO EAT AND INTENDED FOR IMMEDIATE
3 CONSUMPTION ARE SOLD EXCEPT FOR THE SALE OF MEALS, COOKED
4 CHICKEN, SANDWICHES, PREPARED SALADS, SALAD BARS, PREPARED
5 DESSERTS, HOT SOUP, HOT PIZZA AND OTHER HOT FOOD ITEMS, BREWED
6 COFFEE AND HOT OR COLD BEVERAGES. THE SALE AT RETAIL OF FOOD AND
7 BEVERAGES AT OR FROM A SCHOOL OR CHURCH IN THE ORDINARY COURSE
8 OF THE ACTIVITIES OF SUCH ORGANIZATION IS NOT SUBJECT TO TAX.

9 * * *

10 SECTION 4. SECTION 205(A) OF THE ACT, AMENDED JUNE 9, 1978
11 (P.L.463, NO.62), IS AMENDED TO READ:

12 SECTION 205. ALTERNATE IMPOSITION OF TAX; CREDITS.--(A) IF
13 ANY PERSON ACTIVELY AND PRINCIPALLY ENGAGED IN THE BUSINESS OF
14 SELLING NEW OR USED MOTOR VEHICLES, TRAILERS OR SEMI-TRAILERS,
15 AND REGISTERED WITH THE DEPARTMENT IN THE "DEALER'S CLASS,"
16 ACQUIRES A MOTOR VEHICLE, TRAILER OR SEMI-TRAILER FOR THE
17 PURPOSE OF RESALE, AND PRIOR TO SUCH RESALE, USES THE MOTOR
18 VEHICLE, TRAILER OR SEMI-TRAILER FOR A TAXABLE USE UNDER THIS
19 ACT DURING A PERIOD NOT EXCEEDING ONE YEAR FROM THE DATE OF
20 ACQUISITION TO THE DATE OF RESALE, SUCH PERSON MAY[, UPON NOTICE
21 TO THE DEPARTMENT] WITHIN TEN DAYS OF THE COMMENCEMENT OF SUCH
22 USE, ELECT TO PAY A TAX EQUAL TO SIX PER CENT OF THE FAIR RENTAL
23 VALUE OF THE MOTOR VEHICLE, TRAILER OR SEMI-TRAILER DURING SUCH
24 USE. SHOULD SUCH MOTOR VEHICLE, TRAILER OR SEMI-TRAILER BE USED
25 FOR A TAXABLE USE AFTER A PERIOD OF ONE YEAR, THE TAXPAYER SHALL
26 BE LIABLE FOR A TAX ON THE FAIR MARKET VALUE OF SUCH MOTOR
27 VEHICLE, TRAILER OR SEMI-TRAILER AT THE TIME OF ACQUISITION, BUT
28 SHALL BE ALLOWED A CREDIT EQUAL TO THE TAX PAID PURSUANT TO THE
29 ELECTION PROVIDED FOR IN THIS SECTION. THIS SECTION SHALL NOT
30 APPLY TO THE USE OF A VEHICLE AS A WRECKER, PARTS TRUCK,

1 DELIVERY TRUCK OR COURTESY CAR.

2 * * *

3 SECTION 5. SECTION 208 OF THE ACT, AMENDED SEPTEMBER 9, 1971
4 (P.L.437, NO.105), IS AMENDED TO READ:

5 SECTION 208. LICENSES.--(A) EVERY PERSON MAINTAINING A
6 PLACE OF BUSINESS IN THIS COMMONWEALTH, SELLING OR LEASING
7 SERVICES OR TANGIBLE PERSONAL PROPERTY, THE SALE OR USE OF WHICH
8 IS SUBJECT TO TAX AND WHO HAS NOT HITHERTO OBTAINED A LICENSE
9 FROM THE DEPARTMENT, SHALL, PRIOR TO THE BEGINNING OF BUSINESS
10 THEREAFTER, MAKE APPLICATION TO THE DEPARTMENT, ON A FORM
11 PRESCRIBED BY THE DEPARTMENT, FOR A LICENSE. IF SUCH PERSON
12 MAINTAINS MORE THAN ONE PLACE OF BUSINESS IN THIS COMMONWEALTH,
13 THE LICENSE SHALL BE ISSUED FOR THE PRINCIPAL PLACE OF BUSINESS
14 IN THIS COMMONWEALTH.

15 (B) THE DEPARTMENT SHALL, AFTER THE RECEIPT OF AN
16 APPLICATION, ISSUE THE LICENSE APPLIED FOR UNDER SUBSECTION (A)
17 OF THIS SECTION[. THE LICENSE SHALL BE NONASSIGNABLE AND OF
18 PERMANENT DURATION.], PROVIDED SAID APPLICANT SHALL HAVE FILED
19 ALL REQUIRED STATE TAX REPORTS AND PAID ANY STATE TAXES NOT
20 SUBJECT TO A TIMELY PERFECTED ADMINISTRATIVE OR JUDICIAL APPEAL
21 OR SUBJECT TO A DULY AUTHORIZED DEFERRED PAYMENT PLAN. SUCH
22 LICENSE SHALL BE NONASSIGNABLE. ALL LICENSEES AS OF THE
23 EFFECTIVE DATE OF THIS SUBSECTION SHALL BE REQUIRED TO FILE FOR
24 RENEWAL OF SAID LICENSE ON OR BEFORE JANUARY 31, 1992. LICENSES
25 ISSUED THROUGH APRIL 30, 1992, SHALL BE BASED ON A STAGGERED
26 RENEWAL SYSTEM ESTABLISHED BY THE DEPARTMENT. THEREAFTER, ANY
27 LICENSE ISSUED SHALL BE VALID FOR A PERIOD OF FIVE YEARS.

28 (B.1) IF THE DEPARTMENT HAS ANY REASON TO BELIEVE THAT AN
29 APPLICANT FOR A LICENSE OR ANY PERSON HOLDING A LICENSE HAS NOT
30 FILED ALL REQUIRED STATE TAX REPORTS AND PAID ANY STATE TAXES

1 NOT SUBJECT TO A TIMELY PERFECTED ADMINISTRATIVE OR JUDICIAL
2 APPEAL OR SUBJECT TO A DULY AUTHORIZED DEFERRED PAYMENT PLAN,
3 THE DEPARTMENT MAY REFUSE TO ISSUE, MAY SUSPEND OR MAY REVOKE
4 SAID LICENSE. THE DEPARTMENT SHALL NOTIFY THE APPLICANT OR
5 LICENSEE OF ANY REFUSAL, SUSPENSION OR REVOCATION. AN APPLICANT
6 OR LICENSEE AGGRIEVED BY THE DETERMINATION OF THE DEPARTMENT MAY
7 FILE AN APPEAL PURSUANT TO THE PROVISIONS FOR ADMINISTRATIVE
8 APPEALS IN THIS ARTICLE.

9 (C) ANY PERSON WHO, UPON THE EXPIRATION OF SIXTY DAYS AFTER
10 THE EFFECTIVE DATE OF THIS ARTICLE, SHALL MAINTAIN A PLACE OF
11 BUSINESS IN THIS COMMONWEALTH FOR THE PURPOSE OF SELLING OR
12 LEASING SERVICES OR TANGIBLE PERSONAL PROPERTY, THE SALE OR USE
13 OF WHICH IS SUBJECT TO TAX, WITHOUT HAVING FIRST BEEN LICENSED
14 BY THE DEPARTMENT, SHALL BE GUILTY OF A SUMMARY OFFENSE, AND
15 UPON CONVICTION THEREOF IN A SUMMARY PROCEEDING, SHALL BE
16 SENTENCED TO PAY A FINE OF NOT LESS THAN ONE HUNDRED DOLLARS
17 (\$100) NOR MORE THAN [THREE HUNDRED DOLLARS (\$300)] ONE THOUSAND
18 DOLLARS (\$1,000), AND IN DEFAULT THEREOF, TO UNDERGO
19 IMPRISONMENT OF NOT LESS THAN FIVE DAYS NOR MORE THAN THIRTY
20 DAYS. THE PENALTIES IMPOSED BY THIS SECTION SHALL BE IN ADDITION
21 TO ANY OTHER PENALTIES IMPOSED BY THIS ARTICLE.

22 (D) FAILURE OF ANY PERSON TO OBTAIN A LICENSE SHALL NOT
23 RELIEVE HIM OF LIABILITY TO PAY THE TAX IMPOSED BY THIS ARTICLE.

24 SECTION 6. SECTIONS 252 AND 268 OF THE ACT ARE AMENDED TO
25 READ:

26 SECTION 252. REFUNDS.--THE DEPARTMENT SHALL, PURSUANT TO THE
27 PROVISIONS OF SECTIONS 253 AND 254, REFUND ALL TAXES, INTEREST
28 AND PENALTIES PAID TO THE COMMONWEALTH UNDER THE PROVISIONS OF
29 THIS ARTICLE AND TO WHICH THE COMMONWEALTH IS NOT RIGHTFULLY
30 ENTITLED. SUCH REFUNDS SHALL BE MADE TO THE PERSON, HIS HEIRS,

1 SUCCESSORS, ASSIGNS OR OTHER PERSONAL REPRESENTATIVES, WHO
2 ACTUALLY PAID THE TAX, EXCEPT A REFUND GRANTED FOR TAX PAID IN
3 CONJUNCTION WITH A CONTRACT WITH A CHARITABLE ORGANIZATION,
4 VOLUNTEER FIREMEN'S ORGANIZATION, NONPROFIT EDUCATIONAL
5 INSTITUTION, RELIGIOUS ORGANIZATION, THE UNITED STATES, THIS
6 COMMONWEALTH OR ITS INSTRUMENTALITIES OR POLITICAL SUBDIVISIONS
7 SHALL BE MADE TO THE AFOREMENTIONED ENTITIES: PROVIDED, THAT NO
8 REFUND SHALL BE MADE UNDER THIS SECTION WITH RESPECT TO ANY
9 PAYMENT MADE BY REASON OF AN ASSESSMENT WITH RESPECT TO WHICH A
10 TAXPAYER HAS FILED A PETITION FOR REASSESSMENT PURSUANT TO
11 SECTION 232 OF THIS ARTICLE TO THE EXTENT THAT SAID PETITION HAS
12 BEEN DETERMINED ADVERSELY TO THE TAXPAYER BY A DECISION WHICH IS
13 NO LONGER SUBJECT TO FURTHER REVIEW OR APPEAL: PROVIDED FURTHER,
14 THAT NOTHING CONTAINED HEREIN SHALL BE DEEMED TO PROHIBIT A
15 TAXPAYER WHO HAS FILED A TIMELY PETITION FOR REASSESSMENT FROM
16 AMENDING IT TO A PETITION FOR REFUND WHERE THE PETITIONER HAS
17 PAID THE TAX ASSESSED.

18 SECTION 268. CRIMES.--(A) FRAUDULENT RETURN. ANY PERSON WHO
19 WITH INTENT TO DEFRAUD THE COMMONWEALTH SHALL WILFULLY MAKE, OR
20 CAUSE TO BE MADE, ANY RETURN REQUIRED BY THIS ARTICLE, WHICH IS
21 FALSE, SHALL BE GUILTY OF A MISDEMEANOR, AND, UPON CONVICTION
22 THEREOF, SHALL BE SENTENCED TO PAY A FINE NOT EXCEEDING TWO
23 THOUSAND DOLLARS (\$2000), OR UNDERGO IMPRISONMENT NOT EXCEEDING
24 THREE YEARS, OR BOTH.

25 (B) OTHER CRIMES. EXCEPT AS OTHERWISE PROVIDED BY SUBSECTION
26 (A) OF THIS SECTION, ANY PERSON [MAINTAINING A PLACE OF BUSINESS
27 IN THIS COMMONWEALTH,] WHO ADVERTISES OR HOLDS OUT OR STATES TO
28 THE PUBLIC OR TO ANY PURCHASER OR USER, DIRECTLY OR INDIRECTLY,
29 THAT THE TAX OR ANY PART THEREOF IMPOSED BY THIS ARTICLE WILL BE
30 ABSORBED BY SUCH PERSON, OR THAT IT WILL NOT BE ADDED TO THE

1 PURCHASE PRICE OF THE TANGIBLE PERSONAL PROPERTY OR SERVICES
2 DESCRIBED IN SUBCLAUSES (2), (3) [AND], (4), (11) THROUGH (23)
3 OF CLAUSE (K) OF SECTION 201 OF THIS ARTICLE SOLD OR, IF ADDED,
4 THAT THE TAX OR ANY PART THEREOF WILL BE REFUNDED, OTHER THAN
5 WHEN SUCH PERSON REFUNDS THE PURCHASE PRICE BECAUSE OF SUCH
6 PROPERTY BEING RETURNED TO THE VENDOR, AND ANY PERSON
7 [MAINTAINING A PLACE OF BUSINESS IN THIS COMMONWEALTH AND]
8 SELLING OR LEASING TANGIBLE PERSONAL PROPERTY OR SAID SERVICES
9 THE SALE OR USE OF WHICH BY THE PURCHASER IS SUBJECT TO TAX
10 HEREUNDER, WHO SHALL WILFULLY FAIL [OR REFUSE] TO COLLECT THE
11 TAX FROM THE PURCHASER AND TIMELY REMIT THE SAME TO THE
12 DEPARTMENT, AND ANY PERSON WHO SHALL WILFULLY FAIL[,] OR NEGLECT
13 [OR REFUSE] TO TIMELY FILE ANY RETURN OR REPORT REQUIRED BY THIS
14 ARTICLE OR ANY TAXPAYER WHO SHALL REFUSE TO TIMELY PAY ANY TAX,
15 PENALTY OR INTEREST IMPOSED OR PROVIDED FOR BY THIS ARTICLE, OR
16 WHO SHALL WILFULLY FAIL TO PRESERVE HIS BOOKS, PAPERS AND
17 RECORDS AS DIRECTED BY THE DEPARTMENT, OR ANY PERSON WHO SHALL
18 REFUSE TO PERMIT THE DEPARTMENT OR ANY OF ITS AUTHORIZED AGENTS
19 TO EXAMINE HIS BOOKS, RECORDS OR PAPERS, OR WHO SHALL KNOWINGLY
20 MAKE ANY INCOMPLETE, FALSE OR FRAUDULENT RETURN OR REPORT, OR
21 WHO SHALL DO, OR ATTEMPT TO DO, ANYTHING WHATEVER TO PREVENT THE
22 FULL DISCLOSURE OF THE AMOUNT OR CHARACTER OF TAXABLE SALES
23 PURCHASES OR USE MADE BY HIMSELF OR ANY OTHER PERSON, OR SHALL
24 PROVIDE ANY PERSON WITH A FALSE STATEMENT AS TO THE PAYMENT OF
25 TAX WITH RESPECT TO PARTICULAR TANGIBLE PERSONAL PROPERTY OR
26 SAID SERVICES, OR SHALL MAKE, UTTER OR ISSUE A FALSE OR
27 FRAUDULENT EXEMPTION CERTIFICATE, SHALL BE GUILTY OF A
28 MISDEMEANOR, AND, UPON CONVICTION THEREOF, SHALL BE SENTENCED TO
29 PAY A FINE NOT EXCEEDING ONE THOUSAND DOLLARS (\$1000) AND COSTS
30 OF PROSECUTION, OR UNDERGO IMPRISONMENT NOT EXCEEDING ONE YEAR,

1 OR BOTH: PROVIDED, HOWEVER, THAT ANY PERSON MAINTAINING A PLACE
2 OF BUSINESS OUTSIDE THIS COMMONWEALTH MAY ABSORB THE TAX WITH
3 RESPECT TO TAXABLE SALES MADE IN THE NORMAL COURSE OF BUSINESS
4 TO CUSTOMERS PRESENT AT SUCH PLACE OF BUSINESS WITHOUT BEING
5 SUBJECT TO THE ABOVE PENALTY AND FINES. THE PENALTIES IMPOSED BY
6 THIS SECTION SHALL BE IN ADDITION TO ANY OTHER PENALTIES IMPOSED
7 BY ANY PROVISION OF THIS ARTICLE.

8 SECTION 7. THE DEFINITIONS OF "CLAIMANT," "DEPENDENT,"
9 "POVERTY INCOME" AND "SMALL CORPORATION" IN SECTION 301 OF THE
10 ACT, ADDED MARCH 13, 1974 (P.L.179, NO.32), ARE AMENDED AND THE
11 SECTION IS AMENDED BY ADDING DEFINITIONS TO READ:

12 SECTION 301. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND
13 PHRASES WHEN USED IN THIS ARTICLE SHALL HAVE THE MEANING
14 ASCRIBED TO THEM IN THIS SECTION EXCEPT WHERE THE CONTEXT
15 CLEARLY INDICATES A DIFFERENT MEANING. ANY REFERENCE IN THIS
16 ARTICLE TO THE INTERNAL REVENUE CODE SHALL INCLUDE THE INTERNAL
17 REVENUE CODE OF 1954, AS AMENDED TO THE DATE ON WHICH THIS
18 ARTICLE IS EFFECTIVE:

19 * * *

20 (C.2) "CLAIMANT" MEANS A PERSON WHO:

21 (1) IS SUBJECT TO THE TAX IMPOSED UNDER THIS ARTICLE, [IS
22 NOT A DEPENDENT OF ANOTHER PERSON,] BUT IS ENTITLED TO CLAIM
23 AGAINST SUCH TAX THE POVERTY TAX PROVISIONS AS PROVIDED BY THIS
24 ACT;

25 (2) HAS A TAXABLE YEAR OF NOT LESS THAN TWELVE MONTHS; AND

26 (3) WITH RESPECT TO WHOM NO DEDUCTION UNDER SECTION 151 OF
27 THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C.
28 § 1 ET SEQ.), AS AMENDED, IS ALLOWABLE TO ANY NONHOUSEHOLD
29 MEMBER FOR A TAXABLE YEAR BEGINNING IN THE CALENDAR YEAR IN
30 WHICH THE PERSON'S TAXABLE YEAR BEGINS.

1 * * *

2 (E.1) "DEPENDENT" MEANS [A SPOUSE OR CHILD WHO DERIVES MORE
3 THAN ONE-HALF OF HIS TOTAL SUPPORT DURING THE ENTIRE TAXABLE
4 YEAR FROM A CLAIMANT ENTITLED TO CLAIM THE POVERTY EXEMPTION.
5 ANY PERSON WHO IS A DEPENDENT PURSUANT TO THE PROVISIONS OF THE
6 INTERNAL REVENUE CODE DURING A TAXABLE YEAR SHALL PRIMA FACIE BE
7 DEEMED A DEPENDENT FOR PURPOSES OF THIS ACT] ANY NONHOUSEHOLD
8 MEMBER WITH RESPECT TO WHOM A DEDUCTION UNDER SECTION 151 OF THE
9 INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 1
10 ET SEQ.), AS AMENDED, IS ALLOWABLE TO THE CLAIMANT FOR THE
11 CLAIMANT'S TAXABLE YEAR OR TO A HOUSEHOLD MEMBER FOR THE
12 CLAIMANT'S TAXABLE YEAR.

13 * * *

14 (I.1) "TOTAL HOUSEHOLD INCOME" MEANS ALL POVERTY INCOME
15 RECEIVED BY A CLAIMANT AND EVERY OTHER HOUSEHOLD MEMBER FOR THE
16 TAXABLE YEAR OF THE CLAIMANT.

17 (I.2) "HOUSEHOLD MEMBER" MEANS ANY INDIVIDUAL WHO, FOR MORE
18 THAN ONE-HALF OF THE TAXABLE YEAR OF THE CLAIMANT, HAS AS HIS
19 PRINCIPAL PLACE OF ABODE THE SAME HOME AS THE CLAIMANT AND IS A
20 MEMBER OF THE SAME HOUSEHOLD AS THE CLAIMANT.

21 * * *

22 (O.2) "POVERTY INCOME" MEANS FOR THE PURPOSE OF DETERMINING
23 ELIGIBILITY FOR SPECIAL TAX PROVISIONS [ALL MONEYS OR PROPERTY
24 (INCLUDING INTEREST, GAINS OR INCOME DERIVED FROM OBLIGATIONS
25 WHICH ARE STATUTORILY FREE FROM STATE OR LOCAL TAXATION UNDER
26 ANY OTHER ACT OF THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF
27 PENNSYLVANIA OR UNDER THE LAWS OF THE UNITED STATES) RECEIVED OF
28 WHATEVER NATURE AND FROM WHATEVER SOURCE DERIVED BUT NOT
29 INCLUDING (I) PERIODIC PAYMENTS FOR SICKNESS AND DISABILITY
30 OTHER THAN REGULAR WAGES RECEIVED DURING A PERIOD OF SICKNESS OR

1 DISABILITY; OR (II) DISABILITY, RETIREMENT OR OTHER PAYMENTS
2 ARISING UNDER WORKMEN'S COMPENSATION ACTS, OCCUPATIONAL DISEASE
3 ACTS AND SIMILAR LEGISLATION BY ANY GOVERNMENT; OR (III)
4 PAYMENTS COMMONLY RECOGNIZED AS OLD AGE OR RETIREMENT BENEFITS
5 PAID TO PERSONS RETIRED FROM SERVICE AFTER REACHING A SPECIFIC
6 AGE OR AFTER A STATED PERIOD OF EMPLOYMENT; OR (IV) PAYMENTS
7 COMMONLY KNOWN AS PUBLIC ASSISTANCE, OR UNEMPLOYMENT
8 COMPENSATION PAYMENTS BY ANY GOVERNMENTAL AGENCY; OR (V)
9 PAYMENTS TO REIMBURSE ACTUAL EXPENSES; OR (VI) PAYMENTS MADE BY
10 EMPLOYERS OR LABOR UNIONS FOR PROGRAMS COVERING HOSPITALIZATION,
11 SICKNESS, DISABILITY OR DEATH, SUPPLEMENTAL UNEMPLOYMENT
12 BENEFITS, STRIKE BENEFITS, SOCIAL SECURITY AND RETIREMENT; OR
13 (VII) ANY COMPENSATION RECEIVED BY UNITED STATES SERVICEMEN
14 SERVING IN A COMBAT ZONE.] ALL TAXABLE AND NONTAXABLE INCOME
15 FROM WHATEVER SOURCE DERIVED, INCLUDING, BUT NOT LIMITED TO,
16 SALARIES, WAGES, BONUSES, COMMISSIONS, INCOME FROM SELF-
17 EMPLOYMENT, ALIMONY, SUPPORT MONEY, CASH PUBLIC ASSISTANCE AND
18 RELIEF, THE GROSS AMOUNT OF ANY PENSIONS OR ANNUITIES INCLUDING
19 RAILROAD RETIREMENT BENEFITS, ALL BENEFITS RECEIVED UNDER THE
20 FEDERAL SOCIAL SECURITY ACT (PUBLIC LAW 74-271, 42 U.S.C. § 301
21 ET SEQ.), EXCEPT MEDICARE BENEFITS, ALL BENEFITS RECEIVED UNDER
22 STATE UNEMPLOYMENT INSURANCE LAWS AND VETERANS' DISABILITY
23 PAYMENTS, ALL INTEREST RECEIVED FROM THE FEDERAL OR ANY STATE
24 GOVERNMENT, OR ANY INSTRUMENTALITY OR POLITICAL SUBDIVISION
25 THEREOF, REALIZED CAPITAL GAINS RENTALS, WORKMEN'S COMPENSATION
26 AND THE GROSS AMOUNT OF LOSS OF TIME INSURANCE BENEFITS, LIFE
27 INSURANCE BENEFITS AND PROCEEDS, EXCEPT THE FIRST FIVE THOUSAND
28 DOLLARS (\$5,000) OF THE TOTAL OF DEATH BENEFIT PAYMENTS, AND
29 GIFTS OF CASH OR PROPERTY, OTHER THAN TRANSFERS BY GIFT BETWEEN
30 MEMBERS OF A HOUSEHOLD, IN EXCESS OF A TOTAL VALUE OF THREE

1 HUNDRED DOLLARS (\$300), BUT SHALL NOT INCLUDE SURPLUS FOOD OR
2 OTHER RELIEF IN KIND SUPPLIED BY A GOVERNMENTAL AGENCY OR
3 PROPERTY TAX OR RENT REBATE OR INFLATION DIVIDEND.

4 * * *

5 (S.2) "SMALL CORPORATION" MEANS ANY CORPORATION WHICH HAS A
6 VALID ELECTION IN EFFECT UNDER SUBCHAPTER S OF CHAPTER 1 OF THE
7 INTERNAL REVENUE CODE OF 1954, AS AMENDED AS OF JANUARY 1, 1983,
8 AND WHICH DOES NOT HAVE PASSIVE INVESTMENT INCOME IN EXCESS OF
9 TWENTY-FIVE PER CENT OF ITS GROSS RECEIPTS AND THE NET WORTH OF
10 WHICH IS LESS THAN FIVE HUNDRED THOUSAND DOLLARS (\$500,000). FOR
11 PURPOSES OF THIS CLAUSE, "PASSIVE INVESTMENT INCOME" MEANS GROSS
12 RECEIPTS DERIVED FROM ROYALTIES, RENTS, DIVIDENDS, INTEREST,
13 ANNUITIES AND SALES OR EXCHANGES OF STOCK OR SECURITIES (GROSS
14 RECEIPTS FROM SUCH SALES OR EXCHANGES BEING TAKEN INTO ACCOUNT
15 ONLY TO THE EXTENT OF GAINS THEREFROM). FOR PURPOSES OF THIS
16 CLAUSE, THE "NET WORTH" OF THE CORPORATION SHALL BE EQUAL TO THE
17 AGGREGATE NET WORTH OF THE CORPORATION AND ALL AFFILIATED
18 CORPORATIONS WHICH ARE OR, BUT FOR THE NET WORTH LIMITATION OF
19 THIS CLAUSE, WOULD BE "SMALL CORPORATIONS" WITHIN THE MEANING OF
20 THIS CLAUSE. FOR PURPOSES OF THIS CLAUSE "AFFILIATED
21 CORPORATIONS" SHALL INCLUDE ALL CORPORATIONS WHICH WOULD BE
22 INCLUDED IN A "CONTROLLED GROUP OF CORPORATIONS" WITH THE
23 CORPORATION UNDER THE RULES OF SECTION 1563(A) OF THE INTERNAL
24 REVENUE CODE OF 1986, SUBSTITUTING FIFTY PER CENT FOR EIGHTY PER
25 CENT EACH TIME IT APPEARS IN THAT SECTION.

26 (1) THE "NET WORTH" OF A CORPORATION SHALL BE THE SUM OF THE
27 CORPORATION'S ISSUED AND OUTSTANDING CAPITAL STOCK, SURPLUS AND
28 UNDIVIDED PROFITS AS PER BOOKS SET FORTH FOR THE CLOSE OF SUCH
29 TAX YEAR ON THE INCOME TAX RETURN FILED BY THE CORPORATION WITH
30 THE FEDERAL GOVERNMENT FOR ITS IMMEDIATELY PRECEDING TAX YEAR

1 OR, IF NO SUCH RETURN IS MADE, AS WOULD HAVE BEEN SET FORTH HAD
2 SUCH RETURN BEEN MADE, SUBJECT, HOWEVER, IN EITHER CASE, TO ANY
3 CORRECTION FOR FRAUD, EVASION OR ERROR, INCREASED BY THE GROSS
4 SALARIES PAID TO TEN PER CENT OR GREATER SHAREHOLDERS AND FAMILY
5 MEMBERS OF SUCH SHAREHOLDERS WITH RESPECT TO THE CURRENT TAX
6 YEAR. NET WORTH SHALL IN NO CASE BE LESS THAN ZERO. FOR PURPOSES
7 OF THIS SUBCLAUSE, THE GROSS SALARY SHALL BE THE SALARY AS
8 REPORTED BY THE CORPORATION ON THE FORM W-2 FILED WITH THE
9 FEDERAL GOVERNMENT FOR SUCH SHAREHOLDER OR FAMILY MEMBER FOR
10 SUCH TAXABLE YEAR OR, IF NO SUCH FORM IS FILED, AS WOULD HAVE
11 BEEN REPORTED HAD SUCH FORM BEEN FILED, SUBJECT, HOWEVER, IN
12 EITHER CASE TO ANY CORRECTION THEREOF, FOR FRAUD, EVASION OR
13 ERROR. FOR PURPOSES OF THIS SUBCLAUSE, "FAMILY MEMBERS" SHALL
14 INCLUDE THE SHAREHOLDER'S SPOUSE, AND ANCESTORS AND LINEAL
15 DESCENDANTS AND SPOUSES OF ANCESTORS AND LINEAL DESCENDANTS.

16 (2) IF NET WORTH AS ARRIVED AT UNDER SUBCLAUSE (1) FOR THE
17 PRECEDING TAX YEAR IS GREATER THAN TWICE OR LESS THAN ONE-HALF
18 OF THE NET WORTH WHICH WOULD HAVE BEEN CALCULATED UNDER
19 SUBCLAUSE (1) AS OF THE FIRST DAY OF SUCH TAX YEAR, THEN NET
20 WORTH FOR THE PRECEDING YEAR SHALL BE THE AVERAGE OF THESE TWO
21 AMOUNTS.

22 * * *

23 SECTION 8. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

24 SECTION 302. IMPOSITION OF TAX.--(A) EVERY RESIDENT
25 INDIVIDUAL, ESTATE OR TRUST SHALL BE SUBJECT TO, AND SHALL PAY
26 FOR THE PRIVILEGE OF RECEIVING EACH OF THE CLASSES OF INCOME
27 HEREINAFTER ENUMERATED IN SECTION 303, A TAX AT THE RATE OF TWO
28 AND ONE-TENTH PER CENT UPON EACH DOLLAR OF INCOME RECEIVED BY
29 THAT RESIDENT DURING THAT RESIDENT'S TAXABLE YEAR COMMENCING
30 WITH OR WITHIN CALENDAR YEAR 1987 THROUGH THE SIXTH MONTH OF THE

TAXABLE YEAR COMMENCING WITH OR WITHIN CALENDAR YEAR 1991 AND AT
THE RATE OF THREE AND ONE-TENTHS PER CENT UPON EACH DOLLAR OF
INCOME RECEIVED BY THAT RESIDENT DURING THAT RESIDENT'S TAXABLE
YEAR COMMENCING WITH THE SEVENTH MONTH OF THE TAXABLE YEAR
COMMENCING WITH OR WITHIN CALENDAR YEAR 1991, AND AT THE RATE OF
TWO AND SIXTY-FIVE HUNDREDTHS PER CENT UPON EACH DOLLAR OF
INCOME RECEIVED BY THAT RESIDENT DURING THAT RESIDENT'S TAXABLE
YEAR COMMENCING WITH OR WITHIN CALENDAR YEAR 1992 AND EACH
CALENDAR YEAR THEREAFTER.

(B) EVERY NONRESIDENT INDIVIDUAL ESTATE OR TRUST SHALL BE
SUBJECT TO AND SHALL PAY FOR THE PRIVILEGE OF RECEIVING EACH OF
THE CLASSES OF INCOME HEREINAFTER ENUMERATED IN SECTION 303 FROM
SOURCES WITHIN THIS COMMONWEALTH, A TAX AT THE RATE OF TWO AND
ONE-TENTH PER CENT UPON EACH DOLLAR OF INCOME FROM SOURCES
WITHIN THIS COMMONWEALTH RECEIVED BY THAT NONRESIDENT DURING
THAT NONRESIDENT'S TAXABLE YEAR COMMENCING WITH OR WITHIN
CALENDAR YEAR 1987 THROUGH THE SIXTH MONTH OF THE TAXABLE YEAR
COMMENCING WITH OR WITHIN CALENDAR YEAR 1991 AND AT THE RATE OF
THREE AND ONE-TENTHS PER CENT UPON EACH DOLLAR OF INCOME FROM
SOURCES WITHIN THIS COMMONWEALTH RECEIVED BY THAT NONRESIDENT
DURING THAT NONRESIDENT'S TAXABLE YEAR COMMENCING WITH THE
SEVENTH MONTH OF THE TAXABLE YEAR COMMENCING WITH OR WITHIN
CALENDAR YEAR 1991, AND AT THE RATE OF TWO AND SIXTY-FIVE
HUNDREDTHS PER CENT UPON EACH DOLLAR OF INCOME RECEIVED BY THAT
NONRESIDENT DURING THAT NONRESIDENT'S TAXABLE YEAR COMMENCING
WITH OR WITHIN CALENDAR YEAR 1992 AND EACH CALENDAR YEAR
THEREAFTER.

(C) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT DURING THE
LAST HALF OF TAXABLE YEARS BEGINNING IN 1991, THE ADDITIONAL
FORTY-FIVE HUNDREDTHS PER CENT ABOVE THE 1992 RATE OF TWO AND

SIXTY-FIVE HUNDREDTHS PER CENT SHALL BE USED TO OFFSET THE
GENERAL FUND DEFICIT OCCURRING AT THE CLOSE OF THE
COMMONWEALTH'S FISCAL YEAR ENDING IN 1991.

SECTION 9. SECTION 302.2 OF THE ACT IS REPEALED.

SECTION 10. SECTION 304 OF THE ACT, AMENDED OR ADDED MARCH
13, 1974 (P.L.179, NO.32) AND OCTOBER 14, 1988 (P.L.737,
NO.106), IS AMENDED TO READ:

SECTION 304. SPECIAL TAX PROVISIONS FOR POVERTY.--(A) THE
GENERAL ASSEMBLY, IN RECOGNITION OF THE POWERS CONTAINED IN
SECTION 2(B)(II) OF ARTICLE VIII OF THE CONSTITUTION OF THE
COMMONWEALTH OF PENNSYLVANIA WHICH PROVIDES THEREIN FOR THE
ESTABLISHING AS A CLASS OR CLASSES OF SUBJECTS OF TAXATION THE
PROPERTY OR PRIVILEGES OF PERSONS WHO, BECAUSE OF POVERTY ARE
DETERMINED TO BE IN NEED OF SPECIAL TAX PROVISIONS HEREBY
DECLARES AS ITS LEGISLATIVE INTENT AND PURPOSE TO IMPLEMENT SUCH
POWER UNDER SUCH CONSTITUTIONAL PROVISION BY ESTABLISHING
SPECIAL TAX PROVISIONS AS HEREINAFTER PROVIDED IN THIS ACT.

(B) THE GENERAL ASSEMBLY HAVING DETERMINED THAT THERE ARE
PERSONS WITHIN THIS COMMONWEALTH WHOSE INCOMES ARE SUCH THAT
IMPOSITION OF A TAX THEREON WOULD DEPRIVE THEM AND THEIR
DEPENDENTS OF THE BARE NECESSITIES OF LIFE AND HAVING FURTHER
DETERMINED THAT POVERTY IS A RELATIVE CONCEPT INEXTRICABLY
JOINED WITH ACTUAL INCOME AND THE NUMBER OF PEOPLE DEPENDENT
UPON SUCH INCOME DEEMS IT TO BE A MATTER OF PUBLIC POLICY TO
PROVIDE SPECIAL TAX PROVISIONS FOR THAT CLASS OF PERSONS
HEREINAFTER DESIGNATED TO RELIEVE THEIR ECONOMIC BURDEN.

(C) FOR THE TAXABLE YEAR [1974] 1991 AND EACH YEAR
THEREAFTER ANY CLAIMANT WHO MEETS THE FOLLOWING STANDARDS OF
ELIGIBILITY ESTABLISHED BY THIS ACT AS THE TEST FOR POVERTY
SHALL BE DEEMED A SEPARATE CLASS OF SUBJECT OF TAXATION, AND, AS

1 SUCH, SHALL BE ENTITLED TO THE BENEFIT OF THE SPECIAL PROVISIONS
2 OF THIS ACT.

3 (D) ANY CLAIM FOR SPECIAL TAX PROVISIONS HEREUNDER SHALL BE
4 DETERMINED IN ACCORDANCE WITH THE FOLLOWING:

5 (1) IF [THE POVERTY] TOTAL HOUSEHOLD INCOME [OF THE CLAIMANT
6 DURING AN ENTIRE TAXABLE YEAR] IS [SIX THOUSAND THREE HUNDRED
7 DOLLARS (\$6,300)] SEVEN THOUSAND DOLLARS (\$7,000) OR LESS, THE
8 CLAIMANT SHALL BE ENTITLED TO A REFUND OR FORGIVENESS OF ANY
9 MONEYS WHICH HAVE BEEN PAID OVER TO (OR WOULD EXCEPT FOR THE
10 PROVISIONS OF THIS ACT BE PAYABLE TO) THE COMMONWEALTH UNDER THE
11 PROVISIONS OF THIS ARTICLE, WITH AN ADDITIONAL INCOME ALLOWANCE
12 OF [ONE THOUSAND FIVE HUNDRED DOLLARS (\$1,500) FOR THE FIRST
13 ADDITIONAL DEPENDENT AND AN ADDITIONAL INCOME ALLOWANCE OF ONE
14 THOUSAND DOLLARS (\$1,000) FOR EACH ADDITIONAL DEPENDENT OF THE
15 CLAIMANT] TWO THOUSAND DOLLARS (\$2,000) FOR EACH DEPENDENT AND
16 HOUSEHOLD MEMBER.

17 (2) IF [THE POVERTY] TOTAL HOUSEHOLD INCOME [OF THE CLAIMANT
18 DURING AN ENTIRE TAXABLE YEAR] DOES NOT EXCEED THE [POVERTY
19 INCOME] LIMITATIONS PRESCRIBED BY CLAUSE (1) BY MORE THAN THE
20 DOLLAR CATEGORY CONTAINED IN SUBCLAUSES (I), (II), (III), (IV),
21 (V), (VI), (VII), (VIII) OR (IX) OF THIS CLAUSE, THE CLAIMANT
22 SHALL BE ENTITLED TO A REFUND OR FORGIVENESS BASED ON THE PER
23 CENTAGE PRESCRIBED IN SUCH SUBCLAUSES OF ANY MONEYS WHICH HAVE
24 BEEN PAID OVER TO (OR WOULD EXCEPT FOR THE PROVISIONS HEREIN BE
25 PAYABLE TO) THE COMMONWEALTH UNDER THIS ARTICLE:

26 (I) NINETY PER CENT IF NOT IN EXCESS OF ONE HUNDRED DOLLARS
27 (\$100).

28 (II) EIGHTY PER CENT IF NOT IN EXCESS OF TWO HUNDRED DOLLARS
29 (\$200).

30 (III) SEVENTY PER CENT IF NOT IN EXCESS OF THREE HUNDRED

1 DOLLARS (\$300).

2 (IV) SIXTY PER CENT IF NOT IN EXCESS OF FOUR HUNDRED DOLLARS
3 (\$400).

4 (V) FIFTY PER CENT IF NOT IN EXCESS OF FIVE HUNDRED DOLLARS
5 (\$500).

6 (VI) FORTY PER CENT IF NOT IN EXCESS OF SIX HUNDRED DOLLARS
7 (\$600).

8 (VII) THIRTY PER CENT IF NOT IN EXCESS OF SEVEN HUNDRED
9 DOLLARS (\$700).

10 (VIII) TWENTY PER CENT IF NOT IN EXCESS OF EIGHT HUNDRED
11 DOLLARS (\$800).

12 (IX) TEN PER CENT IF NOT IN EXCESS OF NINE HUNDRED DOLLARS
13 (\$900).

14 SECTION 11. THE ACT IS AMENDED BY ADDING A SECTION AND A
15 PART TO READ:

16 SECTION 321.1. BULK AND AUCTION SALES AND TRANSFERS.
17 NOTICE.--(A) EVERY EMPLOYER, WHO IS LIABLE FOR FILING RETURNS
18 IN ACCORDANCE WITH THE PROVISIONS OF THIS PART AND WHO SHALL
19 SELL OR CAUSE TO BE SOLD AT AUCTION, OR WHO SHALL SELL OR
20 TRANSFER IN BULK, FIFTY-ONE PER CENT OR MORE OF ANY STOCK OF
21 GOODS, WARES OR MERCHANDISE OF ANY KIND, FIXTURES, MACHINERY,
22 EQUIPMENT, BUILDINGS OR REAL ESTATE HELD BY OR ON BEHALF OF SUCH
23 PERSON, SHALL GIVE THE DEPARTMENT TEN DAYS' WRITTEN NOTICE OF
24 THE SALE OR TRANSFER PRIOR TO THE COMPLETION OF THE TRANSFER OF
25 SUCH PROPERTY IN THE MANNER PRESCRIBED BY 13 PA.C.S. § 6107
26 (RELATING TO THE NOTICE).

27 (B) WHENEVER THE SELLER OR TRANSFEROR SHALL FAIL TO GIVE
28 SUCH NOTICE TO THE DEPARTMENT, OR WHENEVER THE DEPARTMENT SHALL
29 UPON WRITTEN NOTICE INFORM THE PURCHASER OR TRANSFEREE THAT A
30 POSSIBLE CLAIM FOR TAX IMPOSED BY THIS ACT EXISTS, ANY SUMS OF

1 MONEY, PROPERTY OR CHOSE IN ACTION OR OTHER CONSIDERATION,
2 WHICH THE PURCHASER OR TRANSFEREE IS THEREAFTER REQUIRED TO
3 TRANSFER OVER TO THE SELLER OR TRANSFEROR, SHALL BE SUBJECT TO A
4 FIRST PRIORITY RIGHT AND LIEN FOR ANY SUCH TAXES THERETOFORE OR
5 THEREAFTER DETERMINED TO BE DUE FROM THE SELLER OR TRANSFEROR,
6 AND THE PURCHASER OR TRANSFEREE IS FORBIDDEN TO TRANSFER TO THE
7 SELLER OR TRANSFEROR ANY SUCH SUMS OF MONEY, PROPERTY OR CHOSE
8 IN ACTION OR OTHER CONSIDERATION TO THE EXTENT OF THE AMOUNT OF
9 THE COMMONWEALTH'S CLAIM. FOR FAILURE TO COMPLY WITH THE
10 PROVISIONS OF THIS SECTION, THE PURCHASER OR TRANSFEREE SHALL BE
11 LIABLE FOR THE PAYMENT TO THE COMMONWEALTH OF ANY SUCH TAXES
12 THERETOFORE OR THEREAFTER DETERMINED TO BE DUE FROM THE SELLER
13 OR TRANSFEROR, AND SUCH LIABILITY MAY BE ASSESSED AND ENFORCED
14 IN THE SAME MANNER AS THE LIABILITY FOR TAX UNDER THIS ARTICLE:
15 PROVIDED, THAT NOTHING CONTAINED IN THIS PROVISION SHALL APPLY
16 TO SALES OR TRANSFERS MADE UNDER ANY ORDER OF COURT: AND
17 PROVIDED FURTHER, THAT THE WRITTEN NOTICE REQUIRED TO BE FILED
18 WITH THE DEPARTMENT BY THIS PROVISION SHALL BE DEEMED TO BE
19 SATISFIED WHEN THE REQUIREMENTS OF 15 PA.C.S. § 139 (RELATING TO
20 TAX CLEARANCE OF CERTAIN FUNDAMENTAL TRANSACTIONS) AS TO TAXES
21 IMPOSED BY THIS ARTICLE ARE MET.

22 PART VII-A

23 WITHHOLDING TAX ON SHARES ON INCOME FROM SOURCES

24 WITHIN THIS COMMONWEALTH

25 SECTION 324. GENERAL RULE.--WHEN A PARTNERSHIP, ASSOCIATION
26 OR PENNSYLVANIA S CORPORATION RECEIVES INCOME FROM SOURCES
27 WITHIN THIS COMMONWEALTH FOR ANY TAXABLE YEAR, AND ANY PORTION
28 OF SUCH INCOME IS ALLOCABLE TO A NONRESIDENT PARTNER, MEMBER OR
29 SHAREHOLDER THEREOF; SUCH PARTNERSHIP, ASSOCIATION OR
30 PENNSYLVANIA S CORPORATION SHALL PAY A WITHHOLDING TAX UNDER

1 THIS SECTION AT SUCH TIME AND IN SUCH MANNER AS THE DEPARTMENT
2 SHALL PRESCRIBE; HOWEVER, NOTWITHSTANDING ANY OTHER PROVISION OF
3 THIS ARTICLE, ALL SUCH WITHHOLDING TAX SHALL BE PAID OVER WITHIN
4 THIRTY DAYS FOLLOWING THE END OF THE TAXABLE YEAR.

5 SECTION 324.1. AMOUNT OF WITHHOLDING TAX.--(A) THE AMOUNT
6 OF TAX WITHHELD FROM NONRESIDENTS AND THE AMOUNT OF THE
7 WITHHOLDING TAX PAYABLE UNDER SECTION 324 SHALL BE EQUAL TO THE
8 INCOME FROM SOURCES WITHIN THIS COMMONWEALTH OF THE PARTNERSHIP,
9 ASSOCIATION OR PENNSYLVANIA S CORPORATION WHICH IS ALLOCABLE TO
10 NONRESIDENT PARTNERS, MEMBERS OR SHAREHOLDERS MULTIPLIED BY THE
11 TAX RATE SPECIFIED IN SECTION 302(B).

12 (B) THERE SHALL NOT BE TAKEN INTO ACCOUNT ANY ITEM OF
13 INCOME, GAIN, LOSS OR DEDUCTION TO THE EXTENT ALLOCABLE TO ANY
14 PARTNER, MEMBER OR SHAREHOLDER WHO IS NOT A NONRESIDENT.

15 SECTION 324.2. TREATMENT OF NONRESIDENT PARTNERS, MEMBERS OR
16 SHAREHOLDERS.--EACH NONRESIDENT PARTNER, MEMBER OR SHAREHOLDER
17 SHALL BE ALLOWED A CREDIT FOR SUCH PARTNER'S, MEMBER'S OR
18 SHAREHOLDER'S SHARE OF THE WITHHOLDING TAX PAID BY THE
19 PARTNERSHIP, ASSOCIATION OR PENNSYLVANIA S CORPORATION. SUCH
20 CREDIT SHALL BE ALLOWED FOR THE PARTNER'S, MEMBER'S OR
21 SHAREHOLDER'S TAXABLE YEAR IN WHICH, OR WITH WHICH, THE
22 PARTNERSHIP, ASSOCIATION OR PENNSYLVANIA S CORPORATION TAXABLE
23 YEAR (FOR WHICH SUCH TAX WAS PAID) ENDS.

24 SECTION 324.3. LIABILITY FOR TAX, INTEREST, PENALTIES AND
25 ADDITIONS.--IF A PARTNERSHIP, ASSOCIATION OR PENNSYLVANIA S
26 CORPORATION FAILS TO PAY WITHHOLDING TAX AS PRESCRIBED HEREIN
27 AND THEREAFTER SUCH TAX IS PAID, THE PARTNERSHIP, ASSOCIATION OR
28 PENNSYLVANIA S CORPORATION SHALL NOT BE RELIEVED OF THE
29 LIABILITY FOR ANY PENALTY, INTEREST OR ADDITION AS A RESULT OF
30 FAILURE TO PROPERLY WITHHOLD SUCH TAX.

SECTION 12. SECTION 325 OF THE ACT, AMENDED OR ADDED AUGUST 31, 1971 (P.L.362, NO.93), JULY 2, 1986 (P.L.318, NO.77) AND DECEMBER 22, 1989 (P.L.775, NO.110), IS AMENDED TO READ:

SECTION 325. DECLARATIONS OF ESTIMATED TAX.--(A) EVERY RESIDENT AND NONRESIDENT INDIVIDUAL, TRUST AND ESTATE SHALL AT THE TIME HEREINAFTER PRESCRIBED MAKE A DECLARATION OF HIS OR ITS ESTIMATED TAX FOR THE TAXABLE YEAR, CONTAINING SUCH INFORMATION AS THE DEPARTMENT MAY PRESCRIBE BY REGULATIONS, IF HIS OR ITS INCOME, OTHER THAN FROM COMPENSATION ON WHICH TAX IS WITHHELD UNDER THIS ARTICLE, CAN REASONABLY BE EXPECTED TO EXCEED TWO THOUSAND FIVE HUNDRED DOLLARS (\$2,500).

(B) FOR THE PURPOSES OF THIS ARTICLE, THE TERM "ESTIMATED TAX" MEANS THE AMOUNT WHICH AN INDIVIDUAL, TRUST OR ESTATE ESTIMATES TO BE HIS OR ITS TAX DUE UNDER THIS ARTICLE FOR THE TAXABLE YEAR, LESS THE AMOUNT WHICH HE OR IT ESTIMATES TO BE THE SUM OF ANY CREDITS ALLOWABLE AGAINST THE TAX UNDER THIS ARTICLE.

(C) A HUSBAND AND WIFE MAY MAKE A JOINT DECLARATION OF ESTIMATED TAX HEREUNDER AS IF THEY WERE ONE TAXPAYER, IN WHICH CASE THE LIABILITY WITH RESPECT TO THE ESTIMATED TAX SHALL BE JOINT AND SEVERAL. IF A JOINT DECLARATION IS MADE BUT HUSBAND AND WIFE ELECT TO DETERMINE THEIR TAXES SEPARATELY, THE ESTIMATED TAX FOR SUCH YEAR MAY BE TREATED AS THE ESTIMATED TAX OF EITHER HUSBAND OR WIFE, OR MAY BE DIVIDED BETWEEN THEM, AS THEY MAY ELECT.

(D) EXCEPT AS HEREINAFTER PROVIDED, THE DATE FOR FILING A DECLARATION OF ESTIMATED TAX SHALL DEPEND UPON WHEN THE RESIDENT OR NONRESIDENT INDIVIDUAL, TRUST OR ESTATE DETERMINES THAT HIS OR ITS INCOME ON WHICH NO TAX HAS BEEN WITHHELD UNDER THIS ARTICLE CAN REASONABLY BE EXPECTED TO EXCEED TWO THOUSAND FIVE HUNDRED DOLLARS (\$2,500) IN THE TAXABLE YEAR, AS FOLLOWS:

1 (1) IF THE DETERMINATION IS MADE ON OR BEFORE APRIL 1 OF THE
2 TAXABLE YEAR, A DECLARATION OF ESTIMATED TAX SHALL BE FILED NO
3 LATER THAN APRIL 15 OF THE TAXABLE YEAR.

4 (2) IF THE DETERMINATION IS MADE AFTER APRIL 1 BUT BEFORE
5 JUNE 2 OF THE TAXABLE YEAR, THE DECLARATION SHALL BE FILED NO
6 LATER THAN JUNE 15 OF SUCH YEAR.

7 (3) IF THE DETERMINATION IS MADE AFTER JUNE 1 BUT BEFORE
8 SEPTEMBER 2 OF THE TAXABLE YEAR, THE DECLARATION SHALL BE FILED
9 NO LATER THAN SEPTEMBER 15 OF SUCH YEAR.

10 (4) IF THE DETERMINATION IS MADE AFTER SEPTEMBER 1 OF THE
11 TAXABLE YEAR, THE DECLARATION SHALL BE FILED NO LATER THAN
12 JANUARY 15 OF THE YEAR SUCCEEDING THE TAXABLE YEAR.

13 (E) NOTWITHSTANDING SUBSECTION (D) OF THIS SECTION, A
14 DECLARATION OF ESTIMATED TAX OF AN INDIVIDUAL HAVING AN
15 ESTIMATED GROSS INCOME FROM FARMING FOR THE TAXABLE YEAR WHICH
16 IS AT LEAST TWO-THIRDS OF HIS TOTAL ESTIMATED GROSS INCOME FOR
17 THE TAXABLE YEAR MAY BE FILED AT ANY TIME ON OR BEFORE JANUARY
18 15 OF THE SUCCEEDING YEAR, BUT IF THE FARMER FILES A FINAL
19 RETURN AND PAYS THE ENTIRE TAX BY MARCH 1, THE RETURN MAY BE
20 CONSIDERED AS HIS DECLARATION DUE ON OR BEFORE JANUARY 15.

21 (F) A DECLARATION OF ESTIMATED TAX OF AN INDIVIDUAL, TRUST
22 OR ESTATE HAVING A TOTAL ESTIMATED TAX FOR THE TAXABLE YEAR OF
23 ONE HUNDRED DOLLARS (\$100) OR LESS MAY BE FILED AT ANY TIME ON
24 OR BEFORE JANUARY 15 OF THE SUCCEEDING YEAR UNDER REGULATIONS OF
25 THE DEPARTMENT.

26 (G) AN INDIVIDUAL, TRUST OR ESTATE MAY AMEND A DECLARATION
27 UNDER REGULATIONS OF THE DEPARTMENT.

28 (H) IF ON OR BEFORE JANUARY 31 OF THE YEAR SUCCEEDING A
29 TAXABLE YEAR, AN INDIVIDUAL [FILES HIS], TRUST OR ESTATE FILES
30 HIS OR ITS RETURN FOR THE ENTIRE TAXABLE YEAR FOR WHICH A

1 DECLARATION WAS REQUIRED TO BE FILED WITHIN THE TIME PRESCRIBED
2 BY SUBSECTION (D)(4) OF THIS SECTION AND PAYS THEREWITH THE FULL
3 AMOUNT OF THE TAX SHOWN TO BE DUE ON THE RETURN:

4 (1) SUCH RETURN SHALL BE CONSIDERED AS HIS OR ITS
5 DECLARATION WHICH WAS REQUIRED TO BE FILED NO LATER THAN JANUARY
6 15.

7 (2) SUCH RETURN SHALL BE CONSIDERED AS THE AMENDMENT
8 PERMITTED BY SUBSECTION (G) TO BE FILED ON OR BEFORE JANUARY 15
9 PROVIDED THE AMOUNT OF THE TAX SHOWN ON THE RETURN IS GREATER
10 THAN THE AMOUNT OF THE ESTIMATED TAX SHOWN IN A DECLARATION
11 PREVIOUSLY MADE.

12 (I) THIS ARTICLE SHALL APPLY TO A TAXABLE YEAR OTHER THAN A
13 CALENDAR YEAR BY THE SUBSTITUTION OF THE MONTHS OF SUCH FISCAL
14 YEAR FOR THE CORRESPONDING MONTHS SPECIFIED IN THIS SECTION.

15 (J) THIS ARTICLE SHALL APPLY TO AN INDIVIDUAL, TRUST OR
16 ESTATE HAVING A TAXABLE YEAR OF LESS THAN TWELVE MONTHS IN
17 ACCORDANCE WITH PROCEDURES PRESCRIBED IN REGULATIONS OF THE
18 DEPARTMENT.

19 SECTION 13. SECTION 345(B) OF THE ACT, AMENDED JULY 1, 1978
20 (P.L.594, NO.114), IS AMENDED TO READ:

21 SECTION 345. LIEN FOR TAX.--* * *

22 (B) THE DEPARTMENT MAY, AT ANY TIME, TRANSMIT TO THE
23 PROTHONOTARIES OF THE RESPECTIVE COUNTIES CERTIFIED COPIES OF
24 ALL LIENS FOR TAXES IMPOSED BY THIS ARTICLE. IT SHALL BE THE
25 DUTY OF EACH PROTHONOTARY RECEIVING SUCH LIEN TO ENTER AND
26 DOCKET THE SAME OF RECORD IN HIS OFFICE, WHICH LIEN SHALL BE
27 INDEXED AS JUDGMENTS ARE NOW INDEXED. ALL SUCH LIENS SHALL HAVE
28 PRIORITY TO, AND BE FULLY PAID BEFORE, ANY OTHER OBLIGATION,
29 JUDGMENT, CLAIM, LIEN OR ESTATE PAID AND SATISFIED OUT OF THE
30 JUDICIAL SALE OF SAID REAL [ESTATE] AND PERSONAL PROPERTY WITH

1 WHICH SAID [REAL ESTATE] PROPERTY MAY SUBSEQUENTLY BECOME
2 CHARGED, OR FOR WHICH IT MAY SUBSEQUENTLY BECOME LIABLE,
3 SUBJECT, HOWEVER, TO MORTGAGE OR OTHER LIENS EXISTING AND DULY
4 RECORDED AT THE TIME SUCH TAX LIEN IS RECORDED, SAVE AND EXCEPT
5 THE COST OF SALE AND OF THE WRIT UPON WHICH IT IS MADE AND REAL
6 ESTATE TAXES IMPOSED OR ASSESSED UPON SAID PROPERTY. [THE LIEN
7 OF SAID TAXES SHALL CONTINUE FOR FIVE YEARS FROM THE DATE OF
8 ENTRY AND MAY BE REVIVED AND CONTINUED, IN THE MANNER NOW OR
9 HEREAFTER PROVIDED FOR RENEWAL OF JUDGMENTS, AND A] A WRIT OF
10 EXECUTION MAY DIRECTLY ISSUE UPON SUCH LIEN WITHOUT THE ISSUANCE
11 AND PROSECUTION TO JUDGMENT OF A WRIT OF SCIRE FACIAS: PROVIDED,
12 THAT NOT LESS THAN TEN DAYS BEFORE ISSUANCE OF ANY EXECUTION ON
13 THE LIEN, NOTICE OF THE FILING AND EFFECT OF THE LIEN SHALL BE
14 SENT BY CERTIFIED MAIL TO THE TAXPAYER AT HIS LAST KNOWN POST
15 OFFICE ADDRESS: AND PROVIDED FURTHER, THAT THE SAID LIEN SHALL
16 HAVE NO EFFECT UPON ANY STOCK OF GOODS, WARE OR MERCHANDISE
17 REGULARLY SOLD OR LEASED IN THE ORDINARY COURSE OF BUSINESS BY
18 THE PERSON AGAINST WHOM SAID LIEN HAD BEEN ENTERED, UNLESS AND
19 UNTIL A WRIT OF EXECUTION HAS BEEN ISSUED AND A LEVY MADE UPON
20 SAID STOCK OF GOODS, WARES AND MERCHANDISE.

21 * * *

22 SECTION 14. SECTION 352(B), (D) AND (F) OF THE ACT, AMENDED
23 JUNE 29, 1984 (P.L.445, NO.94), ARE AMENDED AND THE SECTION IS
24 AMENDED BY ADDING A SUBSECTION TO READ:

25 SECTION 352. ADDITIONS, PENALTIES AND FEES.--* * *

26 (B) (1) IF ANY PART OF ANY UNDERPAYMENT OF ANY TAX IMPOSED
27 BY PART II OF THIS ARTICLE IS DUE TO NEGLIGENCE OR INTENTIONAL
28 DISREGARD OF RULES AND REGULATIONS, BUT WITHOUT INTENT TO
29 DEFRAUD, THERE SHALL BE ADDED TO THE TAX AN AMOUNT EQUAL TO FIVE
30 PER CENT OF THE UNDERPAYMENT.

1 (2) IF ANY PART OF ANY UNDERPAYMENT OF ANY TAX IMPOSED BY
2 PART II OF THIS ARTICLE IS DUE TO NEGLIGENCE OR INTENTIONAL
3 DISREGARD OF RULES AND REGULATIONS, BUT WITHOUT INTENT TO
4 DEFRAUD, AND THE UNDER PAYMENT IS FROM A TAXPAYER OMITTING FROM
5 INCOME AN AMOUNT PROPERLY INCLUDABLE THEREIN WHICH IS IN EXCESS
6 OF TWENTY-FIVE PER CENT OF THE AMOUNT OF INCOME STATED ON THE
7 TAXPAYER'S RETURN, THERE SHALL BE ADDED TO THE TAX AN AMOUNT
8 EQUAL TO TWENTY-FIVE PER CENT OF THE UNDERPAYMENT.

9 * * *

10 (D) (1) IF ANY TAXPAYER FAILS [TO FILE A DECLARATION OF
11 ESTIMATED TAX OR FAILS] TO PAY ALL OR ANY PART OF AN INSTALLMENT
12 OF ESTIMATED TAX, HE SHALL BE DEEMED TO HAVE MADE AN
13 UNDERPAYMENT OF ESTIMATED TAX. THERE SHALL BE ADDED TO THE TAX
14 FOR THE TAXABLE YEAR AN AMOUNT AT THE RATE ESTABLISHED PURSUANT
15 TO SECTION 806 OF THE ACT OF APRIL 9, 1929 (P.L.343, NO.176),
16 KNOWN AS "THE FISCAL CODE," UPON THE AMOUNT OF THE UNDERPAYMENT
17 FOR THE PERIOD OF THE UNDERPAYMENT BUT NOT BEYOND THE FIFTEENTH
18 DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE TAXABLE YEAR.
19 THE AMOUNT OF THE UNDERPAYMENT SHALL BE THE EXCESS OF THE AMOUNT
20 OF THE INSTALLMENT WHICH WOULD BE REQUIRED TO BE PAID IF THE
21 ESTIMATED TAX WERE EQUAL TO [EIGHTY] NINETY PER CENT OF THE TAX
22 (TWO-THIRDS IN THE CASE OF AN INDIVIDUAL DESCRIBED IN SUBSECTION
23 (E) OF SECTION 325) SHOWN ON THE RETURN FOR THE TAXABLE YEAR (OR
24 IF NO RETURN WAS FILED, OF THE TAX FOR SUCH YEAR) OVER THE
25 AMOUNT, IF ANY, OF THE INSTALLMENTS PAID ON OR BEFORE THE LAST
26 DAY PRESCRIBED FOR SUCH PAYMENT. NO UNDERPAYMENT SHALL BE DEEMED
27 TO EXIST WITH RESPECT TO [A DECLARATION OR] AN INSTALLMENT
28 OTHERWISE DUE ON OR AFTER THE TAXPAYER'S DEATH.

29 (2) NO ADDITION TO TAX SHALL BE IMPOSED IF THE TOTAL AMOUNT
30 OF ALL PAYMENTS OF ESTIMATED TAX MADE ON OR BEFORE THE LAST DATE

1 PRESCRIBED FOR THE PAYMENT OF SUCH INSTALLMENT EQUALS OR EXCEEDS
2 THE LESSER OF:

3 (A) THE AMOUNT WHICH WOULD HAVE BEEN REQUIRED TO BE PAID ON
4 OR BEFORE SUCH DATE IF THE ESTIMATED TAX WERE[:

5 (I) THE TAX SHOWN ON THE RETURN OF THE INDIVIDUAL FOR THE
6 PRECEDING TAXABLE YEAR, IF A RETURN SHOWING A LIABILITY FOR TAX
7 WAS FILED BY THE INDIVIDUAL FOR THE PRECEDING TAXABLE YEAR AND
8 SUCH PRECEDING YEAR WAS A TAXABLE YEAR OF TWELVE MONTHS, OR

9 (II)] AN AMOUNT EQUAL TO THE TAX COMPUTED, AT THE RATES
10 APPLICABLE TO THE TAXABLE YEAR, BUT OTHERWISE ON THE BASIS OF
11 THE FACTS SHOWN ON HIS RETURN FOR, AND THE LAW APPLICABLE TO,
12 THE PRECEDING TAXABLE YEAR; OR

13 (B) AN AMOUNT EQUAL TO NINETY PER CENT OF THE TAX COMPUTED,
14 AT THE RATES APPLICABLE TO THE TAXABLE YEAR, ON THE BASIS OF THE
15 ACTUAL INCOME FOR THE MONTHS IN THE TAXABLE YEAR ENDING BEFORE
16 THE MONTH IN WHICH THE INSTALLMENT IS REQUIRED TO BE PAID.

17 * * *

18 (F) (1) ANY PERSON REQUIRED UNDER THE PROVISIONS OF SECTION
19 317 TO FURNISH A STATEMENT TO AN EMPLOYEE WHO WILFULLY FURNISHES
20 A FALSE OR FRAUDULENT STATEMENT, OR WHO WILFULLY FAILS TO
21 FURNISH A STATEMENT IN THE MANNER, AT THE TIME, AND SHOWING THE
22 INFORMATION REQUIRED UNDER SECTION 317 AND THE REGULATIONS
23 PRESCRIBED THEREUNDER, SHALL, FOR EACH SUCH FAILURE, BE SUBJECT
24 TO A PENALTY OF FIFTY DOLLARS (\$50) FOR EACH EMPLOYEE.

25 (2) ANY PERSON REQUIRED BY REGULATION TO FURNISH AN
26 INFORMATION RETURN WHO FURNISHES A FALSE OR FRAUDULENT RETURN
27 SHALL FOR EACH FAILURE BE SUBJECT TO A PENALTY OF FIFTY DOLLARS
28 (\$50).

29 (3) EVERY PENNSYLVANIA S CORPORATION REQUIRED TO FILE A
30 RETURN WITH THE DEPARTMENT UNDER THE PROVISIONS OF SECTION 330.1

1 WHO FURNISHES A FALSE OR FRAUDULENT RETURN OR WHO FAILS TO FILE
2 THE RETURN IN THE MANNER AND AT THE TIME REQUIRED UNDER SECTION
3 330.1 SHALL BE SUBJECT TO A PENALTY OF \$250 FOR EACH FAILURE.

4 * * *

5 (I) IF ANY INDIVIDUAL, ESTATE OR TRUST FILES WHAT PURPORTS
6 TO BE A RETURN REQUIRED UNDER SECTION 330 BUT WHICH DOES NOT
7 CONTAIN INFORMATION ON WHICH THE SUBSTANTIAL CORRECTNESS OF THE
8 SELF-ASSESSMENT MAY BE JUDGED, OR CONTAINS INFORMATION THAT ON
9 ITS FACE INDICATES THAT THE SELF-ASSESSMENT IS SUBSTANTIALLY
10 INCORRECT; AND THE SELF-ASSESSMENT IS DUE TO A POSITION WHICH IS
11 FRIVOLOUS, OR DUE TO A DESIRE (WHICH APPEARS ON THE PURPORTED
12 RETURN) TO DELAY OR IMPEDE THE ADMINISTRATION OF PENNSYLVANIA
13 INCOME TAX LAWS, THEN SUCH INDIVIDUAL, ESTATE OR TRUST SHALL PAY
14 A PENALTY OF FIVE HUNDRED DOLLARS (\$500). THE PENALTY IMPOSED BY
15 THIS SUBSECTION SHALL BE IN ADDITION TO ANY OTHER PENALTY
16 PROVIDED BY LAW.

17 SECTION 15. SECTION 401(3)1(B) AND 2(A)(18) OF THE ACT,
18 AMENDED SEPTEMBER 9, 1971 (P.L.437, NO.105) AND DECEMBER 23,
19 1983 (P.L.370, NO.90), ARE AMENDED AND A SUBCLAUSE IS ADDED TO
20 READ:

21 SECTION 401. DEFINITIONS.--THE FOLLOWING WORDS, TERMS, AND
22 PHRASES, WHEN USED IN THIS ARTICLE, SHALL HAVE THE MEANING
23 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT
24 CLEARLY INDICATES A DIFFERENT MEANING:

25 * * *

26 (3) "TAXABLE INCOME." 1. * * *

27 (B) ADDITIONAL DEDUCTIONS SHALL BE ALLOWED FROM TAXABLE
28 INCOME ON ACCOUNT OF ANY DIVIDENDS RECEIVED FROM ANY OTHER
29 CORPORATION BUT ONLY TO THE EXTENT THAT SUCH DIVIDENDS ARE
30 INCLUDED IN TAXABLE INCOME AS RETURNED TO AND ASCERTAINED BY THE

FEDERAL GOVERNMENT. FOR TAX YEARS BEGINNING ON OR AFTER JANUARY
1, 1991, NO ADDITIONAL DEDUCTION SHALL BE ALLOWED FOR DIVIDENDS
RECEIVED FROM ANY OTHER CORPORATION.

(B.1) AN ADDITIONAL DEDUCTION SHALL BE ALLOWED FROM TAXABLE
INCOME IN THE AMOUNT OF ANY INTEREST INCOME FROM SECURITIES
ISSUED BY THE UNITED STATES OR AGENCIES OR INSTRUMENTALITIES
THEREOF, TO THE EXTENT INCLUDED IN FEDERAL TAXABLE INCOME BUT
EXEMPT FROM THE TAX IMPOSED BY THIS ARTICLE UNDER THE LAWS OF
THE UNITED STATES, BUT REDUCED BY ANY INTEREST ON INDEBTEDNESS
INCURRED TO CARRY THE SECURITIES, ANY EXPENSES INCURRED IN THE
PRODUCTION OF SUCH INTEREST INCOME, AND ANY OTHER EXPENSES
DEDUCTED ON THE FEDERAL INCOME TAX RETURN THAT WOULD NOT HAVE
BEEN ALLOWED UNDER SECTION 265 OF THE INTERNAL REVENUE CODE IF
THE INTEREST WERE EXEMPT FROM FEDERAL INCOME TAX.

* * *

2. IN CASE THE ENTIRE BUSINESS OF ANY CORPORATION, OTHER
THAN A CORPORATION ENGAGED IN DOING BUSINESS AS A REGULATED
INVESTMENT COMPANY AS DEFINED BY THE INTERNAL REVENUE CODE OF
1954, AS AMENDED, IS NOT TRANSACTED WITHIN THIS COMMONWEALTH,
THE TAX IMPOSED BY THIS ARTICLE SHALL BE BASED UPON SUCH PORTION
OF THE TAXABLE INCOME OF SUCH CORPORATION FOR THE FISCAL OR
CALENDAR YEAR, AS DEFINED IN SUBCLAUSE 1 HEREOF, AND MAY BE
DETERMINED AS FOLLOWS:

(A) DIVISION OF INCOME.

* * *

(18) IF THE ALLOCATION AND APPORTIONMENT PROVISIONS OF THIS
DEFINITION DO NOT FAIRLY REPRESENT THE EXTENT OF THE TAXPAYER'S
BUSINESS ACTIVITY IN THIS STATE, THE TAXPAYER MAY PETITION THE
SECRETARY OF REVENUE OR THE SECRETARY OF REVENUE MAY REQUIRE, IN
RESPECT TO ALL OR ANY PART OF THE TAXPAYER'S BUSINESS ACTIVITY:

1 (A) SEPARATE ACCOUNTING;
2 (B) THE EXCLUSION OF ANY ONE OR MORE OF THE FACTORS;
3 (C) THE INCLUSION OF ONE OR MORE ADDITIONAL FACTORS WHICH
4 WILL FAIRLY REPRESENT THE TAXPAYER'S BUSINESS ACTIVITY IN THIS
5 STATE; OR
6 (D) THE EMPLOYMENT OF ANY OTHER METHOD TO EFFECTUATE AN
7 EQUITABLE ALLOCATION AND APPORTIONMENT OF THE TAXPAYER'S INCOME.
8 IN DETERMINING THE FAIRNESS OF ANY ALLOCATION OR APPORTIONMENT,
9 THE SECRETARY OF REVENUE MAY GIVE CONSIDERATION TO THE
10 TAXPAYER'S PREVIOUS REPORTING AND ITS CONSISTENCY WITH THE
11 REQUESTED RELIEF.

12 * * *

13 SECTION 16. SECTION 402 OF THE ACT, AMENDED JULY 2, 1986
14 (P.L.318, NO.77), IS AMENDED TO READ:

15 SECTION 402. IMPOSITION OF TAX.--EVERY CORPORATION SHALL BE
16 SUBJECT TO, AND SHALL PAY FOR THE PRIVILEGE OF (I) DOING
17 BUSINESS IN THIS COMMONWEALTH; OR (II) CARRYING ON ACTIVITIES IN
18 THIS COMMONWEALTH; (III) HAVING CAPITAL OR PROPERTY EMPLOYED OR
19 USED IN THIS COMMONWEALTH; OR (IV) OWNING PROPERTY IN THIS
20 COMMONWEALTH, BY OR IN THE NAME OF ITSELF, OR ANY PERSON,
21 PARTNERSHIP, ASSOCIATION, LIMITED PARTNERSHIP, JOINT-STOCK
22 ASSOCIATION, OR CORPORATION, A STATE EXCISE TAX AT THE RATE OF
23 TWELVE PER CENT PER ANNUM UPON EACH DOLLAR OF TAXABLE INCOME OF
24 SUCH CORPORATION RECEIVED BY, AND ACCRUING TO, SUCH CORPORATION
25 DURING THE CALENDAR YEAR 1971 AND THE FIRST SIX MONTHS OF 1972
26 AND AT THE RATE OF ELEVEN PER CENT PER ANNUM UPON EACH DOLLAR OF
27 TAXABLE INCOME OF SUCH CORPORATION RECEIVED BY, AND ACCRUING TO,
28 SUCH CORPORATION DURING THE SECOND SIX MONTHS OF CALENDAR YEAR
29 1972 THROUGH THE CALENDAR YEAR 1973 AND AT THE RATE OF NINE AND
30 ONE-HALF PER CENT PER ANNUM UPON EACH DOLLAR OF TAXABLE INCOME

1 OF SUCH CORPORATION RECEIVED BY, AND ACCRUING TO, SUCH
2 CORPORATION DURING THE CALENDAR YEARS 1974, 1975 AND 1976 AND AT
3 THE RATE OF TEN AND ONE-HALF PER CENT PER ANNUM UPON EACH DOLLAR
4 OF TAXABLE INCOME OF SUCH CORPORATION RECEIVED BY, AND ACCRUING
5 TO, SUCH CORPORATION DURING THE CALENDAR YEAR 1977 THROUGH THE
6 CALENDAR YEAR 1984 AND AT THE RATE OF NINE AND ONE-HALF PER CENT
7 PER ANNUM UPON EACH DOLLAR OF TAXABLE INCOME OF SUCH CORPORATION
8 RECEIVED BY AND ACCRUING TO SUCH CORPORATION DURING THE CALENDAR
9 YEAR 1985 THROUGH CALENDAR YEAR 1986 AND AT THE RATE OF EIGHT
10 AND ONE-HALF PER CENT PER ANNUM UPON EACH DOLLAR OF TAXABLE
11 INCOME OF SUCH CORPORATION RECEIVED BY AND ACCRUING TO SUCH
12 CORPORATION DURING THE CALENDAR YEAR 1987 THROUGH THE CALENDAR
13 YEAR 1990 AND AT THE RATE OF TEN AND ONE-HALF PER CENT PER ANNUM
14 UPON EACH DOLLAR OF TAXABLE INCOME OF SUCH CORPORATION RECEIVED
15 BY AND ACCRUING TO SUCH CORPORATION DURING CALENDAR YEAR 1991
16 AND DURING EACH CALENDAR YEAR THEREAFTER, EXCEPT WHERE A
17 CORPORATION REPORTS TO THE FEDERAL GOVERNMENT ON THE BASIS OF A
18 FISCAL YEAR, AND HAS CERTIFIED SUCH FACT TO THE DEPARTMENT AS
19 REQUIRED BY SECTION 403 OF THIS ARTICLE, IN WHICH CASE, SUCH
20 TAX, AT THE RATE OF TWELVE PER CENT, SHALL BE LEVIED, COLLECTED,
21 AND PAID UPON ALL TAXABLE INCOME RECEIVED BY, AND ACCRUING TO,
22 SUCH CORPORATION DURING THE FIRST SIX MONTHS OF THE FISCAL YEAR
23 COMMENCING IN THE CALENDAR YEAR 1972 AND AT THE RATE OF ELEVEN
24 PER CENT, SHALL BE LEVIED, COLLECTED, AND PAID UPON ALL TAXABLE
25 INCOME RECEIVED BY, AND ACCRUING TO, SUCH CORPORATION DURING THE
26 SECOND SIX MONTHS OF THE FISCAL YEAR COMMENCING IN THE CALENDAR
27 YEAR 1972 AND DURING THE FISCAL YEAR COMMENCING IN THE CALENDAR
28 YEAR 1973 AND AT THE RATE OF NINE AND ONE-HALF PER CENT, SHALL
29 BE LEVIED, COLLECTED, AND PAID UPON ALL TAXABLE INCOME RECEIVED
30 BY, AND ACCRUING TO, SUCH CORPORATION DURING THE FISCAL YEAR

1 COMMENCING IN THE CALENDAR YEARS 1974, 1975 AND 1976 AND AT THE
2 RATE OF TEN AND ONE-HALF PER CENT, SHALL BE LEVIED, COLLECTED,
3 AND PAID UPON ALL TAXABLE INCOME RECEIVED BY, AND ACCRUING TO,
4 SUCH CORPORATION DURING THE FISCAL YEAR COMMENCING IN THE
5 CALENDAR YEAR 1977 THROUGH THE FISCAL YEAR COMMENCING IN 1984
6 AND AT THE RATE OF NINE AND ONE-HALF PER CENT, SHALL BE LEVIED,
7 COLLECTED, AND PAID UPON ALL TAXABLE INCOME RECEIVED BY AND
8 ACCRUING TO SUCH CORPORATION DURING THE FISCAL YEAR COMMENCING
9 IN 1985 THROUGH THE FISCAL YEAR COMMENCING IN 1986 AND AT THE
10 RATE OF EIGHT AND ONE-HALF PER CENT PER ANNUM UPON EACH DOLLAR
11 OF TAXABLE INCOME OF SUCH CORPORATION RECEIVED BY AND ACCRUING
12 TO SUCH CORPORATION DURING THE FISCAL YEAR COMMENCING IN 1987
13 THROUGH THE FISCAL YEAR COMMENCING IN 1990 AND AT THE RATE OF
14 TEN AND ONE-HALF PER CENT PER ANNUM UPON EACH DOLLAR OF TAXABLE
15 INCOME OF SUCH CORPORATION RECEIVED BY AND ACCRUING TO SUCH
16 CORPORATION DURING THE FISCAL YEAR COMMENCING IN 1991 AND DURING
17 EACH FISCAL YEAR THEREAFTER. NO PENALTY PRESCRIBED BY SUBSECTION
18 (E) OF SECTION 3003 SHALL BE ASSESSED AGAINST A CORPORATION FOR
19 THE ADDITIONAL TAX WHICH MAY BE DUE AS A RESULT OF THE INCREASE
20 IN TAX RATE FROM NINE AND ONE-HALF PER CENT TO TEN AND ONE-HALF
21 PER CENT IMPOSED RETROACTIVELY BY THIS SECTION FOR THE CALENDAR
22 YEAR 1977 OR FOR THE FISCAL YEAR COMMENCING IN 1977.

23 SECTION 17. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

24 SECTION 402.1. ALLOCATION OF TAX.--FOR THE FISCAL YEAR
25 BEGINNING JULY 1, 1991, AND FOR EACH FISCAL YEAR THROUGH AND
26 INCLUDING THE FISCAL YEAR BEGINNING JULY 1, 1994, THE SECRETARY
27 OF THE BUDGET SHALL TRANSFER SEVENTY MILLION DOLLARS
28 (\$70,000,000) FROM REVENUES RECEIVED UNDER THIS ARTICLE TO THE
29 INDUSTRIAL DEVELOPMENT FUND. SUCH TRANSFER SHALL BE INITIATED
30 PRIOR TO MAY 1 OF EACH FISCAL YEAR.

SECTION 18. SECTION 407 OF THE ACT, AMENDED SEPTEMBER 9, 1971 (P.L.437, NO.105), DECEMBER 3, 1975 (P.L.476, NO.140) AND DECEMBER 21, 1977 (P.L.330, NO.98) AND REPEALED IN PART APRIL 28, 1978 (P.L.202, NO.53), IS AMENDED TO READ:

SECTION 407. SETTLEMENT AND RESETTLEMENT.--(A) ALL TAXES DUE UNDER THIS ARTICLE SHALL BE SETTLED BY THE DEPARTMENT, AND SUCH SETTLEMENT SHALL BE SUBJECT TO AUDIT AND APPROVAL BY THE DEPARTMENT OF THE AUDITOR GENERAL, AND SHALL, SO FAR AS POSSIBLE, BE MADE SO THAT NOTICE THEREOF MAY REACH THE TAXPAYER WITHIN EIGHTEEN MONTHS AFTER THE TAX REPORT WAS REQUIRED TO BE MADE. THE SECRETARY OF REVENUE, AFTER CONSULTATION WITH THE AUDITOR GENERAL, MAY DEVELOP AND IMPLEMENT PROCEDURES FOR THE SETTLEMENT OF TAXES EMPLOYING, AMONG OTHER MEANS, AUTOMATIC DATA PROCESSING, STATISTICAL ANALYSIS, COMPUTER ANALYSIS, MECHANICAL HANDLING AND ISSUANCE OF SETTLEMENT DOCUMENTS, INCLUDING OMISSION OF ORIGINAL SIGNATURES, SUCH THAT WILL FACILITATE WHAT HE DETERMINES TO BE THE MOST EFFICIENT AND PRODUCTIVE USE OF THE RESOURCES WITHIN HIS CONTROL REQUIRED TO ADEQUATELY AND REASONABLY ENSURE THE PROPER COLLECTION OF TAXES.

(B) IF, WITHIN A PERIOD OF [ONE YEAR] THREE YEARS AFTER THE DATE OF ANY SETTLEMENT, THE DEPARTMENT IS NOT SATISFIED WITH SUCH SETTLEMENT, OR IF AT ANY TIME THE NET INCOME AS RETURNED BY ANY CORPORATION TO THE FEDERAL GOVERNMENT IS FINALLY CHANGED OR CORRECTED BY THE COMMISSIONER OF INTERNAL REVENUE OR BY ANY OTHER AGENCY OR COURT OF THE UNITED STATES WITH THE RESULT THAT TAX, IN ADDITION TO THE AMOUNT PAID, IS DUE UNDER THIS ARTICLE, THE DEPARTMENT IS HEREBY AUTHORIZED AND EMPOWERED TO MAKE A RESETTLEMENT OF THE TAX DUE BY SUCH CORPORATION, BASED UPON THE FACTS CONTAINED IN THE REPORT, OR UPON ANY INFORMATION WITHIN ITS POSSESSION OR THAT SHALL COME INTO ITS POSSESSION.

1 WHENEVER A RESETTLEMENT SHALL HAVE BEEN MADE HEREUNDER, THE
2 DEPARTMENT SHALL RESETTLE THE ACCOUNT ACCORDING TO LAW AND SHALL
3 CREDIT OR CHARGE, AS THE CASE MAY BE, THE AMOUNT RESULTING FROM
4 SUCH RESETTLEMENT UPON THE CURRENT ACCOUNTS OF THE CORPORATION
5 WITH WHICH IT IS MADE.

6 THE RESETTLEMENT SHALL BE SUBJECT TO AUDIT AND APPROVAL BY
7 THE DEPARTMENT OF THE AUDITOR GENERAL AS IN THE CASE OF ORIGINAL
8 SETTLEMENT, AND IN CASE OF THE FAILURE OF THE TWO DEPARTMENTS TO
9 AGREE, THE RESETTLEMENT SHALL BE SUBMITTED TO THE BOARD OF
10 FINANCE AND REVENUE AS IN THE CASE OF ORIGINAL SETTLEMENTS.

11 (C) PROMPTLY AFTER THE DATE OF ANY SUCH SETTLEMENT, THE
12 DEPARTMENT SHALL SEND, BY MAIL OR OTHERWISE, A COPY THEREOF TO
13 SUCH CORPORATION. THE TAX, INTEREST, AND PENALTY IMPOSED BY THIS
14 ARTICLE SHALL BE SUBJECT TO THE RIGHT OF RESETTLEMENT, REVIEW,
15 AND REFUND WITHIN THE TIME AND IN THE MANNER NOW OR HEREAFTER
16 PROVIDED FOR BY LAW FOR PETITIONS FOR RESETTLEMENT, REVIEW AND
17 REFUND AND TO THE RIGHT OF APPEAL IN THE MANNER NOW OR HEREAFTER
18 PROVIDED FOR BY LAW FOR APPEALS IN THE CASE OF TAX SETTLEMENTS.

19 (D) IF ANY CORPORATION SHALL NEGLECT OR REFUSE TO MAKE ANY
20 REPORT AND PAYMENT OF TAX REQUIRED BY THIS ARTICLE, THE
21 DEPARTMENT SHALL ESTIMATE THE TAX DUE BY SUCH CORPORATION AND
22 SUBJECT TO AUDIT AND APPROVAL BY THE DEPARTMENT OF THE AUDITOR
23 GENERAL, SETTLE THE AMOUNT DUE BY IT FOR TAXES, PENALTIES, AND
24 INTEREST THEREON AS PRESCRIBED HEREIN, FROM WHICH SETTLEMENT
25 THERE SHALL BE NO RIGHT OF REVIEW OR APPEAL, BUT THE DEPARTMENT,
26 WITH THE APPROVAL OF THE DEPARTMENT OF THE AUDITOR GENERAL, MAY
27 REQUIRE A REPORT TO BE FILED, AND THEREUPON MAKE A SETTLEMENT
28 BASED UPON SUCH REPORT AND CANCEL THE ESTIMATED SETTLEMENT.

29 (E) IF ANY TAXPAYER, PURSUANT TO PETITION OR APPEAL, IS
30 GRANTED A RESETTLEMENT OR ISSUED AN ORDER OF COURT OR A JUDGMENT

BASING THE TAXPAYER'S TAX FOR ANY TAXABLE YEAR UPON THE
PRINCIPLES OF MULTIFORMITY OR UNRELATED ASSETS RESULTING FROM A
FINAL DECISION UPON THE TAXPAYER'S PETITION OR APPEAL, OR ANY
STIPULATION FOR JUDGMENT IN SETTLEMENT OF LITIGATION THEREON,
THEN ANY TAXABLE YEAR OF THE TAXPAYER WITHIN A THREE-YEAR PERIOD
PRIOR TO THE TAXABLE YEAR IN ISSUE OR ANY TAXABLE YEAR
THEREAFTER MAY BE RESETTLED CONSISTENT WITH SUCH PRINCIPLES
WITHIN ONE YEAR OF SUCH RESETTLEMENT, ORDER OF COURT OR
JUDGMENT.

SECTION 19. THE DEFINITION OF "CAPITAL STOCK VALUE" AND
"PROCESSING" IN SECTION 601(A) OF THE ACT, AMENDED OR ADDED JULY
1, 1985 (P.L.78, NO.29) AND JULY 13, 1987 (P.L.317, NO.58), ARE
AMENDED AND A DEFINITION IS ADDED TO READ:

SECTION 601. DEFINITIONS AND REPORTS.--(A) THE FOLLOWING
WORDS, TERMS AND PHRASES WHEN USED IN THIS ARTICLE VI SHALL HAVE
THE MEANING ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE
CONTEXT CLEARLY INDICATES A DIFFERENT MEANING:

* * *

"CAPITAL STOCK VALUE." THE AMOUNT COMPUTED PURSUANT TO THE
FOLLOWING FORMULA: THE PRODUCT OF ONE-HALF TIMES THE SUM OF THE
AVERAGE NET INCOME CAPITALIZED AT THE RATE OF NINE AND ONE-HALF
PER CENT PLUS SEVENTY-FIVE PER CENT OF NET WORTH, FROM WHICH
PRODUCT SHALL BE SUBTRACTED [ONE HUNDRED THOUSAND DOLLARS
(\$100,000)] FIFTY THOUSAND DOLLARS (\$50,000), THE ALGEBRAIC
EQUIVALENT OF WHICH IS

$$(.5 \times (\text{AVERAGE NET INCOME} / .095 + (.75) \\ (\text{NET WORTH}))) - [\$100,000] \text{ } \underline{\$50,000}$$

* * *

"DIRECTLY USED." THE TERM SHALL MEAN THAT THE TANGIBLE
PERSONAL PROPERTY ACTIVELY CONTRIBUTES TO THE CHANGING OF RAW

1 MATERIALS INTO A NEW, DIFFERENT, AND USEFUL ARTICLE OF COMMERCE.
2 THE TERM INCLUDES, BUT IS NOT LIMITED TO, MANUFACTURING MACHINES
3 AND EQUIPMENT, RAW MATERIALS SUFFICIENT FOR ONE YEAR OF
4 OPERATION, REAL PROPERTY DIRECTLY ASSOCIATED WITH THE CONDUCT OF
5 MANUFACTURING, PROCESSING, OR RESEARCH AND DEVELOPMENT. THE TERM
6 DOES NOT INCLUDE REAL OR TANGIBLE PERSONAL PROPERTY USED FOR
7 ADMINISTRATIVE PURPOSES, STORAGE OF FINISHED PRODUCTS OR RAW
8 MATERIALS IN EXCESS OF THOSE REQUIRED FOR ONE YEAR, SALES AND
9 DELIVERY ACTIVITIES. INTANGIBLE PERSONAL PROPERTY, CASH, AND
10 TANGIBLE PERSONAL PROPERTY WHICH HAS BEEN FULLY DEPRECIATED
11 SHALL NOT BE CONSIDERED TO BE DIRECTLY USED IN ANY
12 MANUFACTURING, PROCESSING, OR RESEARCH OR DEVELOPMENT.

13 * * *

14 "PROCESSING." THE FOLLOWING ACTIVITIES WHEN ENGAGED IN AS A
15 BUSINESS ENTERPRISE:

16 (1) THE COOKING OR FREEZING OF FRUITS, VEGETABLES,
17 MUSHROOMS, FISH, SEAFOOD, MEATS OR POULTRY, WHEN THE PERSON
18 ENGAGED IN SUCH BUSINESS PACKAGES SUCH PROPERTY IN SEALED
19 CONTAINERS FOR WHOLESALE DISTRIBUTION.

20 (2) THE SCOURING, CARBONIZING, CORDING, COMBING, THROWING,
21 TWISTING OR WINDING OF NATURAL OR SYNTHETIC FIBERS, OR THE
22 SPINNING, BLEACHING, DYEING, PRINTING OR FINISHING OF YARNS OR
23 FABRICS, WHEN SUCH ACTIVITIES ARE PERFORMED PRIOR TO SALE TO THE
24 ULTIMATE CONSUMER.

25 (3) THE ELECTROPLATING, GALVANIZING, ENAMELING, ANODIZING,
26 COLORING, FINISHING, IMPREGNATING OR HEAT TREATING OF METALS OR
27 PLASTICS FOR SALE OR IN THE PROCESS OF MANUFACTURING.

28 (4) THE ROLLING, DRAWING OR EXTRUDING OF FERROUS AND
29 NONFERROUS METALS.

30 (5) THE FABRICATION FOR SALE OF ORNAMENTAL OR STRUCTURAL

1 METAL OR METAL STAIRS, STAIRCASES, GRATINGS, FIRE ESCAPES OR
2 RAILINGS (NOT INCLUDING FABRICATION WORK DONE AT THE
3 CONSTRUCTION SITE).

4 (6) THE PREPARATION OF ANIMAL FEED OR POULTRY FEED FOR SALE.

5 (7) THE PRODUCTION, PROCESSING AND BOTTLING OF NONALCOHOLIC
6 BEVERAGES FOR WHOLESALE DISTRIBUTION.

7 (8) THE SLAUGHTERING AND DRESSING OF ANIMALS FOR MEAT TO BE
8 SOLD OR TO BE USED IN PREPARING MEAT PRODUCTS FOR SALE, AND THE
9 PREPARATION OF MEAT PRODUCTS, INCLUDING LARD, TALLOW, GREASE,
10 COOKING AND INEDIBLE OILS FOR WHOLESALE DISTRIBUTION.

11 (9) THE OPERATION OF A SAWMILL OR PLANING MILL FOR THE
12 PRODUCTION OF LUMBER OR LUMBER PRODUCTS FOR SALE.

13 (10) THE MILLING FOR SALE OF FLOUR OR MEAL FROM GRAINS.

14 (11) THE PUBLISHING OF BOOKS, NEWSPAPERS, MAGAZINES OR OTHER
15 PERIODICALS, PRINTING AND BROADCASTING RADIO AND TELEVISION
16 PROGRAMS BY LICENSED COMMERCIAL OR EDUCATIONAL STATIONS.

17 (12) THE PROCESSING OF USED LUBRICATING OILS.

18 (13) THE BLENDING, RECTIFICATION OR PRODUCTION BY
19 DISTILLATION OR OTHERWISE OF ALCOHOL OR ALCOHOLIC LIQUORS,
20 EXCEPT THE DISTILLATION OF ALCOHOL FROM BYPRODUCTS OF WINEMAKING
21 FOR THE SOLE PURPOSE OF FORTIFYING WINE.

22 (14) THE SALVAGING, RECYCLING OR RECLAIMING OF USED
23 MATERIALS TO BE RECYCLED INTO A MANUFACTURING PROCESS.

24 (15) THE DEVELOPMENT OR SUBSTANTIAL MODIFICATION OF COMPUTER
25 PROGRAMS OR SOFTWARE FOR SALE TO UNRELATED PERSONS FOR THEIR
26 DIRECT AND INDEPENDENT USE.

27 * * *

28 SECTION 20. SECTION 602 OF THE ACT, AMENDED DECEMBER 23,
29 1983 (P.L.360, NO.89), DECEMBER 23, 1983 (P.L.370, NO.90), JULY
30 1, 1985 (P.L.78, NO.29), DECEMBER 19, 1985 (P.L.356, NO.102),

1 JULY 13, 1987 (P.L.317, NO.58) AND REPEALED IN PART OCTOBER 18,
2 1988 (P.L.756, NO.108), IS AMENDED TO READ:

3 SECTION 602. IMPOSITION OF TAX.--(A) THAT EVERY DOMESTIC
4 ENTITY FROM WHICH A REPORT IS REQUIRED UNDER SECTION 601 HEREOF,
5 SHALL BE SUBJECT TO, AND PAY TO THE DEPARTMENT ANNUALLY, A TAX
6 WHICH IS THE GREATER OF (I) [SEVENTY-FIVE DOLLARS (\$75)] THREE
7 HUNDRED DOLLARS (\$300) OR (II) THE AMOUNT COMPUTED AT THE RATE
8 OF TEN MILLS UPON EACH DOLLAR OF THE CAPITAL STOCK VALUE AS
9 DEFINED IN SECTION 601(A) FOR THE CALENDAR YEAR 1971 AND THE
10 FISCAL YEAR BEGINNING IN 1971 THROUGH CALENDAR YEAR 1986 AND
11 FISCAL YEARS BEGINNING IN 1986, AT THE RATE OF NINE MILLS UPON
12 EACH DOLLAR OF THE CAPITAL STOCK VALUE AS DEFINED IN SECTION
13 601(A) FOR THE CALENDAR YEAR 1987 AND FISCAL YEARS BEGINNING IN
14 1987 [AND], AT THE RATE OF NINE AND ONE-HALF MILLS UPON EACH
15 DOLLAR OF THE CAPITAL STOCK VALUE AS DEFINED IN SECTION 601(A)
16 FOR THE CALENDAR YEAR 1988 AND FISCAL YEARS BEGINNING IN 1988
17 THROUGH CALENDAR YEAR 1990 AND FISCAL YEARS BEGINNING IN 1990
18 AND AT THE RATE OF TEN AND ONE-HALF MILLS UPON EACH DOLLAR OF
19 THE CAPITAL STOCK VALUE AS DEFINED IN SECTION 601(A) FOR THE
20 CALENDAR YEAR 1991 AND FISCAL YEARS BEGINNING IN 1991 AND EACH
21 YEAR THEREAFTER, EXCEPT THAT ANY DOMESTIC ENTITY OR COMPANY
22 SUBJECT TO THE TAX PRESCRIBED HEREIN MAY ELECT TO COMPUTE AND
23 PAY ITS TAX UNDER AND IN ACCORDANCE WITH THE PROVISIONS OF
24 SUBSECTION (B) OF THIS SECTION 602: PROVIDED, THAT, EXCEPT FOR
25 THE IMPOSITION OF THE [SEVENTY-FIVE DOLLAR (\$75)] THREE HUNDRED
26 (\$300) MINIMUM TAX, THE PROVISIONS OF THIS SECTION SHALL NOT
27 APPLY TO THE TAXATION OF THE CAPITAL STOCK OF ENTITIES ORGANIZED
28 FOR MANUFACTURING, PROCESSING, RESEARCH OR DEVELOPMENT PURPOSES,
29 WHICH IS INVESTED IN [AND ACTUALLY AND EXCLUSIVELY EMPLOYED IN
30 CARRYING ON] REAL AND TANGIBLE PERSONAL PROPERTY ACTUALLY,

1 EXCLUSIVELY AND DIRECTLY USED IN MANUFACTURING, PROCESSING,
2 RESEARCH OR DEVELOPMENT WITHIN THE STATE, EXCEPT SUCH ENTITIES
3 AS ENJOY AND EXERCISE THE RIGHT OF EMINENT DOMAIN, BUT EVERY
4 ENTITY ORGANIZED FOR THE PURPOSE OF MANUFACTURING, PROCESSING,
5 RESEARCH OR DEVELOPMENT EXCEPT SUCH ENTITIES AS ENJOY AND
6 EXERCISE THE RIGHT OF EMINENT DOMAIN SHALL PAY THE STATE TAX OF
7 THE GREATER OF (I) [SEVENTY-FIVE DOLLARS (\$75)] THREE HUNDRED
8 (\$300) OR (II) THE AMOUNT COMPUTED AT THE RATE OF TEN MILLS UPON
9 EACH DOLLAR OF THE CAPITAL STOCK VALUE AS DEFINED IN SECTION
10 601(A) FOR THE CALENDAR YEAR 1971 AND THE FISCAL YEAR BEGINNING
11 IN 1971 THROUGH CALENDAR YEAR 1986 AND FISCAL YEARS BEGINNING IN
12 1986, AT THE RATE OF NINE MILLS UPON EACH DOLLAR OF THE CAPITAL
13 STOCK VALUE AS DEFINED IN SECTION 601(A) FOR THE CALENDAR YEAR
14 1987 AND FISCAL YEARS BEGINNING IN 1987 AND AT THE RATE OF NINE
15 AND ONE-HALF MILLS UPON EACH DOLLAR OF THE CAPITAL STOCK VALUE
16 AS DEFINED IN SECTION 601(A) FOR THE CALENDAR YEAR 1988 AND
17 FISCAL YEARS BEGINNING IN 1988 THROUGH CALENDAR YEAR 1990 AND
18 FISCAL YEARS BEGINNING IN 1990 AND AT THE RATE OF TEN AND ONE-
19 HALF MILLS UPON EACH DOLLAR OF THE CAPITAL STOCK VALUE AS
20 DEFINED IN SECTION 601(A) FOR THE CALENDAR YEAR 1991 AND FISCAL
21 YEARS BEGINNING IN 1991 AND EACH YEAR THEREAFTER, UPON SUCH
22 PROPORTION OF ITS CAPITAL STOCK, IF ANY, AS MAY BE INVESTED IN
23 ANY PROPERTY OR BUSINESS NOT [STRICTLY INCIDENT OR APPURTENANT
24 TO THE] DIRECTLY USED IN MANUFACTURING, PROCESSING, RESEARCH OR
25 DEVELOPMENT [BUSINESS], IN ADDITION TO THE LOCAL TAXES ASSESSED
26 UPON ITS PROPERTY IN THE DISTRICT WHERE LOCATED, IT BEING THE
27 OBJECT OF THIS PROVISION TO RELIEVE FROM STATE TAXATION, EXCEPT
28 FOR IMPOSITION OF THE [SEVENTY-FIVE DOLLAR (\$75)] THREE HUNDRED
29 DOLLAR (\$300) MINIMUM TAX UNDER THIS SECTION, ONLY SO MUCH OF
30 THE CAPITAL STOCK AS IS INVESTED PURELY IN [THE] REAL AND

1 TANGIBLE PERSONAL PROPERTY DIRECTLY USED IN MANUFACTURING,
2 PROCESSING, RESEARCH OR DEVELOPMENT [PLANT AND BUSINESS].

3 (B) (1) EVERY FOREIGN ENTITY FROM WHICH A REPORT IS
4 REQUIRED UNDER SECTION 601 HEREOF, SHALL BE SUBJECT TO AND PAY
5 TO THE DEPARTMENT ANNUALLY, A FRANCHISE TAX WHICH IS THE GREATER
6 OF (I) [SEVENTY-FIVE DOLLARS (\$75)] THREE HUNDRED DOLLARS (\$300)
7 OR (II) THE AMOUNT COMPUTED AT THE RATE OF TEN MILLS FOR THE
8 CALENDAR YEAR 1971 AND THE FISCAL YEARS BEGINNING IN 1971
9 THROUGH CALENDAR YEAR 1986 AND FISCAL YEARS BEGINNING IN 1986,
10 AT THE RATE OF NINE MILLS FOR THE CALENDAR YEAR 1987 AND FOR
11 FISCAL YEARS BEGINNING IN 1987 [AND] AT THE RATE OF NINE AND
12 ONE-HALF MILLS FOR CALENDAR YEAR 1988 AND FISCAL YEARS BEGINNING
13 IN 1988 THROUGH CALENDAR YEAR 1990 AND FISCAL YEARS BEGINNING IN
14 1990 AND AT THE RATE OF TEN AND ONE-HALF MILLS UPON EACH DOLLAR
15 OF THE CAPITAL STOCK VALUE AS DEFINED IN SECTION 601(A) FOR THE
16 CALENDAR YEAR 1991 AND FISCAL YEARS BEGINNING IN 1991 AND EACH
17 YEAR THEREAFTER, UPON A TAXABLE VALUE TO BE DETERMINED IN THE
18 FOLLOWING MANNER. THE CAPITAL STOCK VALUE SHALL BE ASCERTAINED
19 IN THE MANNER PRESCRIBED IN SECTION 601(A) OF THIS ARTICLE. THE
20 TAXABLE VALUE SHALL THEN BE DETERMINED BY EMPLOYING THE RELEVANT
21 APPORTIONMENT FACTORS SET FORTH IN ARTICLE IV: PROVIDED, THAT
22 THE MANUFACTURING, PROCESSING, RESEARCH AND DEVELOPMENT
23 EXEMPTIONS CONTAINED UNDER SECTION 602(A) SHALL ALSO APPLY TO
24 FOREIGN CORPORATIONS AND IN DETERMINING THE RELEVANT
25 APPORTIONMENT FACTORS THE NUMERATOR OF THE PROPERTY[, PAYROLL,
26 OR SALES FACTORS] FACTOR SHALL NOT INCLUDE ANY PROPERTY[,
27 PAYROLL OR SALES ATTRIBUTABLE TO] DIRECTLY USED IN
28 MANUFACTURING, PROCESSING, RESEARCH OR DEVELOPMENT ACTIVITIES IN
29 THE COMMONWEALTH. ANY FOREIGN CORPORATION, JOINT-STOCK
30 ASSOCIATION, LIMITED PARTNERSHIP OR COMPANY SUBJECT TO THE TAX

1 PRESCRIBED HEREIN MAY ELECT TO COMPUTE AND PAY ITS TAX UNDER
2 SECTION 602(A): PROVIDED, THAT ANY FOREIGN CORPORATION, JOINT-
3 STOCK ASSOCIATION, LIMITED PARTNERSHIP OR COMPANY ELECTING TO
4 COMPUTE AND PAY ITS TAX UNDER SECTION 602(A) SHALL BE TREATED AS
5 IF IT WERE A DOMESTIC CORPORATION FOR THE PURPOSE OF DETERMINING
6 WHICH OF ITS ASSETS ARE EXEMPT FROM TAXATION AND FOR THE PURPOSE
7 OF DETERMINING THE PROPORTION OF THE VALUE OF ITS CAPITAL STOCK
8 WHICH IS SUBJECT TO TAXATION.

9 (2) THE PROVISIONS OF THIS ARTICLE SHALL APPLY TO THE
10 TAXATION OF ENTITIES ORGANIZED FOR MANUFACTURING, PROCESSING,
11 RESEARCH OR DEVELOPMENT PURPOSES, BUT SHALL NOT APPLY TO SUCH
12 ENTITIES AS ENJOY AND EXERCISE THE RIGHT OF EMINENT DOMAIN.

13 [(C) ANY ENTITY SUBJECT TO A TAX IMPOSED BY THIS ARTICLE
14 SHALL BE PERMITTED TO ELECT AN ALTERNATIVE CAPITAL STOCK VALUE,
15 WHICH SHALL BE USED IN LIEU OF THE CAPITAL STOCK VALUE DEFINED
16 IN SECTION 601(A) FOR PURPOSES OF SUBSECTIONS (A) AND (B)
17 HEREOF, FOR CALENDAR YEARS 1984, 1985 AND 1986, AND FOR FISCAL
18 YEARS BEGINNING IN 1984, 1985 AND 1986. THE ELECTION SHALL BE
19 AVAILABLE TO ALL ENTITIES, SUBJECT TO THE LIMITATIONS OF THIS
20 SUBSECTION AND SHALL BE AVAILABLE FOR EACH SUCH YEAR WITHOUT
21 REGARD TO WHETHER THE ALTERNATIVE CAPITAL STOCK VALUE WAS
22 ELECTED IN ANY OTHER YEAR. FOR THE CALENDAR YEAR 1984 AND FISCAL
23 YEARS BEGINNING IN 1984, THE ALTERNATIVE CAPITAL STOCK VALUE
24 SHALL BE ONE HUNDRED AND THIRTY PER CENT OF THE VALUE OF SUCH
25 ENTITY'S CAPITAL STOCK AS WAS SETTLED BY THE DEPARTMENT PRIOR TO
26 ANY APPORTIONMENT OR EXEMPTION FOR THE CALENDAR YEAR 1982 OR THE
27 FISCAL YEAR BEGINNING IN 1982. FOR THE CALENDAR YEAR 1985 AND
28 FISCAL YEARS BEGINNING IN 1985, THE ALTERNATIVE CAPITAL STOCK
29 VALUE SHALL BE ONE HUNDRED AND THIRTY PER CENT OF THE VALUE OF
30 SUCH ENTITY'S CAPITAL STOCK AS WAS SETTLED BY THE DEPARTMENT

1 PRIOR TO ANY APPORTIONMENT OR EXEMPTION FOR THE CALENDAR YEAR
2 1983 OR THE FISCAL YEAR BEGINNING IN 1983. FOR THE CALENDAR YEAR
3 1986 AND FISCAL YEARS BEGINNING IN 1986, THE ALTERNATIVE CAPITAL
4 STOCK VALUE SHALL BE ONE HUNDRED AND THIRTY PER CENT OF SUCH
5 ENTITY'S CAPITAL STOCK VALUE AS WAS SETTLED BY THE DEPARTMENT
6 PRIOR TO ANY APPORTIONMENT OR EXEMPTION FOR THE CALENDAR YEAR
7 1984 OR THE FISCAL YEAR BEGINNING IN 1984: PROVIDED, THAT IN NO
8 CASE SHALL THE TAX DUE USING THE ALTERNATIVE CAPITAL STOCK VALUE
9 BE REDUCED MORE THAN FIVE HUNDRED DOLLARS (\$500) FROM THAT
10 OBTAINED BY USING THE FORMULA SET FORTH IN SECTION 601(A), AND
11 IN NO CASE SHALL THE TAX DUE BE LESS THAN SEVENTY-FIVE DOLLARS
12 (\$75). THE ELECTION TO USE THE ALTERNATIVE CAPITAL STOCK VALUE
13 FOR THE CALENDAR YEAR 1984 AND FISCAL YEARS BEGINNING IN 1984
14 SHALL BE LIMITED TO THOSE ENTITIES WHICH WERE SUBJECT TO A TAX
15 IMPOSED BY THIS ARTICLE FOR THE CALENDAR YEAR 1982 OR FISCAL
16 YEARS BEGINNING IN 1982, THE ELECTION OF THE ALTERNATIVE CAPITAL
17 STOCK VALUE FOR THE CALENDAR YEAR 1985 AND FISCAL YEARS
18 BEGINNING IN 1985 SHALL BE LIMITED TO ENTITIES WHICH WERE
19 SUBJECT TO A TAX IMPOSED BY THIS ARTICLE FOR THE CALENDAR YEAR
20 1983 OR FISCAL YEARS BEGINNING IN 1983 AND THE ELECTION TO USE
21 THE ALTERNATIVE CAPITAL STOCK VALUE FOR THE CALENDAR YEAR 1986
22 AND FISCAL YEARS BEGINNING IN 1986 SHALL BE LIMITED TO THOSE
23 ENTITIES WHICH WERE SUBJECT TO A TAX IMPOSED BY THIS ARTICLE FOR
24 THE CALENDAR YEAR 1984 OR FISCAL YEARS BEGINNING IN 1984. THE
25 SECRETARY OF REVENUE IS HEREBY DIRECTED TO UNDERTAKE A STUDY OF
26 THE INCIDENCE OF THE FIXED-FORMULA TAX ON VARIOUS SIZES AND
27 TYPES OF BUSINESSES WHICH INCUR SIGNIFICANTLY GREATER TAX
28 LIABILITY UNDER THE FIXED FORMULA. THE FINDINGS AND CONCLUSIONS
29 OF THE SECRETARY SHALL BE SUBMITTED TO THE GENERAL ASSEMBLY NOT
30 LATER THAN SEPTEMBER 15, 1986.]

1 (D) IT SHALL BE THE DUTY OF THE TREASURER OR OTHER OFFICERS
2 HAVING CHARGE OF ANY DOMESTIC OR FOREIGN ENTITY, UPON WHICH A
3 TAX IS IMPOSED BY THIS SECTION, TO TRANSMIT THE AMOUNT OF TAX TO
4 THE DEPARTMENT WITHIN THE TIME PRESCRIBED BY LAW: PROVIDED, THAT
5 FOR THE PURPOSES OF THIS ACT INTEREST IN LIMITED PARTNERSHIPS OR
6 JOINT-STOCK ASSOCIATIONS SHALL BE DEEMED TO BE CAPITAL STOCK,
7 AND TAXABLE ACCORDINGLY: PROVIDED, FURTHER, THAT ENTITIES LIABLE
8 TO A TAX UNDER THIS SECTION, SHALL NOT BE REQUIRED TO PAY ANY
9 FURTHER TAX ON THE MORTGAGES, BONDS, AND OTHER SECURITIES OWNED
10 BY THEM AND IN WHICH THE WHOLE BODY OF STOCKHOLDERS OR MEMBERS,
11 AS SUCH, HAVE THE ENTIRE EQUITABLE INTEREST IN REMAINDER; BUT
12 ENTITIES OWNING OR HOLDING SUCH SECURITIES AS TRUSTEES,
13 EXECUTORS, ADMINISTRATORS, GUARDIANS, OR IN ANY OTHER MANNER
14 THAN FOR THE WHOLE BODY OF STOCKHOLDERS OR MEMBERS THEREOF AS
15 SOLE EQUITABLE OWNERS IN REMAINDER, SHALL RETURN AND PAY THE TAX
16 IMPOSED BY THIS ACT UPON ALL SECURITIES SO OWNED OR HELD BY
17 THEM, AS IN THE CASE OF INDIVIDUALS.

18 (E) ANY HOLDING COMPANY SUBJECT TO THE CAPITAL STOCK TAX OR
19 THE FRANCHISE TAX IMPOSED BY THIS SECTION MAY ELECT TO COMPUTE
20 THE CAPITAL STOCK OR FRANCHISE TAX BY APPLYING THE RATE OF TAX
21 OF TEN MILLS FOR THE CALENDAR YEAR 1971 AND THE FISCAL YEAR
22 BEGINNING IN 1971 THROUGH THE CALENDAR YEAR 1986 AND FISCAL
23 YEARS BEGINNING IN 1986, AT THE RATE OF NINE MILLS FOR THE
24 CALENDAR YEAR 1987 AND FISCAL YEARS BEGINNING IN 1987, AT THE
25 RATE OF NINE AND ONE-HALF MILLS FOR CALENDAR YEAR 1988 AND
26 FISCAL YEARS BEGINNING IN 1988 THROUGH CALENDAR YEAR 1990 AND
27 FISCAL YEARS BEGINNING IN 1990 AND AT THE RATE OF TEN AND ONE-
28 HALF MILLS FOR CALENDAR YEAR 1991 AND FISCAL YEARS BEGINNING IN
29 1991 AND EACH YEAR THEREAFTER, UPON EACH DOLLAR TO TEN PER CENT
30 OF THE CAPITAL STOCK VALUE, BUT IN NO CASE SHALL THE TAX SO

1 COMPUTED BE LESS THAN [SEVENTY-FIVE DOLLARS (\$75)] THREE HUNDRED
2 DOLLARS (\$300). IF EXERCISED, THIS ELECTION SHALL BE IN LIEU OF
3 ANY OTHER APPORTIONMENT OR ALLOCATION TO WHICH SUCH COMPANY
4 WOULD OTHERWISE BE ENTITLED.

5 (F) EVERY DOMESTIC CORPORATION AND EVERY FOREIGN CORPORATION
6 (I) REGISTERED TO DO BUSINESS IN PENNSYLVANIA; (II) WHICH
7 MAINTAINS AN OFFICE IN PENNSYLVANIA; (III) WHICH HAS FILED A
8 TIMELY ELECTION TO BE TAXED AS A REGULATED INVESTMENT COMPANY
9 WITH THE FEDERAL GOVERNMENT; AND (IV) WHICH DULY QUALIFIES TO BE
10 TAXED AS A REGULATED INVESTMENT COMPANY UNDER THE PROVISIONS OF
11 THE INTERNAL REVENUE CODE OF 1954 AS AMENDED, SHALL BE TAXED AS
12 A REGULATED INVESTMENT COMPANY AND SHALL BE SUBJECT TO THE
13 CAPITAL STOCK OR FRANCHISE TAX IMPOSED BY SECTION 602, IN EITHER
14 CASE FOR THE PRIVILEGE OF HAVING AN OFFICE IN PENNSYLVANIA,
15 WHICH TAX SHALL BE COMPUTED PURSUANT TO THE PROVISIONS OF THIS
16 SUBSECTION IN LIEU OF ALL OTHER PROVISIONS OF THIS SECTION 602.
17 THE TAX SHALL BE IN AN AMOUNT WHICH IS THE GREATER OF THREE
18 HUNDRED DOLLARS (\$300) OR THE SUM OF THE AMOUNTS DETERMINED
19 PURSUANT TO CLAUSES (1) AND (2):

20 (1) THE AMOUNT DETERMINED PURSUANT TO THIS CLAUSE SHALL BE
21 SEVENTY-FIVE DOLLARS (\$75) TIMES THAT NUMBER WHICH IS THE RESULT
22 OF DIVIDING THE NET ASSET VALUE OF THE REGULATED INVESTMENT
23 COMPANY BY ONE MILLION, ROUNDED TO THE NEAREST MULTIPLE OF
24 SEVENTY-FIVE DOLLARS (\$75). NET ASSET VALUE SHALL BE DETERMINED
25 BY ADDING THE MONTHLY NET ASSET VALUES AS OF THE LAST DAY OF
26 EACH MONTH DURING THE TAXABLE PERIOD AND DIVIDING THE TOTAL SUM
27 BY THE NUMBER OF MONTHS INVOLVED. EACH SUCH MONTHLY NET ASSET
28 VALUE SHALL BE THE ACTUAL MARKET VALUE OF ALL ASSETS OWNED
29 WITHOUT ANY EXEMPTIONS OR EXCLUSIONS, LESS ALL LIABILITIES,
30 DEBTS AND OTHER OBLIGATIONS.

(2) THE AMOUNT DETERMINED PURSUANT TO THIS CLAUSE SHALL BE THE AMOUNT WHICH IS THE RESULT OF MULTIPLYING THE RATE OF TAXATION APPLICABLE FOR PURPOSES OF THE PERSONAL INCOME TAX DURING THE SAME TAXABLE YEAR TIMES THE APPORTIONED UNDISTRIBUTED PERSONAL INCOME TAX INCOME OF THE REGULATED INVESTMENT COMPANY. FOR THE PURPOSES OF THIS CLAUSE:

(A) PERSONAL INCOME TAX INCOME SHALL MEAN INCOME TO THE EXTENT ENUMERATED AND CLASSIFIED IN SECTION 303.

(B) UNDISTRIBUTED PERSONAL INCOME TAX INCOME SHALL MEAN ALL PERSONAL INCOME TAX INCOME OTHER THAN PERSONAL INCOME TAX INCOME UNDISTRIBUTED ON ACCOUNT OF THE CAPITAL STOCK OR FOREIGN FRANCHISE TAX, LESS ALL PERSONAL INCOME TAX INCOME DISTRIBUTED TO SHAREHOLDERS. AT THE ELECTION OF THE COMPANY, INCOME DISTRIBUTED AFTER THE CLOSE OF A TAXABLE YEAR, BUT DEEMED DISTRIBUTED DURING THE TAXABLE YEAR FOR FEDERAL INCOME TAX PURPOSES, SHALL BE DEEMED DISTRIBUTED DURING THAT YEAR FOR PURPOSES OF THIS CLAUSE. IF A COMPANY IN A TAXABLE YEAR HAS BOTH CURRENT INCOME AND INCOME ACCUMULATED FROM A PRIOR YEAR, DISTRIBUTIONS DURING THE YEAR SHALL BE DEEMED TO HAVE BEEN MADE FIRST FROM CURRENT INCOME.

(C) UNDISTRIBUTED PERSONAL INCOME TAX INCOME SHALL BE APPORTIONED TO PENNSYLVANIA BY A FRACTION, THE NUMERATOR OF WHICH IS ALL INCOME DISTRIBUTED DURING THE TAXABLE PERIOD TO SHAREHOLDERS WHO ARE RESIDENT INDIVIDUALS, ESTATES OR TRUSTS AND THE DENOMINATOR OF WHICH IS ALL INCOME DISTRIBUTED DURING THE TAXABLE PERIOD. RESIDENT TRUSTS SHALL NOT INCLUDE CHARITABLE, PENSION OR PROFIT-SHARING, OR RETIREMENT TRUSTS.

(D) PERSONAL INCOME TAX INCOME AND OTHER INCOME OF A COMPANY SHALL EACH BE DEEMED TO BE EITHER DISTRIBUTED TO SHAREHOLDERS OR UNDISTRIBUTED IN THE PROPORTION EACH CATEGORY BEARS TO ALL

1 INCOME RECEIVED BY THE COMPANY DURING THE TAXABLE YEAR.

2 (G) IN THE EVENT THAT A DOMESTIC OR FOREIGN ENTITY IS
3 REQUIRED TO FILE A REPORT PURSUANT TO SECTION 601(B) ON OTHER
4 THAN AN ANNUAL BASIS, THE TAX IMPOSED BY THIS SECTION, INCLUDING
5 THE [SEVENTY-FIVE DOLLARS (\$75)] THREE HUNDRED DOLLARS (\$300)
6 MINIMUM TAX, SHALL BE PRORATED TO REFLECT THE PORTION OF A
7 TAXABLE YEAR FOR WHICH THE REPORT IS FILED BY MULTIPLYING THE
8 TAX LIABILITY BY A FRACTION EQUAL TO THE NUMBER OF DAYS IN THE
9 TAXABLE YEAR DIVIDED BY THREE HUNDRED SIXTY-FIVE DAYS.

10 SECTION 21. SECTION 602.1 OF THE ACT, ADDED AUGUST 31, 1971
11 (P.L.362, NO.93), IS AMENDED TO READ:

12 SECTION 602.1. POLLUTION CONTROL DEVICES.--NOTWITHSTANDING
13 THE FOREGOING PROVISIONS OF SECTION 602, TO THE CONTRARY,
14 EQUIPMENT, MACHINERY[, FACILITIES] AND OTHER [ASSETS] TANGIBLE
15 PROPERTY, OTHER THAN A BUILDING AND ITS STRUCTURAL COMPONENTS,
16 UNLESS THE BUILDING IS EXCLUSIVELY USED IN POLLUTION CONTROL,
17 EMPLOYED OR UTILIZED WITHIN THE COMMONWEALTH OF PENNSYLVANIA FOR
18 WATER AND AIR POLLUTION CONTROL OR ABATEMENT [DEVICES WHICH ARE
19 BEING EMPLOYED OR UTILIZED] FOR THE BENEFIT OF THE GENERAL
20 PUBLIC SHALL BE EXEMPT FROM THE TAX IMPOSED UNDER THIS ARTICLE
21 VI. IN ORDER TO QUALIFY FOR SUCH EXEMPTION THE EQUIPMENT,
22 MACHINERY AND TANGIBLE PROPERTY SHALL BE INSTALLED AND COMPLETED
23 AND OPERATING IN PLACE. HOWEVER, IF INSTALLED SOLELY FOR THE
24 SAFETY, HEALTH, PROTECTION OR BENEFIT, OR ANY COMBINATION
25 THEREOF, OF PERSONNEL, OR IF INSTALLED SOLELY FOR THE ABATEMENT
26 OR CONTROL OF POLLUTION UPON AN ENTITY'S OWN PREMISES, SUCH
27 EXEMPTION SHALL NOT APPLY. THE DEPARTMENT OF REVENUE SHALL HAVE
28 THE POWER, BY REGULATION, TO PRESCRIBE THE MANNER AND METHOD BY
29 WHICH SUCH EXEMPTION SHALL BE [CLAIMED.] GRANTED AND CLAIMED,
30 EXCEPT THAT ANY EQUIPMENT, MACHINERY AND OTHER TANGIBLE

1 PROPERTY, THE COST OF WHICH WILL BE RECOVERED OVER ITS ACTUAL
2 USEFUL LIFE FROM EARNINGS DERIVED THROUGH THE RECOVERY OF WASTES
3 OR OTHERWISE IN THE OPERATION OF SUCH PROPERTY, SHALL NOT BE
4 EXEMPT.

5 SECTION 22. SECTION 602.3 OF THE ACT, ADDED JULY 13, 1987
6 (P.L.317, NO.58), IS AMENDED TO READ:

7 SECTION 602.3. DEPOSIT OF PROCEEDS; APPROPRIATION.--(A) THE
8 PROCEEDS RESULTING FROM [THE INCREASE IN THE TAX RATE FROM NINE
9 MILLS TO NINE AND ONE-HALF MILLS, EFFECTIVE FOR CALENDAR YEAR
10 1988 AND FISCAL YEARS BEGINNING IN 1988 THROUGH CALENDAR YEAR
11 1991 AND FISCAL YEARS BEGINNING IN 1991,] ONE-HALF MILL OF THE
12 TAX IMPOSED PURSUANT TO THIS ARTICLE AS DETERMINED BY THE
13 SECRETARY OF REVENUE USING THE PROVISIONS OF THIS ARTICLE AS IT
14 EXISTED ON JANUARY 1, 1990 SHALL BE TRANSFERRED TO THE HAZARDOUS
15 SITES CLEANUP FUND WHICH IS HEREBY CREATED.

16 (B) THE PROCEEDS RESULTING FROM ONE-HALF MILL OF THE TAX
17 IMPOSED PURSUANT TO THIS ARTICLE AS DETERMINED BY THE SECRETARY
18 OF REVENUE USING THE PROVISIONS OF THIS ARTICLE AS IT EXISTED ON
19 JANUARY 1, 1990 SHALL BE TRANSFERRED TO THE TAX STABILIZATION
20 RESERVE FUND ESTABLISHED BY CHAPTER II OF THE ACT OF JULY 1,
21 1985 (P.L.120, NO.32), KNOWN AS THE TAX STABILIZATION RESERVE
22 FUND ACT.

23 [(B)] (C) THE FUNDS DEPOSITED IN THE HAZARDOUS SITES CLEANUP
24 FUND ARE HEREBY APPROPRIATED OUT OF THIS ACCOUNT UPON
25 AUTHORIZATION BY THE GOVERNOR.

26 SECTION 23. SECTIONS 701 AND 801 OF THE ACT, AMENDED JULY 1,
27 1989 (P.L.95, NO.21), ARE AMENDED TO READ:

28 SECTION 701. IMPOSITION OF TAX.--EVERY BANK HAVING CAPITAL
29 STOCK, INCORPORATED BY OR UNDER ANY LAW OF THIS COMMONWEALTH OR
30 UNDER ANY LAW OF THE UNITED STATES, AND LOCATED WITHIN THIS

1 COMMONWEALTH, SHALL, ON OR BEFORE APRIL 15 IN EACH AND EVERY
2 YEAR, MAKE TO THE DEPARTMENT OF REVENUE A REPORT IN WRITING,
3 VERIFIED AS REQUIRED BY LAW, SETTING FORTH THE FULL NUMBER OF
4 SHARES OF THE CAPITAL STOCK SUBSCRIBED FOR OR ISSUED, AS OF THE
5 PRECEDING JANUARY 1, BY SUCH BANK HAVING CAPITAL STOCK, AND THE
6 TAXABLE AMOUNT OF SUCH SHARES OF CAPITAL STOCK DETERMINED
7 PURSUANT TO SECTION 701.1. IT SHALL BE THE DUTY OF THE
8 DEPARTMENT OF REVENUE TO ASSESS SUCH SHARES FOR THE CALENDAR
9 YEARS BEGINNING JANUARY 1, 1971 THROUGH JANUARY 1, 1983, AT THE
10 RATE OF FIFTEEN MILLS AND FOR THE CALENDAR YEARS BEGINNING
11 JANUARY 1, 1984 THROUGH JANUARY 1, 1988, AT THE RATE OF ONE AND
12 SEVENTY-FIVE ONE THOUSANDTHS PER CENT AND FOR THE CALENDAR YEAR
13 BEGINNING JANUARY 1, 1989, AT THE RATE OF 10.77 PER CENT AND FOR
14 THE CALENDAR YEAR BEGINNING JANUARY 1, 1990, AND EACH CALENDAR
15 YEAR THEREAFTER AT THE RATE OF 1.25 PER CENT UPON EACH DOLLAR OF
16 TAXABLE AMOUNT THEREOF, THE TAXABLE AMOUNT OF EACH SHARE OF
17 STOCK TO BE ASCERTAINED AND FIXED PURSUANT TO SECTION 701.1, AND
18 DIVIDING THIS AMOUNT BY THE NUMBER OF SHARES. IT SHALL BE THE
19 DUTY OF EVERY BANK HAVING CAPITAL STOCK, AT THE TIME OF MAKING
20 EVERY REPORT REQUIRED BY THIS SECTION, TO COMPUTE THE TAX AND TO
21 PAY THE AMOUNT OF SAID TAX TO THE STATE TREASURER, THROUGH THE
22 DEPARTMENT OF REVENUE EITHER FROM ITS GENERAL FUND, OR FROM THE
23 AMOUNT OF SAID TAX COLLECTED FROM ITS SHAREHOLDERS: PROVIDED,
24 THAT FOR THE CALENDAR [YEAR] YEARS BEGINNING JANUARY 1, 1971[,
25 AND EACH YEAR THEREAFTER] THROUGH JANUARY 1, 1991, SUCH BANK
26 HAVING CAPITAL STOCK, UPON THE DATE ITS REPORT, HEREIN REQUIRED
27 IS MADE FOR SUCH CALENDAR [YEAR] YEARS BEGINNING JANUARY 1,
28 1971[, AND EACH YEAR THEREAFTER] THROUGH JANUARY 1, 1991, SHALL
29 PAY TO THE DEPARTMENT OF REVENUE NOT LESS THAN EIGHTY PER CENT
30 OF THE TAX DUE TO THE COMMONWEALTH BY IT FOR SUCH CALENDAR YEAR,

1 AND THE REMAINING TAX DUE SHALL BE PAID AT THE TIME WHEN THE
2 REPORT HEREIN REQUIRED FOR THE YEAR NEXT SUCCEEDING IS MADE:
3 PROVIDED, THAT IN CASE ANY BANK HAVING CAPITAL STOCK,
4 INCORPORATED UNDER THE LAW OF THIS STATE OR OF THE UNITED
5 STATES, SHALL COLLECT, ANNUALLY, FROM THE SHAREHOLDERS THEREOF
6 SAID TAX, ACCORDING TO THE PROVISIONS OF THIS ARTICLE, THAT HAVE
7 BEEN SUBSCRIBED FOR OR ISSUED, AND PAY THE SAME INTO THE STATE
8 TREASURY, THROUGH THE DEPARTMENT OF REVENUE, THE SHARES, AND SO
9 MUCH OF THE CAPITAL AND PROFITS OF SUCH BANK HAVING CAPITAL
10 STOCK AS SHALL NOT BE INVESTED IN REAL ESTATE, SHALL BE EXEMPT
11 FROM LOCAL TAXATION UNDER THE LAWS OF THIS COMMONWEALTH; AND
12 SUCH BANK HAVING CAPITAL STOCK SHALL NOT BE REQUIRED TO MAKE ANY
13 REPORT TO THE LOCAL ASSESSOR OR COUNTY COMMISSIONERS OF ITS
14 PERSONAL PROPERTY OWNED BY IT IN ITS OWN RIGHT FOR PURPOSES OF
15 TAXATION AND SHALL NOT BE REQUIRED TO PAY ANY TAX THEREON.

16 SECTION 801. IMPOSITION OF TAX.--EVERY COMPANY INCORPORATED
17 UNDER THE PROVISIONS OF SECTION 29 OF AN ACT, ENTITLED "AN ACT
18 TO PROVIDE FOR THE INCORPORATION AND REGULATION OF CERTAIN
19 CORPORATIONS," APPROVED APRIL 29, 1874, AND ITS SUPPLEMENTS, OR
20 ANY OTHER ACT OF ASSEMBLY HERETOFORE OR HEREAFTER APPROVED, FOR
21 THE INSURANCE OF OWNERS OF REAL ESTATE, MORTGAGES, AND OTHERS
22 INTERESTED IN REAL ESTATE, FROM LOSS BY REASON OF DEFECTIVE
23 TITLES, LIENS, AND ENCUMBRANCES, AND EVERY COMPANY ENTITLED TO
24 BENEFITS OF, AND EVERY COMPANY HAVING ANY OF THE POWERS OF,
25 COMPANIES ENTITLED TO THE BENEFITS OF AN ACT, ENTITLED "AN ACT
26 CONFERRING UPON CERTAIN FIDELITY, INSURANCE, SAFETY DEPOSIT,
27 TRUST, AND SAVINGS COMPANIES, THE POWERS AND PRIVILEGES OF
28 COMPANIES INCORPORATED UNDER THE PROVISIONS OF SECTION 29 OF AN
29 ACT, ENTITLED 'AN ACT TO PROVIDE FOR THE INCORPORATION AND
30 REGULATION OF CERTAIN CORPORATIONS,' APPROVED APRIL 29, 1874,

1 AND OF THE SUPPLEMENTS THERETO," APPROVED JUNE 27, 1895,
2 COMMONLY KNOWN AS TITLE INSURANCE OR TRUST COMPANIES, AND EVERY
3 COMPANY ORGANIZED AS A BANK AND TRUST COMPANY OR AS A TRUST
4 COMPANY UNDER ANY ACT OF ASSEMBLY HERETOFORE OR HEREAFTER
5 APPROVED, EXCEPT ANY SUCH COMPANIES, ALL OF THE SHARES OF
6 CAPITAL STOCK OF WHICH (OTHER THAN SHARES NECESSARY TO QUALIFY
7 DIRECTORS) ARE OWNED BY A COMPANY WHICH IS LIABLE TO PAY TO THE
8 COMMONWEALTH A TAX ON SHARES, SHALL, ON OR BEFORE APRIL 15 IN
9 EACH AND EVERY YEAR, MAKE TO THE DEPARTMENT OF REVENUE A REPORT
10 IN WRITING, SETTING FORTH THE FULL NUMBER OF SHARES OF THE
11 CAPITAL STOCK SUBSCRIBED FOR OR ISSUED BY SUCH COMPANY, AND THE
12 TAXABLE AMOUNT OF SUCH SHARES OF CAPITAL STOCK DETERMINED
13 PURSUANT TO SECTION 801.1. IT SHALL BE THE DUTY OF THE
14 DEPARTMENT OF REVENUE, TO ASSESS SUCH SHARES FOR TAXATION FOR
15 CALENDAR YEARS BEGINNING JANUARY 1, 1971 THROUGH JANUARY 1,
16 1983, AT THE RATE OF FIFTEEN MILLS AND FOR THE CALENDAR YEARS
17 BEGINNING JANUARY 1, 1984, THROUGH JANUARY 1, 1988, AT THE RATE
18 OF ONE AND SEVENTY-FIVE ONE THOUSANDTHS PER CENT AND FOR THE
19 CALENDAR YEAR BEGINNING JANUARY 1, 1989, AT THE RATE OF 10.77
20 PER CENT AND FOR THE CALENDAR YEAR BEGINNING JANUARY 1, 1990,
21 AND EACH CALENDAR YEAR THEREAFTER AT THE RATE OF 1.25 PER CENT
22 UPON EACH DOLLAR OF THE TAXABLE AMOUNT THEREOF, THE TAXABLE
23 AMOUNT OF EACH SHARE OF STOCK TO BE ASCERTAINED AND FIXED
24 PURSUANT TO SECTION 801.1, AND DIVIDING THIS AMOUNT BY THE
25 NUMBER OF SHARES.

26 IT SHALL BE THE DUTY OF EVERY SUCH COMPANY, AT THE TIME OF
27 MAKING EVERY REPORT REQUIRED BY THIS SECTION, TO COMPUTE THE TAX
28 AND TO PAY THE AMOUNT OF SAID TAX TO THE STATE TREASURER,
29 THROUGH THE DEPARTMENT OF REVENUE, EITHER FROM ITS GENERAL FUND,
30 OR FROM THE AMOUNT OF SAID TAX COLLECTED FROM ITS SHAREHOLDERS:

1 PROVIDED, THAT FOR THE CALENDAR [YEAR] YEARS BEGINNING JANUARY
2 1, 1971[, AND EACH YEAR THEREAFTER] THROUGH JANUARY 1, 1991,
3 EVERY SUCH COMPANY SHALL, AT THE TIME OF MAKING ITS REPORT FOR
4 THE CALENDAR [YEAR] YEARS BEGINNING JANUARY 1, 1971[, AND EACH
5 YEAR THEREAFTER] THROUGH JANUARY 1, 1991, COMPUTE THE TAX AND
6 PAY TO THE STATE TREASURER, THROUGH THE DEPARTMENT OF REVENUE,
7 EITHER FROM ITS GENERAL FUND, OR FROM THE AMOUNT OF SAID TAX
8 COLLECTED FROM ITS SHAREHOLDERS, NOT LESS THAN EIGHTY PER CENT
9 OF THE TAX DUE TO THE COMMONWEALTH BY IT FOR SUCH CALENDAR YEAR
10 AND THE REMAINING TAX DUE SHALL BE PAID AT THE TIME WHEN THE
11 REPORT HEREIN REQUIRED FOR THE YEAR NEXT SUCCEEDING IS MADE:
12 PROVIDED, THAT UPON THE PAYMENT OF THE TAX FIXED BY THIS ACT
13 INTO THE STATE TREASURY, THROUGH THE DEPARTMENT OF REVENUE, THE
14 SHARES AND SO MUCH OF THE CAPITAL STOCK, SURPLUS, PROFITS, AND
15 DEPOSITS OF SUCH COMPANY AS SHALL NOT BE INVESTED IN REAL
16 ESTATE, SHALL BE EXEMPT FROM ALL OTHER TAXATION UNDER THE LAWS
17 OF THIS COMMONWEALTH. THE PROCEDURE, IN CASE THE DEPARTMENT OF
18 REVENUE BE NOT SATISFIED WITH THE REPORT MADE BY ANY TITLE
19 INSURANCE OR TRUST COMPANY, AND THE PENALTIES FOR FAILING TO
20 MAKE SUCH REPORT AND PAY THE TAX, SHALL BE AS PROVIDED BY LAW.

21 SECTION 24. SECTION 1101(A) OF THE ACT, AMENDED JULY 13,
22 1987 (P.L.317, NO.58), IS AMENDED TO READ:

23 SECTION 1101. IMPOSITION OF TAX.--(A) GENERAL RULE.--EVERY
24 RAILROAD COMPANY, PIPELINE COMPANY, CONDUIT COMPANY, STEAMBOAT
25 COMPANY, CANAL COMPANY, SLACK WATER NAVIGATION COMPANY,
26 TRANSPORTATION COMPANY, AND EVERY OTHER COMPANY, ASSOCIATION,
27 JOINT-STOCK ASSOCIATION, OR LIMITED PARTNERSHIP, NOW OR
28 HEREAFTER INCORPORATED OR ORGANIZED BY OR UNDER ANY LAW OF THIS
29 COMMONWEALTH, OR NOW OR HEREAFTER ORGANIZED OR INCORPORATED BY
30 ANY OTHER STATE OR BY THE UNITED STATES OR ANY FOREIGN

1 GOVERNMENT, AND DOING BUSINESS IN THIS COMMONWEALTH, AND EVERY
2 COPARTNERSHIP, PERSON OR PERSONS OWNING, OPERATING OR LEASING TO
3 OR FROM ANOTHER CORPORATION, COMPANY, ASSOCIATION, JOINT-STOCK
4 ASSOCIATION, LIMITED PARTNERSHIP, COPARTNERSHIP, PERSON OR
5 PERSONS, ANY RAILROAD, PIPELINE, CONDUIT, STEAMBOAT, CANAL,
6 SLACK WATER NAVIGATION, OR OTHER DEVICE FOR THE TRANSPORTATION
7 OF FREIGHT, PASSENGERS, BAGGAGE, OR OIL, EXCEPT TAXICABS, MOTOR
8 BUSES AND MOTOR OMNIBUSES, AND EVERY LIMITED PARTNERSHIP,
9 ASSOCIATION, JOINT-STOCK ASSOCIATION, CORPORATION OR COMPANY
10 ENGAGED IN, OR HEREAFTER ENGAGED IN, THE TRANSPORTATION OF
11 FREIGHT OR OIL WITHIN THIS STATE, AND EVERY TELEPHONE COMPANY,
12 TELEGRAPH COMPANY, EXPRESS COMPANY, GAS COMPANY, PALACE CAR
13 COMPANY AND SLEEPING CAR COMPANY, NOW OR HEREAFTER INCORPORATED
14 OR ORGANIZED BY OR UNDER ANY LAW OF THIS COMMONWEALTH, OR NOW OR
15 HEREAFTER ORGANIZED OR INCORPORATED BY ANY OTHER STATE OR BY THE
16 UNITED STATES OR ANY FOREIGN GOVERNMENT AND DOING BUSINESS IN
17 THIS COMMONWEALTH, AND EVERY LIMITED PARTNERSHIP, ASSOCIATION,
18 JOINT-STOCK ASSOCIATION, COPARTNERSHIP, PERSON OR PERSONS,
19 ENGAGED IN TELEPHONE, TELEGRAPH, EXPRESS, GAS, PALACE CAR OR
20 SLEEPING CAR BUSINESS IN THIS COMMONWEALTH, SHALL PAY TO THE
21 STATE TREASURER, THROUGH THE DEPARTMENT OF REVENUE, A TAX OF
22 FORTY-FOUR MILLS UPON EACH DOLLAR OF THE GROSS RECEIPTS OF THE
23 CORPORATION, COMPANY OR ASSOCIATION, LIMITED PARTNERSHIP, JOINT-
24 STOCK ASSOCIATION, COPARTNERSHIP, PERSON OR PERSONS, RECEIVED
25 FROM PASSENGERS, BAGGAGE, AND FREIGHT TRANSPORTED WHOLLY WITHIN
26 THIS STATE, FROM TELEGRAPH OR TELEPHONE MESSAGES TRANSMITTED
27 WHOLLY WITHIN THIS STATE, FROM EXPRESS, PALACE CAR OR SLEEPING
28 CAR BUSINESS DONE WHOLLY WITHIN THIS STATE, OR FROM THE SALES OF
29 GAS, EXCEPT GROSS RECEIPTS DERIVED FROM SALES TO ANY
30 MUNICIPALITY OWNED OR OPERATED PUBLIC UTILITY AND EXCEPT GROSS

1 RECEIPTS DERIVED FROM THE SALES FOR RESALE, TO PERSONS,
2 PARTNERSHIPS, ASSOCIATIONS, CORPORATIONS OR POLITICAL
3 SUBDIVISIONS SUBJECT TO THE TAX IMPOSED BY THIS ACT UPON GROSS
4 RECEIPTS DERIVED FROM SUCH RESALE AND FROM THE TRANSPORTATION OF
5 OIL DONE WHOLLY WITHIN THIS STATE. THE GROSS RECEIPTS OF GAS
6 COMPANIES SHALL INCLUDE THE GROSS RECEIPTS FROM THE SALE OF
7 ARTIFICIAL AND NATURAL GAS, BUT SHALL NOT INCLUDE GROSS RECEIPTS
8 FROM THE SALE OF LIQUEFIED PETROLEUM GAS. THE GROSS RECEIPTS OF
9 TELEPHONE COMPANIES SHALL ALSO INCLUDE RECEIPTS ATTRIBUTABLE TO
10 CARRIER ACCESS CHARGES RECEIVED BY A TELEPHONE COMPANY FROM
11 ANOTHER TELEPHONE COMPANY OR FROM A PROVIDER OF
12 TELECOMMUNICATIONS SERVICE FOR THE USE OF THE TELEPHONE
13 COMPANY'S FACILITIES TO ORIGINATE OR TERMINATE TELEPHONE CALLS
14 OR TELECOMMUNICATIONS SERVICE.

15 * * *

16 SECTION 25. SECTION 1102-A(A) OF THE ACT, AMENDED JULY 21,
17 1983 (P.L.63, NO.29), IS AMENDED TO READ:

18 SECTION 1102-A. IMPOSITION OF TAX; REPORT; INTEREST AND
19 PENALTIES.--(A) ON OR BEFORE THE FIRST DAY OF JUNE OF 1970 AND
20 OF EACH YEAR THEREAFTER UNTIL AND INCLUDING JUNE 1, 1983, EVERY
21 PUBLIC UTILITY SHALL PAY TO THE STATE TREASURER, THROUGH THE
22 DEPARTMENT OF REVENUE, A TAX AT THE RATE OF THIRTY MILLS UPON
23 EACH DOLLAR OF THE STATE TAXABLE VALUE OF ITS UTILITY REALTY AT
24 THE END OF THE PRECEDING CALENDAR YEAR.

25 (1) ON OR BEFORE APRIL 15, 1984, FOR TAX YEAR 1983, EVERY
26 PUBLIC UTILITY SHALL REPORT TAX LIABILITY AT THE RATE OF THIRTY
27 MILLS UPON EACH DOLLAR OF THE STATE TAXABLE VALUE OF ITS UTILITY
28 REALTY AT THE END OF CALENDAR YEAR 1983 AND SHALL PAY SUCH TAX
29 ON OR BEFORE JUNE 1, 1984.

30 (2) ON OR BEFORE APRIL 15, 1984, AND EACH YEAR THEREAFTER,

1 EVERY PUBLIC UTILITY SHALL REPORT TENTATIVE TAX LIABILITY FOR
2 THE CURRENT TAX YEAR EQUAL TO NINETY PER CENT OF THE TAX
3 LIABILITY OF THE IMMEDIATE PRIOR YEAR, AND UNTIL DECEMBER 31,
4 1991, PAY TWENTY-FIVE PER CENT OF SUCH AMOUNT ON APRIL 15, JUNE
5 15, SEPTEMBER 15 AND DECEMBER 15 OF EACH YEAR. FOR TAX YEARS
6 BEGINNING WITH 1992 AND EACH YEAR THEREAFTER, SAID TENTATIVE TAX
7 SHALL BE PAID ON APRIL 15 OF EACH YEAR.

8 (3) ON OR BEFORE APRIL 15, 1985, AND EVERY YEAR THEREAFTER,
9 EVERY PUBLIC UTILITY SHALL PAY THE REMAINING PORTION, IF ANY, OF
10 THE THIRTY MILLS TAX DUE UPON EACH DOLLAR OF THE STATE TAXABLE
11 VALUE OF ITS UTILITY REALTY AT THE END OF THE PRECEDING CALENDAR
12 YEAR, AFTER ACCOUNTING FOR ANY TENTATIVE TAX PAYMENTS MADE
13 PURSUANT TO THIS ACT.

14 * * *

15 SECTION 26. SECTION 1206 OF THE ACT, ADDED DECEMBER 21, 1981
16 (P.L.482, NO.141), IS AMENDED TO READ:

17 SECTION 1206. INCIDENCE AND RATE OF TAX.--AN EXCISE TAX IS
18 HEREBY IMPOSED AND ASSESSED UPON THE SALE OR POSSESSION OF
19 CIGARETTES WITHIN THIS COMMONWEALTH AT THE RATE OF [NINE-TENTHS]
20 ONE AND SEVEN-TENTHS OF A CENT PER CIGARETTE.

21 SECTION 27. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

22 SECTION 1206.1. FLOOR TAX.--ANY PERSON WHO POSSESSES
23 CIGARETTES ON WHICH THE TAX IMPOSED BY SECTION 1206 OF THIS
24 ARTICLE HAS BEEN PAID AS OF THE EFFECTIVE DATE OF THIS SECTION
25 SHALL PAY AN ADDITIONAL TAX AT A RATE OF EIGHTY HUNDREDTH CENTS
26 PER CIGARETTE. THE TAX SHALL BE REPORTED AND PAID ON A FORM
27 PRESCRIBED BY THE DEPARTMENT. IN ADDITION TO THE INTEREST AND
28 PENALTIES PROVIDED IN SECTION 1278 OF THIS ARTICLE, FAILURE TO
29 FILE SAID REPORT AND PAY SAID TAX WITHIN THIRTY DAYS OF THE
30 EFFECTIVE DATE OF THIS SECTION MAY RESULT IN A PENALTY OF TWO

1 HUNDRED FIFTY DOLLARS (\$250). THIS PENALTY SHALL BE ADDED TO THE
2 TAX AND ASSESSED AND COLLECTED AT THE SAME TIME IN THE SAME
3 MANNER AND AS A PART OF THE TAX.

4 SECTION 28. SECTION 1216 OF THE ACT, ADDED DECEMBER 21, 1981
5 (P.L.482, NO.141), IS AMENDED TO READ:

6 SECTION 1216. COMMISSIONS ON SALES.--CIGARETTE STAMPING
7 AGENCIES SHALL BE ENTITLED TO A COMMISSION OF [THREE] TWO PER
8 CENT OF THE VALUE OF ALL PENNSYLVANIA CIGARETTE TAX STAMPS
9 PURCHASED BY THEM FROM THE DEPARTMENT OR ITS AUTHORIZED AGENTS
10 TO BE USED BY THEM IN THE STAMPING OF PACKAGES OF CIGARETTES FOR
11 SALE WITHIN THE COMMONWEALTH OF PENNSYLVANIA, SAID COMMISSION TO
12 BE PAID TO THE CIGARETTE STAMPING AGENT AS COMPENSATION FOR HIS
13 OR HER SERVICES AND EXPENSES AS AGENT IN AFFIXING SUCH STAMPS.
14 SAID CIGARETTE STAMPING AGENCIES SHALL BE ENTITLED TO DEDUCT
15 FROM THE MONEYS TO BE PAID BY THEM FOR SUCH STAMPS AN AMOUNT,
16 EQUAL TO THREE PER CENT OF THE VALUE OF SAID STAMPS PURCHASED BY
17 THEM WHEN SUCH CIGARETTE STAMPING AGENCIES HAVE PURCHASED SAID
18 PENNSYLVANIA CIGARETTE TAX STAMPS DIRECTLY FROM THE DEPARTMENT
19 OR ITS AUTHORIZED AGENTS. THIS SECTION SHALL NOT APPLY TO
20 PURCHASES OF STAMPS BY A CIGARETTE STAMPING AGENCY IN AN AMOUNT
21 LESS THAN ONE HUNDRED DOLLARS (\$100).

22 SECTION 29. SECTION 1221 OF THE ACT IS AMENDED BY ADDING A
23 SUBSECTION TO READ:

24 SECTION 1221. LICENSING OF CIGARETTE DEALERS.--* * *

25 (C) ANY PERSON WHO IS A "WHOLESALER" PURSUANT TO SECTION
26 1201 OF THIS ARTICLE SHALL BE REQUIRED TO OBTAIN A WHOLESALE
27 LICENSE.

28 SECTION 30. SECTIONS 1222(A), 1223, 1224, 1278(C), 1285(C)
29 AND 1296 OF THE ACT, ADDED DECEMBER 21, 1981 (P.L.482, NO.141),
30 ARE AMENDED TO READ:

SECTION 1222. LICENSING OF CIGARETTE STAMPING AGENTS.--(A)
THE DEPARTMENT MAY LICENSE AS ITS AGENT FOR A ONE YEAR PERIOD
(AND MAY RENEW SAID LICENSE FOR FURTHER PERIODS OF ONE YEAR) ANY
PERSON OF GOOD MORAL CHARACTER WHO SHALL MEET THE REQUIREMENTS
IMPOSED BY THE FOLLOWING PROVISIONS FOR THE PRIVILEGE OF
OPERATING AS A CIGARETTE STAMPING AGENCY:

(1) SAID APPLICANT SHALL BE A WHOLESALE CIGARETTE DEALER
LICENSED BY THE COMMONWEALTH OF PENNSYLVANIA.

(2) THE PREMISES IN WHICH SAID APPLICANT PROPOSES TO CONDUCT
HIS OR HER BUSINESS ARE ADEQUATE TO PROTECT THE REVENUE.

(3) THE SAID APPLICANT IS A PERSON OF GOOD MORAL CHARACTER,
OF REASONABLE FINANCIAL STABILITY AND REASONABLY EXPERIENCED IN
THE WHOLESALE CIGARETTE BUSINESS.

(4) THE APPLICANT, OR ANY SHAREHOLDER CONTROLLING MORE THAN
TEN PER CENT OF THE STOCK IF SAID APPLICANT IS A CORPORATION OR
ANY OFFICER OR DIRECTOR IF SAID APPLICANT IS A CORPORATION,
SHALL NOT HAVE BEEN CONVICTED OF ANY CRIME INVOLVING MORAL
TURPITUDE.

(5) THE APPLICANT SHALL HAVE FILED ALL REQUIRED STATE TAX
REPORTS AND PAID ANY STATE TAXES NOT SUBJECT TO A TIMELY
PERFECTED ADMINISTRATIVE OR JUDICIAL APPEAL OR SUBJECT TO A DULY
AUTHORIZED DEFERRED PAYMENT PLAN.

* * *

SECTION 1223. LICENSING OF WHOLESALERS.--APPLICANTS FOR A
WHOLESALE LICENSE OR RENEWAL THEREOF SHALL MEET THE FOLLOWING
REQUIREMENTS:

(1) THE PREMISES ON WHICH SAID APPLICANT PROPOSES TO CONDUCT
HIS OR HER BUSINESS ARE ADEQUATE TO PROTECT THE REVENUE.

(2) SAID APPLICANT IS A PERSON OF REASONABLE FINANCIAL
STABILITY AND REASONABLE BUSINESS EXPERIENCE. THE APPLICANT OR

1 ANY SHAREHOLDER CONTROLLING MORE THAN TEN PER CENT OF THE STOCK,
2 IF THE APPLICANT IS A CORPORATION OR ANY OFFICER OR DIRECTOR IF
3 SAID APPLICANT IS A CORPORATION, SHALL NOT HAVE BEEN CONVICTED
4 OF ANY CRIME INVOLVING MORAL TURPITUDE.

5 (3) SAID APPLICANT SHALL NOT HAVE FAILED TO DISCLOSE ANY
6 MATERIAL INFORMATION REQUIRED BY THE DEPARTMENT.

7 (4) SAID APPLICANT SHALL NOT HAVE MADE ANY MATERIAL FALSE
8 STATEMENT IN HIS APPLICATION.

9 (5) SAID APPLICANT SHALL NOT HAVE VIOLATED ANY PROVISION OF
10 THIS ARTICLE.

11 (6) THE WHOLESALE DEALER'S LICENSE SHALL BE VALID FOR ONE
12 SPECIFIC LOCATION ONLY.

13 (7) SAID APPLICANT SHALL HAVE FILED ALL REQUIRED STATE TAX
14 REPORTS AND PAID ANY STATE TAXES NOT SUBJECT TO A TIMELY
15 PERFECTED ADMINISTRATIVE OR JUDICIAL APPEAL OR SUBJECT TO A DULY
16 AUTHORIZED DEFERRED PAYMENT PLAN.

17 SECTION 1224. LICENSING OF RETAILERS.--APPLICANT FOR RETAIL
18 LICENSE OR RENEWAL THEREOF SHALL MEET THE FOLLOWING
19 REQUIREMENTS:

20 (1) THE PREMISES IN WHICH SAID APPLICANT PROPOSES TO CONDUCT
21 HIS BUSINESS ARE ADEQUATE TO PROTECT THE REVENUES.

22 (2) SAID APPLICANT SHALL NOT HAVE FAILED TO DISCLOSE ANY
23 MATERIAL INFORMATION REQUIRED BY THE DEPARTMENT.

24 (3) SAID APPLICANT SHALL NOT HAVE ANY MATERIAL FALSE
25 STATEMENT IN HIS APPLICATION.

26 (4) SAID APPLICANT SHALL NOT HAVE VIOLATED ANY PROVISION OF
27 THIS ARTICLE.

28 (5) SAID APPLICANT SHALL HAVE FILED ALL REQUIRED STATE TAX
29 REPORTS AND PAID ANY STATE TAXES NOT SUBJECT TO A TIMELY
30 PERFECTED ADMINISTRATIVE OR JUDICIAL APPEAL OR SUBJECT TO A DULY

1 AUTHORIZED DEFERRED PAYMENT PLAN.

2 SECTION 1278. OTHER VIOLATIONS.--* * *

3 (C) ANY PERSON WHO FAILS TO PAY TAX AT THE TIME PRESCRIBED
4 SHALL, IN ADDITION TO ANY OTHER PENALTY PROVIDED IN THIS
5 ARTICLE, BE LIABLE TO A PENALTY OF FIVE PER CENT OF THE TAX DUE
6 BUT UNPAID, FOR EACH MONTH OR FRACTION THEREOF THE TAX REMAINS
7 UNPAID TOGETHER WITH THE INTEREST AT THE RATE [OF SIX PER CENT
8 PER ANNUM] ESTABLISHED PURSUANT TO SECTION 806 OF THE ACT OF
9 APRIL 9, 1929 (P.L.343, NO.176), KNOWN AS "THE FISCAL CODE" ON
10 SUCH TAX FROM THE TIME THE TAX BECAME DUE, BUT NO INTEREST FOR A
11 FRACTION OF A MONTH SHALL BE DEMANDED. THE PENALTIES PROVIDED IN
12 THIS SUBSECTION SHALL BE ADDED TO THE TAX AND ASSESSED AND
13 COLLECTED AT THE SAME TIME IN THE SAME MANNER AND AS A PART OF
14 THE TAX.

15 SECTION 1285. PROPERTY RIGHTS.--* * *

16 (C) NO PROPERTY RIGHTS SHALL EXIST IN ANY PACKAGES OF
17 CIGARETTES WHICH HAVE BEEN TAKEN FROM ANY PERSON WHO HAS BEEN
18 FOUND IN VIOLATION OF THE PROVISIONS OF SECTION 1273, OR ANY
19 CIGARETTES SOLD OR OFFERED FOR SALE BY ANY PERSON WITHOUT A
20 PROPER LICENSE, OR ANY CIGARETTES SOLD OR OFFERED FOR SALE BY
21 ANY PERSON NOT POSSESSING PROPER DOCUMENTATION SHOWING LEGAL
22 PURCHASE OF SAID CIGARETTES AND ALL SUCH PACKAGES OF CIGARETTES
23 SHALL BE DEEMED CONTRABAND, SHALL BE CONFISCATED AND SHALL BE
24 FORFEITED TO THE COMMONWEALTH WITHOUT FURTHER PROCEEDINGS AND
25 SHALL BE DELIVERED TO THE AGENTS OF THE DEPARTMENT AT THE TIME
26 OF CONVICTION BY THE JUDGE, JUSTICE OF THE PEACE, MAGISTRATE OR
27 ALDERMAN.

28 * * *

29 SECTION 1296. DISPOSITION OF CERTAIN FUNDS.--ALL CIGARETTE
30 TAX REVENUES COLLECTED BY THE DEPARTMENT OF REVENUE UNDER THIS

1 ARTICLE AND HERETOFORE PAID INTO THE PARENT REIMBURSEMENT FUND
2 IN ACCORDANCE WITH THE ACT OF AUGUST 27, 1971 (P.L.358, NO.92),
3 KNOWN AS THE "PARENT REIMBURSEMENT ACT FOR NONPUBLIC EDUCATION,"
4 SHALL BE TRANSFERRED INTO THE GENERAL FUND[, AND]. OF ALL SUCH
5 REVENUES HEREINAFTER COLLECTED, ONE-TENTH OF A CENT PER
6 CIGARETTE SHALL BE PAID INTO A RESTRICTED ACCOUNT FOR
7 AGRICULTURAL FARMLAND PRESERVATION, ONE-TENTH OF A CENT PER
8 CIGARETTE SHALL BE PAID INTO A RESTRICTED ACCOUNT TO BE KNOWN AS
9 THE CHILDREN'S HEALTH FUND FOR HEALTH CARE FOR INDIGENT CHILDREN
10 AND THE REMAINDER SHALL BE PAID INTO THE GENERAL FUND. MONEYS IN
11 THE CHILDREN'S HEALTH FUND SHALL NOT BE EXPENDED UNTIL THE
12 ENACTMENT OF LEGISLATION TO IMPLEMENT A PROGRAM OF EXPANDED
13 ACCESS TO HEALTH CARE FOR CHILDREN.

14 SECTION 31. THE ACT IS AMENDED BY ADDING AN ARTICLE TO READ:

15 ARTICLE XXI

16 INHERITANCE TAX

17 PART I

18 PRELIMINARY PROVISIONS

19 SECTION 2101. SHORT TITLE.--THIS ARTICLE SHALL BE KNOWN AND
20 MAY BE CITED AS THE "INHERITANCE AND ESTATE TAX ACT."

21 SECTION 2102. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND
22 PHRASES, WHEN USED IN THIS ARTICLE, SHALL HAVE THE MEANINGS
23 ASCRIED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT
24 CLEARLY INDICATES A DIFFERENT MEANING:

25 "ADVERSE INTEREST." A SUBSTANTIAL BENEFICIAL INTEREST IN THE
26 PROPERTY TRANSFERRED WHICH MIGHT BE ADVERSELY AFFECTED BY THE
27 EXERCISE OR NONEXERCISE OF THE POWER OR RIGHT RESERVED OR
28 POSSESSED BY THE TRANSFEROR.

29 "CHILDREN." INCLUDES ADOPTED CHILDREN, STEPCHILDREN, ALL
30 CHILDREN OF THE NATURAL PARENTS AND THE CHILDREN OF THE NATURAL

PARENT WHO ARE ADOPTED BY HIS SPOUSE. EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS DEFINITION, CHILDREN DOES NOT INCLUDE ADOPTED CHILDREN IN THE NATURAL FAMILY.

"CLERK." THE CLERK OF THE ORPHANS' COURT DIVISION OF THE COURT OF COMMON PLEAS HAVING JURISDICTION.

"COURT." THE ORPHANS' COURT DIVISION OF THE COURT OF COMMON PLEAS OF:

(1) THE COUNTY IN WHICH THE DECEDENT RESIDED AT THE TIME OF HIS DEATH.

(2) THE COUNTY IN WHICH LETTERS, IF ANY, ARE GRANTED IF THE DECEDENT WAS A NONRESIDENT OF THIS COMMONWEALTH.

(3) DAUPHIN COUNTY IN ALL OTHER CASES.

"DATE OF DEATH." THE DATE OF ACTUAL DEATH OR, IN THE CASE OF A PRESUMED DECEDENT, THE DATE FOUND BY THE FINAL DECREE TO BE THE DATE OF THE ABSENTEE'S PRESUMED DEATH. FOR THE PURPOSE OF DETERMINING INTEREST AND DISCOUNT, DATE OF DEATH MEANS THE DATE UPON WHICH THE COURT ENTERS ITS FINAL DECREE OF PRESUMPTIVE DEATH.

"DEATH TAXES." INCLUDES INHERITANCE, SUCCESSION, TRANSFER AND ESTATE TAXES AND ANY OTHER TAXES LEVIED AGAINST THE ESTATE OF A DECEDENT BY REASON OF HIS DEATH.

"DECEDENT" OR "TRANSFEROR." ANY PERSON BY OR FROM WHOM A TRANSFER IS MADE AND INCLUDES ANY TESTATOR, INTESTATE, GRANTOR, SETTLOR, BARGAINOR, VENDOR, ASSIGNOR, DONOR, JOINT TENANT AND INSURED.

"DEPARTMENT." THE DEPARTMENT OF REVENUE OF THE COMMONWEALTH.

"EXEMPTION INCOME." ALL MONEYS OR PROPERTY, INCLUDING, WITHOUT LIMITATION, INTEREST, GAINS OR INCOME DERIVED FROM OBLIGATIONS WHICH ARE STATUTORILY FREE FROM STATE OR LOCAL TAXATION UNDER ANY OTHER FEDERAL OR STATE LAWS, RECEIVED OF

1 WHATEVER NATURE AND FROM WHATEVER SOURCE DERIVED.

2 "FINANCIAL INSTITUTION." A BANK, A BANK AND TRUST COMPANY, A
3 TRUST COMPANY, A SAVINGS AND LOAN ASSOCIATION, A BUILDING AND
4 LOAN ASSOCIATION, A CREDIT UNION, A SAVINGS BANK AND A NATIONAL
5 BANK.

6 "FUTURE INTEREST." INCLUDES A SUCCESSIVE LIFE INTEREST AND A
7 SUCCESSIVE INTEREST FOR A TERM CERTAIN.

8 "LINEAL DESCENDANTS." ALL CHILDREN OF THE NATURAL PARENTS
9 AND THEIR DESCENDANTS, ADOPTED DESCENDANTS AND THEIR
10 DESCENDANTS, STEPCHILDREN AND THEIR DESCENDANTS AND CHILDREN AND
11 THEIR DESCENDANTS OF THE NATURAL PARENT WHO ARE ADOPTED BY HIS
12 SPOUSE. EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS
13 DEFINITION, LINEAL DESCENDANTS DO NOT INCLUDE DESCENDANTS OF
14 STEPCHILDREN OR ADOPTED CHILDREN AND THEIR DESCENDANTS IN THE
15 NATURAL FAMILY.

16 "NOTICE." WRITTEN NOTICE.

17 "PRESUMED DECEDENT." A PERSON FOUND TO BE PRESUMPTIVELY DEAD
18 UNDER THE PROVISIONS OF 20 PA.C.S. CH. 57 (RELATING TO ABSENTEES
19 AND PRESUMED DECEDENTS) OR, IF A NONRESIDENT OF THIS
20 COMMONWEALTH, UNDER THE LAWS OF HIS DOMICILE.

21 "PROPERTY" OR "ESTATE." INCLUDES THE FOLLOWING:

22 (1) ALL REAL PROPERTY AND ALL TANGIBLE PERSONAL PROPERTY OF
23 A RESIDENT DECEDENT OR TRANSFEROR HAVING ITS SITUS IN THIS
24 COMMONWEALTH.

25 (2) ALL INTANGIBLE PERSONAL PROPERTY OF A RESIDENT DECEDENT
26 OR TRANSFEROR.

27 (3) ALL REAL PROPERTY AND ALL TANGIBLE PERSONAL PROPERTY OF
28 A RESIDENT DECEDENT HAVING ITS SITUS OUTSIDE THIS COMMONWEALTH,
29 WHICH THE DECEDENT HAD CONTRACTED TO SELL, PROVIDED THE
30 JURISDICTION IN WHICH THE PROPERTY HAS ITS SITUS DOES NOT

1 SUBJECT IT TO DEATH TAX.

2 (4) ALL REAL PROPERTY AND ALL TANGIBLE PERSONAL PROPERTY OF
3 A NONRESIDENT DECEDENT OR TRANSFEROR HAVING ITS SITUS IN THIS
4 COMMONWEALTH, INCLUDING PROPERTY HELD IN TRUST.

5 (5) A LIQUOR LICENSE ISSUED BY THE COMMONWEALTH.

6 "REGISTER." THE REGISTER OF WILLS HAVING JURISDICTION TO
7 GRANT LETTERS TESTAMENTARY OR OF ADMINISTRATION IN THE ESTATE OF
8 THE DECEDENT OR TRANSFEROR.

9 "SAFE DEPOSIT BOX OF A DECEDENT." A SAFE DEPOSIT BOX IN A
10 FINANCIAL INSTITUTION LOCATED WITHIN THIS COMMONWEALTH IN THE
11 NAME OF THE DECEDENT ALONE OR IN THE NAMES OF THE DECEDENT AND
12 ONE OR MORE PERSONS OTHER THAN THE SPOUSE OF THE DECEDENT.

13 "SECRETARY." THE SECRETARY OF REVENUE OF THE COMMONWEALTH.

14 "TERRITORY." INCLUDES THE DISTRICT OF COLUMBIA AND ALL
15 POSSESSIONS OF THE UNITED STATES.

16 "TRANSFER." INCLUDES THE PASSAGE OF OWNERSHIP OF PROPERTY,
17 OR INTEREST IN PROPERTY OR INCOME FROM PROPERTY, IN POSSESSION
18 OR ENJOYMENT, PRESENT OR FUTURE, IN TRUST OR OTHERWISE.

19 "TRANSFeree." ANY PERSON TO WHOM A TRANSFER IS MADE AND
20 INCLUDES ANY LEGATEE, DEVISEE, HEIR, NEXT OF KIN, GRANTEE,
21 BENEFICIARY, VENDEE, ASSIGNEE, DONEE, SURVIVING JOINT TENANT AND
22 INSURANCE BENEFICIARY.

23 "VALUE." THE PRICE AT WHICH THE PROPERTY WOULD BE SOLD BY A
24 WILLING SELLER, NOT COMPELLED TO SELL, TO A WILLING BUYER, NOT
25 COMPELLED TO BUY, BOTH OF WHOM HAVE REASONABLE KNOWLEDGE OF THE
26 RELEVANT FACTS. IN DETERMINING THE VALUE OF PROPERTY, NO
27 REDUCTION SHALL BE MADE ON ACCOUNT OF INCOME, EXCISE OR OTHER
28 TAXES WHICH MAY BECOME PAYABLE SUBSEQUENT TO THE VALUATION DATE
29 BY THE TRANSFeree OR OUT OF THE PROPERTY. VALUE AS TO LAND IN
30 AGRICULTURAL USE, AGRICULTURAL RESERVE OR FOREST RESERVE MEANS

1 THE VALUE WHICH THE LAND HAS FOR ITS PARTICULAR USE ACCORDING TO
2 THE STANDARDS PROVIDED IN SECTION 2122.

3 SECTION 2103. POWERS OF DEPARTMENT.--(A) THE DEPARTMENT MAY
4 ADOPT AND ENFORCE RULES AND REGULATIONS FOR THE JUST
5 ADMINISTRATION OF THIS ARTICLE.

6 (B) THE DEPARTMENT SHALL HAVE COMPLETE SUPERVISION OF THE
7 MAKING OF APPRAISEMENTS, THE ALLOWANCE OF DEDUCTIONS AND THE
8 ASSESSMENT OF TAX INCLUDING, BUT NOT LIMITED TO, THE POWER TO
9 REGULATE THE ACTIONS OF REGISTERS IN THE ALLOWANCE AND
10 DISALLOWANCE OF DEDUCTIONS AND ASSESSMENT OF TAX. THE
11 DEPARTMENT'S SUPERVISION OF THE MAKING OF APPRAISEMENTS INCLUDES
12 THE EMPLOYMENT AND COMPENSATION OF INVESTIGATORS, APPRAISERS AND
13 EXPERT APPRAISERS. THE COMPENSATION OF INVESTIGATORS, APPRAISERS
14 AND EXPERT APPRAISERS SHALL BE PAID FROM THE INHERITANCE TAX
15 COLLECTIONS IN THE RESPECTIVE COUNTIES.

16 (C) THE DEPARTMENT SHALL, IN THE EVENT THAT THE REGISTER
17 FAILS TO TAKE THE NECESSARY PROCEEDINGS IN CONNECTION WITH THE
18 APPRAISEMENT, ALLOWANCE OF DEDUCTIONS, ASSESSMENT OF TAX OR
19 COLLECTION OF TAX, HAVE ALL THE POWERS VESTED IN THE REGISTER IN
20 THIS ARTICLE AND, AT ITS OPTION, MAY TAKE THE NECESSARY ACTION
21 AND SHALL CHARGE TO THE REGISTER AND DEDUCT FROM ANY COMMISSIONS
22 OR FEES OTHERWISE DUE HIM ALL COSTS AND EXPENSES INCURRED BY THE
23 DEPARTMENT IN CONNECTION WITH THE PROCEEDINGS.

24 PART II

25 TRANSFERS SUBJECT TO TAX

26 SECTION 2106. IMPOSITION OF TAX.--AN INHERITANCE TAX FOR THE
27 USE OF THE COMMONWEALTH IS IMPOSED UPON EVERY TRANSFER SUBJECT
28 TO TAX UNDER THIS ARTICLE AT THE RATES SPECIFIED IN SECTION
29 2116.

30 SECTION 2107. TRANSFERS SUBJECT TO TAX.--(A) THE TRANSFERS

1 ENUMERATED IN THIS SECTION ARE SUBJECT TO THE TAX IMPOSED BY
2 SECTION 2106.

3 (B) ALL TRANSFERS OF PROPERTY BY WILL, BY THE INTESTATE LAWS
4 OF THIS COMMONWEALTH OR, IN THE CASE OF A TRANSFER FROM A
5 NONRESIDENT, BY THE LAWS OF SUCCESSION OF ANOTHER JURISDICTION
6 ARE SUBJECT TO TAX. THE TRANSFER OF PROPERTY OF A PERSON
7 DETERMINED BY DECREE OF A COURT OF COMPETENT JURISDICTION TO BE
8 A PRESUMED DECEDENT IS SUBJECT TO TAX WITHIN THE MEANING OF THIS
9 SECTION AND SECTION 2108.

10 (C) (1) ALL TRANSFERS OF PROPERTY SPECIFIED IN SUBCLAUSES
11 (3) THROUGH (7) WHICH ARE MADE BY A RESIDENT OR A NONRESIDENT
12 DURING HIS LIFETIME ARE SUBJECT TO TAX TO THE EXTENT THAT THEY
13 ARE MADE WITHOUT VALUABLE AND ADEQUATE CONSIDERATION IN MONEY OR
14 MONEY'S WORTH AT THE TIME OF TRANSFER.

15 (2) WHEN THE DECEDENT RETAINED OR RESERVED AN INTEREST OR
16 POWER WITH RESPECT TO ONLY A PART OF THE PROPERTY TRANSFERRED,
17 IN CONSEQUENCE OF WHICH A TAX IS IMPOSED UNDER SUBCLAUSES (4)
18 THROUGH (7), THE AMOUNT OF THE TAXABLE TRANSFER IS ONLY THE
19 VALUE OF THAT PORTION OF THE PROPERTY TRANSFERRED WHICH IS
20 SUBJECT TO THE RETAINED OR RESERVED INTEREST OR POWER.

21 (3) A TRANSFER CONFORMING TO SUBCLAUSE (1) AND MADE WITHIN
22 ONE YEAR OF THE DEATH OF THE TRANSFEROR IS SUBJECT TO TAX ONLY
23 TO THE EXTENT THAT THE VALUE AT THE TIME OF THE TRANSFER OR
24 TRANSFERS IN THE AGGREGATE TO OR FOR THE BENEFIT OF THE
25 TRANSFeree EXCEEDS THREE THOUSAND DOLLARS (\$3,000) DURING ANY
26 CALENDAR YEAR.

27 (4) A TRANSFER CONFORMING TO SUBCLAUSE (1) WHICH TAKES
28 EFFECT IN POSSESSION OR ENJOYMENT AT OR AFTER THE DEATH OF THE
29 TRANSFEROR AND UNDER WHICH THE TRANSFEROR HAS RETAINED A
30 REVERSIONARY INTEREST IN THE PROPERTY, THE VALUE OF WHICH

1 INTEREST IMMEDIATELY BEFORE THE DEATH OF THE TRANSFEROR EXCEEDS
2 FIVE PER CENT OF THE VALUE OF THE PROPERTY TRANSFERRED, IS
3 SUBJECT TO TAX. THE TERM "REVERSIONARY INTEREST" INCLUDES A
4 POSSIBILITY THAT PROPERTY TRANSFERRED MAY RETURN TO THE
5 TRANSFEROR OR HIS ESTATE, OR MAY BE SUBJECT TO A POWER OF
6 DISPOSITION BY HIM, BUT THE TERM DOES NOT INCLUDE A POSSIBILITY
7 THAT THE INCOME ALONE FROM THE PROPERTY MAY RETURN TO HIM OR
8 BECOME SUBJECT TO A POWER OF DISPOSITION BY HIM.

9 (5) A TRANSFER CONFORMING TO SUBCLAUSE (1), AND UNDER WHICH
10 THE TRANSFEROR EXPRESSLY OR IMPLIEDLY RESERVES FOR HIS LIFE OR
11 ANY PERIOD WHICH DOES NOT IN FACT END BEFORE HIS DEATH, THE
12 POSSESSION OR ENJOYMENT OF, OR THE RIGHT TO THE INCOME FROM, THE
13 PROPERTY TRANSFERRED, OR THE RIGHT, EITHER ALONE OR IN
14 CONJUNCTION WITH ANY PERSON NOT HAVING AN ADVERSE INTEREST, TO
15 DESIGNATE THE PERSONS WHO SHALL POSSESS OR ENJOY THE PROPERTY
16 TRANSFERRED OR THE INCOME FROM THE PROPERTY, IS SUBJECT TO TAX.

17 (6) A TRANSFER CONFORMING TO SUBCLAUSE (1), AND UNDER WHICH
18 THE TRANSFEREE PROMISES TO MAKE PAYMENTS TO, OR FOR THE BENEFIT
19 OF, THE TRANSFEROR OR TO CARE FOR THE TRANSFEROR DURING THE
20 REMAINDER OF THE TRANSFEROR'S LIFE, IS SUBJECT TO TAX.

21 (7) A TRANSFER CONFORMING TO SUBCLAUSE (1), AND UNDER WHICH
22 THE TRANSFEROR HAS AT HIS DEATH, EITHER IN HIMSELF ALONE OR IN
23 CONJUNCTION WITH ANY PERSON NOT HAVING AN ADVERSE INTEREST, A
24 POWER TO ALTER, AMEND OR REVOKE THE INTEREST OF THE BENEFICIARY,
25 IS SUBJECT TO TAX. SIMILARLY, THE RELINQUISHMENT OF SUCH A POWER
26 IS A TRANSFER SUBJECT TO TAX EXCEPT AS OTHERWISE PROVIDED IN
27 SUBCLAUSE (3).

28 SECTION 2108. JOINT TENANCY.--(A) WHEN ANY PROPERTY IS HELD
29 IN THE NAMES OF TWO OR MORE PERSONS, OR IS DEPOSITED IN A
30 FINANCIAL INSTITUTION IN THE NAMES OF TWO OR MORE PERSONS, SO

1 THAT, UPON THE DEATH OF ONE OF THEM, THE SURVIVOR OR SURVIVORS
2 HAVE A RIGHT TO THE IMMEDIATE OWNERSHIP OR POSSESSION AND
3 ENJOYMENT OF THE WHOLE PROPERTY, THE ACCRUAL OF SUCH RIGHT, UPON
4 THE DEATH OF ONE OF THEM, SHALL BE DEEMED A TRANSFER SUBJECT TO
5 TAX, OF A FRACTIONAL PORTION OF SUCH PROPERTY TO BE DETERMINED
6 BY DIVIDING THE VALUE OF THE WHOLE PROPERTY BY THE NUMBER OF
7 JOINT TENANTS IN EXISTENCE IMMEDIATELY PRECEDING THE DEATH OF
8 THE DECEASED JOINT TENANT.

9 (B) EXCEPT AS PROVIDED IN SUBSECTION (C), THIS SECTION SHALL
10 NOT APPLY TO PROPERTY AND INTERESTS IN PROPERTY PASSING BY RIGHT
11 OF SURVIVORSHIP TO THE SURVIVOR OF HUSBAND AND WIFE.

12 (C) IF THE CO-OWNERSHIP WAS CREATED WITHIN ONE YEAR PRIOR TO
13 THE DEATH OF THE CO-TENANT, THE ENTIRE INTEREST TRANSFERRED
14 SHALL BE SUBJECT TO TAX ONLY UNDER, AND TO THE EXTENT STATED IN,
15 SUBSECTION (C)(3) OF SECTION 2107 AS THOUGH A PART OF THE ESTATE
16 OF THE PERSON WHO CREATED THE CO-OWNERSHIP.

17 PART III

18 TRANSFERS NOT SUBJECT TO TAX

19 SECTION 2111. TRANSFERS NOT SUBJECT TO TAX.--(A) THE
20 TRANSFERS ENUMERATED IN THIS SECTION ARE NOT SUBJECT TO THE TAX
21 IMPOSED BY THIS ARTICLE.

22 (B) TRANSFERS OF PROPERTY TO OR FOR THE USE OF ANY OF THE
23 FOLLOWING ARE EXEMPT FROM INHERITANCE TAX:

24 (1) THE UNITED STATES OF AMERICA.

25 (2) THE COMMONWEALTH OF PENNSYLVANIA.

26 (3) A POLITICAL SUBDIVISION OF THE COMMONWEALTH OF
27 PENNSYLVANIA.

28 (C) TRANSFERS OF PROPERTY TO OR FOR THE USE OF ANY OF THE
29 FOLLOWING ARE EXEMPT FROM INHERITANCE TAX:

30 (1) ANY CORPORATION, UNINCORPORATED ASSOCIATION OR SOCIETY

1 ORGANIZED AND OPERATED EXCLUSIVELY FOR RELIGIOUS, CHARITABLE,
2 SCIENTIFIC, LITERARY OR EDUCATIONAL PURPOSES, INCLUDING THE
3 ENCOURAGEMENT OF ART AND THE PREVENTION OF CRUELTY TO CHILDREN
4 OR ANIMALS, NO PART OF THE NET EARNINGS OF WHICH INURES TO THE
5 BENEFIT OF ANY PRIVATE STOCKHOLDER OR INDIVIDUAL AND NO
6 SUBSTANTIAL PART OF THE ACTIVITIES OF WHICH IS CARRYING ON
7 PROPAGANDA OR OTHERWISE ATTEMPTING TO INFLUENCE LEGISLATION.

8 (2) ANY TRUSTEE OR TRUSTEES, OR ANY FRATERNAL SOCIETY, ORDER
9 OR ASSOCIATION OPERATING UNDER THE LODGE SYSTEM, BUT ONLY IF THE
10 PROPERTY TRANSFERRED IS TO BE USED BY THE TRUSTEE OR TRUSTEES,
11 OR BY THE FRATERNAL SOCIETY, ORDER OR ASSOCIATION, EXCLUSIVELY
12 FOR RELIGIOUS, CHARITABLE, SCIENTIFIC, LITERARY OR EDUCATIONAL
13 PURPOSES, OR FOR THE PREVENTION OF CRUELTY TO CHILDREN OR
14 ANIMALS, AND NO SUBSTANTIAL PART OF THE ACTIVITIES OF THE
15 TRUSTEE OR TRUSTEES, OR OF THE FRATERNAL SOCIETY, ORDER OR
16 ASSOCIATION, IS CARRYING ON PROPAGANDA OR OTHERWISE ATTEMPTING
17 TO INFLUENCE LEGISLATION.

18 (3) ANY VETERANS' ORGANIZATION INCORPORATED BY ACT OF
19 CONGRESS, OR ITS DEPARTMENTS OR LOCAL CHAPTERS OR POSTS, NO PART
20 OF THE NET EARNINGS OF WHICH INURES TO THE BENEFIT OF ANY
21 PRIVATE SHAREHOLDER OR INDIVIDUAL.

22 (D) ALL PROCEEDS OF INSURANCE ON THE LIFE OF THE DECEDENT
23 ARE EXEMPT FROM INHERITANCE TAX. REFUNDS OF UNEARNED PREMIUMS
24 FOR THE CURRENT POLICY PERIOD AND POST MORTEM DIVIDENDS SHALL BE
25 CONSIDERED EXEMPT PROCEEDS.

26 (E) ALL PROCEEDS OF ANY FEDERAL WAR RISK INSURANCE, NATIONAL
27 SERVICE LIFE INSURANCE OR SIMILAR GOVERNMENTAL INSURANCE ARE
28 EXEMPT FROM INHERITANCE TAX. REFUNDS OF UNEARNED PREMIUMS FOR
29 THE CURRENT POLICY PERIOD AND POST MORTEM DIVIDENDS SHALL BE
30 CONSIDERED EXEMPT PROCEEDS.

1 (F) THE PAY AND ALLOWANCES DETERMINED BY THE UNITED STATES
2 TO BE DUE A MEMBER OF ITS ARMED FORCES FOR SERVICE IN THE
3 VIETNAM CONFLICT AFTER AUGUST 5, 1964, FOR THE PERIOD BETWEEN
4 THE DATE DECLARED BY IT AS THE BEGINNING OF HIS MISSING IN
5 ACTION STATUS TO THE DATE DETERMINED BY IT TO BE THE DATE OF HIS
6 DEATH, ARE EXEMPT FROM INHERITANCE TAX.

7 (G) INTER VIVOS TRANSFERS AS DEFINED IN SUBSECTION (C) OF
8 SECTION 2107 WHICH MIGHT OTHERWISE BE SUBJECT TO INHERITANCE TAX
9 ARE EXEMPT WHERE THE TRANSFEREE IS A GOVERNMENTAL BODY AS
10 PROVIDED IN SUBSECTION (B) OR A CHARITY AS PROVIDED IN
11 SUBSECTION (C).

12 (H) INTANGIBLE PERSONAL PROPERTY HELD BY, FOR OR FOR THE
13 BENEFIT OF A DECEDENT WHO, AT THE TIME OF HIS DEATH, WAS A
14 NONRESIDENT IS EXEMPT FROM INHERITANCE TAX.

15 (I) A TRANSFER MADE AS AN ADVANCEMENT OF OR ON ACCOUNT OF AN
16 INTESTATE SHARE OR IN SATISFACTION OR PARTIAL SATISFACTION OF A
17 GIFT BY WILL, BUT NOT WITHIN THE MEANING OF SUBSECTION (C)(3) OF
18 SECTION 2107, IS EXEMPT FROM INHERITANCE TAX.

19 (J) ADJUSTED SERVICE CERTIFICATES ISSUED UNDER THE ACT OF
20 CONGRESS OF MAY 19, 1924, AND ADJUSTED SERVICE BONDS ISSUED
21 UNDER THE ACT OF CONGRESS OF JANUARY 27, 1936, ARE EXEMPT FROM
22 INHERITANCE TAX.

23 (K) PROPERTY SUBJECT TO A POWER OF APPOINTMENT, WHETHER OR
24 NOT THE POWER IS EXERCISED, AND NOTWITHSTANDING ANY BLENDING OF
25 SUCH PROPERTY WITH THE PROPERTY OF THE DONEE, IS EXEMPT FROM
26 INHERITANCE TAX IN THE ESTATE OF THE DONEE OF THE POWER OF
27 APPOINTMENT.

28 (L) PROPERTY AWARDED TO THE COMMONWEALTH AS STATUTORY HEIR
29 BY ESCHEAT OR WITHOUT ESCHEAT, OTHERWISE THAN AS CUSTODIAN FOR A
30 KNOWN DISTRIBUTE, IS EXEMPT FROM INHERITANCE TAX. INHERITANCE

1 TAX SHALL BE DEDUCTED AT THE APPLICABLE RATE WITHOUT INTEREST
2 FROM ANY SUCH EXEMPT FUNDS THEREAFTER DISTRIBUTED BY THE
3 COMMONWEALTH.

4 (M) PROPERTY OWNED BY HUSBAND AND WIFE WITH RIGHT OF
5 SURVIVORSHIP IS EXEMPT FROM INHERITANCE TAX. IF THE OWNERSHIP
6 WAS CREATED WITHIN THE MEANING OF SECTION 2107(C)(3) THE ENTIRE
7 INTEREST TRANSFERRED SHALL BE SUBJECT TO TAX UNDER SECTION
8 2107(C)(3) AS THOUGH A PART OF THE ESTATE OF THE SPOUSE WHO
9 CREATED THE CO-OWNERSHIP.

10 (N) PROPERTY HELD IN THE NAME OF A DECEDENT WHO HAD NO
11 BENEFICIAL INTEREST IN THE PROPERTY IS EXEMPT FROM INHERITANCE
12 TAX.

13 (O) OBLIGATIONS OWING TO THE DECEDENT WHICH ARE WORTHLESS
14 IMMEDIATELY BEFORE DEATH ARE EXEMPT FROM INHERITANCE TAX
15 ALTHOUGH COLLECTIBLE FROM THE OBLIGOR'S DISTRIBUTIVE SHARE OF
16 THE ESTATE.

17 (P) THE LUMP-SUM DEATH PAYMENT FROM THE UNITED STATES SOCIAL
18 SECURITY ADMINISTRATION OR ANY PAYMENT MADE IN LIEU OF THE
19 SOCIAL SECURITY ADMINISTRATION PAYMENT BY ANOTHER AGENCY OF THE
20 UNITED STATES, WHETHER OR NOT PAID TO THE DECEDENT'S ESTATE, IS
21 EXEMPT FROM INHERITANCE TAX.

22 (Q) THE LUMP-SUM BURIAL BENEFIT FROM THE UNITED STATES
23 RAILROAD RETIREMENT BOARD, WHETHER OR NOT PAID TO THE DECEDENT'S
24 ESTATE, IS EXEMPT FROM INHERITANCE TAX.

25 (R) PAYMENTS UNDER PENSION, STOCK BONUS, PROFIT-SHARING AND
26 OTHER RETIREMENT PLANS INCLUDING, BUT NOT LIMITED TO, H.R.10
27 PLANS, INDIVIDUAL RETIREMENT ACCOUNTS, INDIVIDUAL RETIREMENT
28 ANNUITIES AND INDIVIDUAL RETIREMENT BONDS TO DISTRIBUTEES
29 DESIGNATED BY DECEDENT OR DESIGNATED IN ACCORDANCE WITH THE
30 TERMS OF THE PLAN, ARE EXEMPT FROM INHERITANCE TAX TO THE EXTENT

1 THAT DECEDENT BEFORE HIS DEATH DID NOT OTHERWISE HAVE THE RIGHT
2 TO POSSESS (INCLUDING PROPRIETARY RIGHTS AT TERMINATION OF
3 EMPLOYMENT), ENJOY, ASSIGN OR ANTICIPATE THE PAYMENT MADE. IN
4 ADDITION TO THIS EXEMPTION, WHETHER OR NOT THE DECEDENT
5 POSSESSED ANY OF THESE RIGHTS, THE PAYMENTS ARE EXEMPT FROM
6 INHERITANCE TAX TO THE SAME EXTENT THAT THEY ARE EXEMPT FROM
7 FEDERAL ESTATE TAX UNDER THE PROVISIONS OF THE INTERNAL REVENUE
8 CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 1 ET SEQ.), AS
9 AMENDED, ANY SUPPLEMENT TO THE CODE, OR ANY SIMILAR PROVISION IN
10 EFFECT FROM TIME TO TIME FOR FEDERAL ESTATE TAX PURPOSES, EXCEPT
11 THAT A PAYMENT, WHICH WOULD OTHERWISE BE EXEMPT FOR FEDERAL
12 ESTATE TAX PURPOSES IF IT HAD NOT BEEN MADE IN A LUMP-SUM OR
13 OTHER NONEXEMPT FORM OF PAYMENT, SHALL BE EXEMPT FROM
14 INHERITANCE TAX EVEN THOUGH PAID IN A LUMP-SUM OR OTHER FORM OF
15 PAYMENT. THE PROCEEDS OF LIFE INSURANCE OTHERWISE EXEMPT UNDER
16 SUBSECTION (D) SHALL NOT BE SUBJECT TO INHERITANCE TAX BECAUSE
17 THEY ARE PAID UNDER A PENSION, STOCK BONUS, PROFIT-SHARING,
18 H.R.10 OR OTHER RETIREMENT PLAN.

19 SECTION 2112. EXEMPTION FOR POVERTY.--(A) THE GENERAL
20 ASSEMBLY, IN RECOGNITION OF THE POWERS CONTAINED IN SECTION
21 2(B)(II) OF ARTICLE VIII OF THE CONSTITUTION OF PENNSYLVANIA
22 WHICH PROVIDES THEREIN FOR THE ESTABLISHING AS A CLASS OR
23 CLASSES OF SUBJECTS OF TAXATION THE PROPERTY OR PRIVILEGES OF
24 PERSONS WHO BECAUSE OF POVERTY ARE DETERMINED TO BE IN NEED OF
25 SPECIAL TAX PROVISIONS OR TAX EXEMPTIONS, HEREBY DECLARES AS ITS
26 LEGISLATIVE INTENT AND PURPOSE TO IMPLEMENT SUCH POWERS UNDER
27 SUCH CONSTITUTIONAL PROVISION BY ESTABLISHING A TAX EXEMPTION AS
28 HEREINAFTER PROVIDED IN THIS SECTION.

29 (B) THE GENERAL ASSEMBLY, HAVING DETERMINED THAT THERE ARE
30 PERSONS WITHIN THIS COMMONWEALTH THE VALUE OF WHOSE INCOMES AND

1 ESTATES ARE SUCH THAT THE IMPOSITION OF AN INHERITANCE TAX UNDER
2 THIS ARTICLE WOULD CAUSE THEM HARDSHIP AND ECONOMIC BURDEN AND
3 HAVING FURTHER DETERMINED THAT POVERTY IS A RELATIVE CONCEPT
4 INEXTRICABLY JOINED WITH THE ABILITY TO MAINTAIN ASSETS
5 INHERITED UPON THE DEATH OF A SPOUSE, DEEMS IT TO BE A MATTER OF
6 PUBLIC POLICY TO PROVIDE AN EXEMPTION FROM TAXATION FOR
7 TRANSFERS OF PROPERTY TO OR FOR THE USE OF THAT CLASS OF PERSONS
8 HEREINAFTER DESIGNATED IN ORDER TO RELIEVE THEIR HARDSHIP AND
9 ECONOMIC BURDEN.

10 (C) ANY CLAIM FOR A TAX EXEMPTION HEREUNDER SHALL BE
11 DETERMINED IN ACCORDANCE WITH THE FOLLOWING:

12 (1) THE TRANSFEREE IS THE SPOUSE OF THE DECEDENT AT THE DATE
13 OF DEATH OF THE DECEDENT.

14 (2) THE VALUE OF THE ESTATE OF THE DECEDENT DOES NOT EXCEED
15 TWO HUNDRED THOUSAND DOLLARS (\$200,000) AFTER REDUCTION FOR
16 ACTUAL LIABILITIES OF THE DECEDENT AS EVIDENCED BY A WRITTEN
17 AGREEMENT.

18 (3) THE AVERAGE OF THE JOINT EXEMPTION INCOME OF THE
19 DECEDENT AND THE TRANSFEREE FOR THE THREE TAXABLE YEARS, AS
20 DEFINED IN ARTICLE III, IMMEDIATELY PRECEDING THE DATE OF DEATH
21 OF THE DECEDENT DOES NOT EXCEED FORTY THOUSAND DOLLARS
22 (\$40,000).

23 (D) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE,
24 TRANSFERS OF PROPERTY TO OR FOR THE USE OF ANY ELIGIBLE
25 TRANSFEREE WHO MEETS THE STANDARDS OF ELIGIBILITY ESTABLISHED BY
26 THIS SECTION AS THE TEST FOR POVERTY SHALL BE DEEMED A SEPARATE
27 CLASS OF SUBJECT OF TAXATION, AND, AS SUCH, SHALL BE ENTITLED TO
28 THE BENEFIT OF THE FOLLOWING EXEMPTIONS FROM TAXATION ON
29 TRANSFERS OF PROPERTY AS A CREDIT AGAINST THE TAX IMPOSED BY
30 THIS ARTICLE:

(1) FOR DECEDENTS DYING ON OR AFTER JANUARY 1, 1992, AND
BEFORE JANUARY 1, 1993, THE LESSER OF:

(I) TWO PER CENT OF THE TAXABLE VALUE OF THE PROPERTY OF THE
DECEDENT TRANSFERRED TO OR FOR THE USE OF THE TRANSFEREE.

(II) TWO PER CENT OF ONE HUNDRED THOUSAND DOLLARS (\$100,000)
OF THE TAXABLE VALUE OF THE PROPERTY OF THE DECEDENT TRANSFERRED
TO OR FOR THE USE OF THE TRANSFEREE.

(2) FOR DECEDENTS DYING ON OR AFTER JANUARY 1, 1993, AND
BEFORE JANUARY 1, 1994, THE LESSER OF:

(I) FOUR PER CENT OF THE TAXABLE VALUE OF THE PROPERTY OF
THE DECEDENT TRANSFERRED TO OR FOR THE USE OF THE TRANSFEREE.

(II) FOUR PER CENT OF ONE HUNDRED THOUSAND DOLLARS
(\$100,000) OF THE TAXABLE VALUE OF THE PROPERTY OF THE DECEDENT
TRANSFERRED TO OR FOR THE USE OF THE TRANSFEREE.

(3) FOR DECEDENTS DYING ON OR AFTER JANUARY 1, 1994, THE
LESSER OF:

(I) SIX PER CENT OF THE TAXABLE VALUE OF THE PROPERTY OF THE
DECEDENT TRANSFERRED TO OR FOR THE USE OF THE TRANSFEREE.

(II) SIX PER CENT OF ONE HUNDRED THOUSAND DOLLARS (\$100,000)
OF THE TAXABLE VALUE OF THE PROPERTY OF THE DECEDENT TRANSFERRED
TO OR FOR THE USE OF THE TRANSFEREE.

(E) FOR NONRESIDENT DECEDENTS, THE CREDIT PROVIDED IN THIS
SECTION SHALL BEAR THE SAME RATIO AS THAT OF THE DECEDENT'S
ESTATE IN THIS COMMONWEALTH BEARS TO THE DECEDENT'S TOTAL ESTATE
WITHOUT REGARD TO SITUS.

PART IV

RATE OF TAX

SECTION 2116. INHERITANCE TAX.--(A) (1) INHERITANCE TAX
UPON THE TRANSFER OF PROPERTY PASSING TO OR FOR THE USE OF ANY
OF THE FOLLOWING SHALL BE AT THE RATE OF SIX PER CENT:

1 (I) GRANDFATHER, GRANDMOTHER, FATHER, MOTHER, HUSBAND, WIFE
2 AND LINEAL DESCENDANTS; OR

3 (II) WIFE OR WIDOW AND HUSBAND OR WIDOWER OF A CHILD.

4 (2) INHERITANCE TAX UPON THE TRANSFER OF PROPERTY PASSING TO
5 OR FOR THE USE OF ALL PERSONS OTHER THAN THOSE DESIGNATED IN
6 SUBCLAUSE (1) SHALL BE AT THE RATE OF FIFTEEN PER CENT.

7 (3) WHEN PROPERTY PASSES TO OR FOR THE USE OF A HUSBAND AND
8 WIFE WITH RIGHT OF SURVIVORSHIP, ONE OF WHOM IS TAXABLE AT A
9 RATE LOWER THAN THE OTHER, THE LOWER RATE OF TAX SHALL BE
10 APPLIED TO THE ENTIRE INTEREST.

11 (B) (1) WHEN THE DECEDENT WAS A RESIDENT, THE TAX SHALL BE
12 COMPUTED UPON THE VALUE OF THE PROPERTY, IN EXCESS OF THE
13 DEDUCTIONS SPECIFIED IN PART VI, AT THE RATES IN EFFECT AT THE
14 TRANSFEROR'S DEATH.

15 (2) WHEN THE DECEDENT WAS A NONRESIDENT, THE TAX SHALL BE
16 COMPUTED UPON THE VALUE OF REAL PROPERTY AND TANGIBLE PERSONAL
17 PROPERTY HAVING ITS SITUS IN THIS COMMONWEALTH, IN EXCESS OF
18 UNPAID PROPERTY TAXES ASSESSED ON THE PROPERTY AND ANY
19 INDEBTEDNESS FOR WHICH IT IS LIENED, MORTGAGED OR PLEDGED, AT
20 THE RATES IN EFFECT AT THE TRANSFEROR'S DEATH. THE PERSON LIABLE
21 TO MAKE THE RETURN UNDER SECTION 2136 MAY ELECT TO HAVE THE TAX
22 COMPUTED AS IF THE DECEDENT WAS A RESIDENT AND HIS ENTIRE ESTATE
23 WAS PROPERTY HAVING ITS SITUS IN THIS COMMONWEALTH AND THE TAX
24 DUE SHALL BE THE AMOUNT WHICH BEARS THE SAME RATIO TO THE TAX
25 THUS COMPUTED AS THE REAL PROPERTY AND TANGIBLE PERSONAL
26 PROPERTY LOCATED IN THIS COMMONWEALTH BEARS TO THE ENTIRE ESTATE
27 OF THE DECEDENT.

28 (C) WHEN ANY PERSON ENTITLED TO A DISTRIBUTIVE SHARE OF AN
29 ESTATE, WHETHER UNDER AN INTER VIVOS TRUST, A WILL OR THE
30 INTESTATE LAW, RENOUNCES HIS RIGHT TO RECEIVE THE DISTRIBUTIVE

1 SHARE RECEIVING THEREFOR NO CONSIDERATION, OR EXERCISES HIS
2 ELECTIVE RIGHTS UNDER 20 PA.C.S. CH. 22 (RELATING TO ELECTIVE
3 SHARE OF SURVIVING SPOUSE) RECEIVING THEREFOR NO CONSIDERATION
4 OTHER THAN THE INTEREST IN ASSETS PASSING TO HIM AS THE ELECTING
5 SPOUSE, THE TAX SHALL BE COMPUTED AS THOUGH THE PERSONS WHO
6 BENEFIT BY SUCH RENUNCIATION OR ELECTION WERE ORIGINALLY
7 DESIGNATED TO BE THE DISTRIBUTEES, CONDITIONED UPON AN
8 ADJUDICATION OR DECREE OF DISTRIBUTION EXPRESSLY CONFIRMING
9 DISTRIBUTION TO SUCH DISTRIBUTEES. THE RENUNCIATION SHALL BE
10 MADE WITHIN NINE MONTHS AFTER THE DEATH OF THE DECEDENT OR, IN
11 THE CASE OF A SURVIVING SPOUSE, WITHIN THE TIME FOR ELECTION AND
12 ANY EXTENSION THEREOF UNDER 20 PA.C.S. § 2210(B) (RELATING TO
13 PROCEDURE FOR ELECTION; TIME LIMIT). NOTICE OF THE FILING OF THE
14 ACCOUNT AND OF ITS CALL FOR AUDIT OR CONFIRMATION SHALL INCLUDE
15 NOTICE OF THE RENUNCIATION OR ELECTION TO THE DEPARTMENT. WHEN
16 AN UNCONDITIONAL VESTING OF A FUTURE INTEREST DOES NOT OCCUR AT
17 THE DECEDENT'S DEATH, THE RENUNCIATION SPECIFIED IN THIS
18 SUBSECTION OF THE FUTURE INTEREST MAY BE MADE WITHIN THREE
19 MONTHS AFTER THE OCCURRENCE OF THE EVENT OR CONTINGENCY WHICH
20 RESOLVES THE VESTING OF THE INTEREST IN POSSESSION AND
21 ENJOYMENT.

22 (D) IN CASE OF A COMPROMISE OF A DISPUTE REGARDING RIGHTS
23 AND INTERESTS OF TRANSFEREES, MADE IN GOOD FAITH, THE TAX SHALL
24 BE COMPUTED AS THOUGH THE PERSONS SO RECEIVING DISTRIBUTION WERE
25 ORIGINALLY ENTITLED TO IT AS TRANSFEREES OF THE PROPERTY
26 RECEIVED IN THE COMPROMISE, CONDITIONED UPON AN ADJUDICATION OR
27 DECREE OF DISTRIBUTION EXPRESSLY CONFIRMING DISTRIBUTION TO SUCH
28 DISTRIBUTEES. NOTICE OF THE FILING OF THE ACCOUNT AND OF ITS
29 CALL FOR AUDIT OR CONFIRMATION SHALL INCLUDE NOTICE TO THE
30 DEPARTMENT.

1 (E) IF THE RATE OF TAX WHICH WILL BE APPLICABLE WHEN A
2 FUTURE INTEREST VESTS IN POSSESSION AND ENJOYMENT CANNOT BE
3 ESTABLISHED WITH CERTAINTY, THE DEPARTMENT, AFTER CONSIDERATION
4 OF RELEVANT ACTUARIAL FACTORS, VALUATIONS AND OTHER PERTINENT
5 CIRCUMSTANCES, MAY ENTER INTO AN AGREEMENT WITH THE PERSON
6 RESPONSIBLE FOR PAYMENT TO ESTABLISH A SPECIFIED AMOUNT OF TAX
7 WHICH, WHEN PAID WITHIN SIXTY DAYS AFTER THE AGREEMENT, SHALL
8 CONSTITUTE FULL PAYMENT OF ALL TAX OTHERWISE DUE UPON SUCH
9 TRANSFER.

10 (F) PROPERTY SUBJECT TO A POWER OF APPOINTMENT, WHETHER OR
11 NOT THE POWER IS EXERCISED AND NOTWITHSTANDING ANY BLENDING OF
12 THE PROPERTY WITH THE PROPERTY OF THE DONEE, SHALL BE TAXED ONLY
13 AS PART OF THE ESTATE OF THE DONOR.

14 SECTION 2117. ESTATE TAX.--(A) IN THE EVENT THAT A FEDERAL
15 ESTATE TAX IS PAYABLE TO THE UNITED STATES ON THE ESTATE OF A
16 DECEDENT WHO WAS A RESIDENT OF THIS COMMONWEALTH AT THE TIME OF
17 HIS DEATH AND THE INHERITANCE TAX, IF ANY, PAID TO THE
18 COMMONWEALTH (DISREGARDING INTEREST OR THE AMOUNT OF ANY
19 DISCOUNT ALLOWED UNDER SECTION 2142), PLUS THE DEATH TAXES (NOT
20 INCLUDING ANY DEATH TAX EXPRESSLY IMPOSED TO RECEIVE THE BENEFIT
21 OF THE CREDIT FOR STATE DEATH TAXES ALLOWED BY THE FEDERAL
22 ESTATE TAX LAW) PAID TO OTHER STATES OR TERRITORIES IN RESPECT
23 TO THE PROPERTY OF THE DECEDENT, IS LESS THAN THE MAXIMUM CREDIT
24 FOR STATE TAXES ALLOWED BY THE FEDERAL ESTATE TAX LAW, A TAX
25 EQUAL TO THE DIFFERENCE IS IMPOSED.

26 (B) IN THE EVENT THAT A FEDERAL ESTATE TAX IS PAYABLE TO THE
27 UNITED STATES ON THE ESTATE OF A DECEDENT WHO WAS NOT A RESIDENT
28 OF THE UNITED STATES OR ITS TERRITORIES AT THE TIME OF HIS DEATH
29 AND THE INHERITANCE TAX, IF ANY, PAID TO THE COMMONWEALTH
30 (DISREGARDING INTEREST OR THE AMOUNT OF ANY DISCOUNT ALLOWED

1 UNDER SECTION 2142) IS LESS THAN THE MAXIMUM CREDIT FOR STATE
2 TAXES ALLOWED BY THE FEDERAL ESTATE TAX LAW, A TAX IS HEREBY
3 IMPOSED, TO BE COMPUTED BY DEDUCTING THE PENNSYLVANIA
4 INHERITANCE TAX, IF ANY, PAID FROM AN AMOUNT WHICH BEARS THE
5 SAME RATIO TO THE MAXIMUM CREDIT FOR STATE TAXES ALLOWED BY THE
6 FEDERAL ESTATE TAX LAW, AS THE TRANSFER OF PROPERTY SUBJECT TO
7 INHERITANCE TAX AND INCLUDED IN THE DECEDENT'S GROSS ESTATE FOR
8 FEDERAL ESTATE TAX PURPOSES BEARS TO THE DECEDENT'S GROSS ESTATE
9 LOCATED WITHIN THE UNITED STATES AND ITS TERRITORIES FOR FEDERAL
10 ESTATE TAX PURPOSES.

11 (C) WHEN AN INHERITANCE TAX IS IMPOSED AFTER AN ESTATE TAX
12 IMPOSED UNDER SUBSECTION (A) OR (B) HAS BEEN PAID, THE ESTATE
13 TAX PAID SHALL BE CREDITED AGAINST ANY INHERITANCE TAX LATER
14 IMPOSED.

15 PART V

16 VALUATION

17 SECTION 2121. VALUATION.--(A) EXCEPT AS OTHERWISE PROVIDED
18 IN THIS PART, THE VALUATION DATE SHALL BE THE DATE OF THE
19 TRANSFEROR'S DEATH. WHEN THE TRANSFER WAS MADE DURING LIFETIME
20 AND WAS NOT IN TRUST, THE PROPERTY TRANSFERRED SHALL BE VALUED
21 AT THE TRANSFEROR'S DEATH. WHEN THE TRANSFER WAS TO AN INTER
22 VIVOS TRUST, THE PROPERTY TO BE VALUED SHALL BE THAT COMPRISING
23 THE PORTION OF THE TRUST, IF ANY, WHICH EXISTS AT THE
24 TRANSFEROR'S DEATH AND WHICH PORTION IS TRACEABLE FROM PROPERTY
25 THE TRANSFER OF WHICH IS SUBJECT TO TAX UNDER THIS ARTICLE.

26 (B) THE VALUE OF A LIFE INTEREST SHALL BE DETERMINED IN
27 ACCORDANCE WITH RULES AND REGULATIONS PROMULGATED BY THE
28 DEPARTMENT. UNTIL THE PROMULGATION OF RULES AND REGULATIONS TO
29 THE CONTRARY, THE REGULATIONS IN EFFECT FOR FEDERAL ESTATE TAX
30 PURPOSES SHALL APPLY.

1 (C) THE VALUE OF AN INTEREST FOR A TERM CERTAIN SHALL BE
2 DETERMINED IN ACCORDANCE WITH RULES AND REGULATIONS PROMULGATED
3 BY THE DEPARTMENT. UNTIL THE PROMULGATION OF RULES AND
4 REGULATIONS TO THE CONTRARY, THE REGULATIONS IN EFFECT FOR
5 FEDERAL ESTATE TAX PURPOSES SHALL APPLY.

6 (D) IF AN ANNUITY OR A LIFE ESTATE IS TERMINATED BY THE
7 DEATH OF THE ANNUITANT OR LIFE TENANT OR BY THE HAPPENING OF A
8 CONTINGENCY WITHIN NINE MONTHS AFTER THE DEATH OF THE
9 TRANSFEROR, THE VALUE OF THE ANNUITY OR ESTATE SHALL BE THE
10 VALUE, AT THE DATE OF THE TRANSFEROR'S DEATH, OF THE AMOUNT OF
11 THE ANNUITY OR INCOME ACTUALLY PAID OR PAYABLE TO THE ANNUITANT
12 OR LIFE TENANT DURING THE PERIOD HE WAS ENTITLED TO THE ANNUITY
13 OR WAS IN POSSESSION OF THE ESTATE. IF AN APPRAISEMENT OF AN
14 ANNUITY OR LIFE ESTATE HAS BEEN FILED BEFORE THE TERMINATION,
15 THE APPRAISEMENT AND ANY ASSESSMENT BASED ON THE APPRAISEMENT
16 SHALL BE REVISED IN ACCORDANCE WITH THIS SECTION UPON REQUEST OF
17 ANY PARTY IN INTEREST, INCLUDING THE COMMONWEALTH AND THE
18 PERSONAL REPRESENTATIVE, INsofar AS THE APPRAISEMENT AND ANY
19 ASSESSMENT BASED ON THE APPRAISEMENT RELATES TO THE VALUATION OF
20 THE TERMINATED ANNUITY OR LIFE ESTATE, WITHOUT THE NECESSITY OF
21 THE PARTY IN INTEREST FOLLOWING ANY PROCEDURE DESCRIBED IN PART
22 XI.

23 (E) THE VALUE OF A FUTURE INTEREST SHALL BE DETERMINED IN
24 ACCORDANCE WITH RULES AND REGULATIONS PROMULGATED BY THE
25 DEPARTMENT. UNTIL THE PROMULGATION OF RULES AND REGULATIONS TO
26 THE CONTRARY, THE REGULATIONS IN EFFECT FOR FEDERAL ESTATE TAX
27 PURPOSES SHALL APPLY.

28 (F) WHEN A DECEDENT'S PROPERTY IS SUBJECT, DURING HIS
29 LIFETIME AND AT THE TIME OF HIS DEATH, TO A BINDING OPTION OR
30 AGREEMENT TO SELL, THE APPRAISED VALUE OF THE PROPERTY SHALL NOT

1 EXCEED THE AMOUNT OF THE ESTABLISHED PRICE PAYABLE FOR IT
2 PROVIDED THE OPTION OR AGREEMENT IS A BONA FIDE ARRANGEMENT AND
3 NOT A DEVICE TO TRANSFER THE PROPERTY FOR LESS THAN AN ADEQUATE
4 AND FULL CONSIDERATION IN MONEY OR MONEY'S WORTH. IF THE OPTION
5 OR AGREEMENT IS NOT EXERCISED AND CONSUMMATED, THE VALUE AT
6 WHICH THE PROPERTY IS APPRAISED SHALL NOT BE LIMITED TO THE
7 ESTABLISHED PRICE PAYABLE FOR THE PROPERTY AND IT SHALL NOT
8 EXCEED THE VALUE OF THE PROPERTY ON THE DATE OF THE TRANSFEROR'S
9 DEATH. WHEN TAX HAS BEEN ASSESSED ON THE BASIS OF AN ESTABLISHED
10 PRICE AND THE OPTION OR AGREEMENT IS NOT EXERCISED AND
11 CONSUMMATED OR AN AMOUNT GREATER THAN THE ESTABLISHED PRICE IS
12 RECEIVED FOR THE PROPERTY, THE FIDUCIARY OR TRANSFEREE SHALL
13 FILE A SUPPLEMENTAL RETURN REPORTING THE FACTS.

14 SECTION 2122. VALUATION OF CERTAIN FARMLAND.--(A) THE
15 FOLLOWING WORDS AND PHRASES WHEN USED IN THIS SECTION, SHALL
16 HAVE THE MEANING ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE
17 THE CONTEXT CLEARLY INDICATES A DIFFERENT MEANING:

18 "AGRICULTURAL COMMODITY." ANY AND ALL PLANT AND ANIMAL
19 PRODUCTS INCLUDING CHRISTMAS TREES PRODUCED IN THIS COMMONWEALTH
20 FOR COMMERCIAL PURPOSES.

21 "AGRICULTURAL RESERVE." NONCOMMERCIAL OPEN SPACE LANDS USED
22 FOR OUTDOOR RECREATION OR THE ENJOYMENT OF SCENIC OR NATURAL
23 BEAUTY AND OPEN TO THE PUBLIC FOR SUCH USE, WITHOUT CHARGE OR
24 FEE, ON A NONDISCRIMINATORY BASIS.

25 "AGRICULTURAL USE." USE OF THE LAND FOR THE PURPOSE OF
26 PRODUCING AN AGRICULTURAL COMMODITY OR WHEN DEVOTED TO AND
27 MEETING THE REQUIREMENTS AND QUALIFICATIONS FOR PAYMENTS OR
28 OTHER COMPENSATION PURSUANT TO A SOIL CONSERVATION PROGRAM UNDER
29 AN AGREEMENT WITH AN AGENCY OF THE FEDERAL GOVERNMENT.

30 "FOREST RESERVE." LAND, TEN ACRES OR MORE, STOCKED BY FOREST

TREES OF ANY SIZE AND CAPABLE OF PRODUCING TIMBER OR OTHER WOOD PRODUCTS.

"SEPARATION." A DIVISION, BY CONVEYANCE OR OTHER ACTION OF THE OWNER, OF LANDS DEVOTED TO AGRICULTURAL USE, AGRICULTURAL RESERVE OR FOREST RESERVE AND PREFERENTIALLY ASSESSED UNDER THE PROVISIONS OF THIS SECTION INTO TWO OR MORE TRACTS OF LAND WHICH CONTINUE TO BE AGRICULTURAL USE, AGRICULTURAL RESERVE OR FOREST RESERVE AND ALL TRACTS SO FORMED MEET THE REQUIREMENTS OF SECTION 3 OF THE ACT OF DECEMBER 19, 1974 (P.L.973, NO.319), KNOWN AS THE "PENNSYLVANIA FARMLAND AND FOREST LAND ASSESSMENT ACT OF 1974."

"SPLIT-OFF." A DIVISION, BY CONVEYANCE OR OTHER ACTION OF THE OWNER, OF LANDS DEVOTED TO AGRICULTURAL USE, AGRICULTURAL RESERVE OR FOREST RESERVE AND PREFERENTIALLY ASSESSED UNDER THE PROVISIONS OF THIS SECTION INTO TWO OR MORE TRACTS OF LAND, THE USE OF WHICH ON ONE OR MORE OF SUCH TRACTS DOES NOT MEET THE REQUIREMENTS OF SECTION 3 OF THE "PENNSYLVANIA FARMLAND AND FOREST LAND ASSESSMENT ACT OF 1974."

(B) (1) THE VALUE FOR TRANSFER INHERITANCE TAX PURPOSES OF LAND OR AN INTEREST IN LAND WHICH IS OWNED BY A DECEDENT AND DEVOTED TO AGRICULTURAL USE, AGRICULTURAL RESERVE OR FOREST RESERVE SHALL BE THAT VALUE WHICH SUCH LAND HAS FOR ITS PARTICULAR USE IF IT ALSO MEETS THE FOLLOWING CONDITIONS:

(I) IN THE CASE OF LAND DEVOTED TO AGRICULTURAL USE, THE LAND WAS DEVOTED TO SUCH AGRICULTURAL USE FOR THE THREE YEARS PRECEDING THE DEATH OF SUCH DECEDENT AND IS NOT LESS THAN TEN CONTIGUOUS ACRES IN AREA OR HAS AN ANTICIPATED YEARLY GROSS INCOME DERIVED FROM AGRICULTURAL USE OF TWO THOUSAND DOLLARS (\$2,000);

(II) IN THE CASE OF LAND DEVOTED TO AGRICULTURAL RESERVE,

1 THE LAND IS NOT LESS THAN TEN CONTIGUOUS ACRES IN AREA;

2 (III) IN THE CASE OF LAND PRESENTLY DEVOTED TO FOREST
3 RESERVE, THE LAND IS NOT LESS THAN TEN CONTIGUOUS ACRES IN AREA;
4 OR

5 (IV) THE CONTIGUOUS TRACT OF LAND FOR WHICH APPLICATION IS
6 MADE IS NOT LESS THAN THE ENTIRE CONTIGUOUS AREA OF THE OWNER
7 USED FOR AGRICULTURAL USE, AGRICULTURAL RESERVE OR FOREST
8 RESERVE PURPOSES.

9 (2) IN DETERMINING THE VALUE OF LAND IN AGRICULTURAL USE,
10 AGRICULTURAL RESERVE OR FOREST RESERVE FOR ITS PARTICULAR USE,
11 CONSIDERATION SHALL BE GIVEN TO AVAILABLE EVIDENCE OF SUCH
12 LAND'S CAPABILITY FOR ITS PARTICULAR USE AS DERIVED FROM THE
13 SOIL SURVEY AT THE PENNSYLVANIA STATE UNIVERSITY, THE NATIONAL
14 COOPERATIVE SOIL SURVEY, THE UNITED STATES CENSUS OF
15 AGRICULTURAL CATEGORIES OF LAND USE CLASSES AND OTHER EVIDENCE
16 OF THE CAPABILITY OF THE LAND DEVOTED TO SUCH USE AND ALSO, IF
17 THE LAND IS ASSESSED UNDER THE PROVISIONS OF THE "PENNSYLVANIA
18 FARMLAND AND FOREST LAND ASSESSMENT ACT OF 1974," TO THE
19 VALUATION DETERMINED BY THE LOCAL COUNTY ASSESSOR THEREUNDER.

20 (C) (1) IF ANY TRACT OF LAND IN AGRICULTURAL USE,
21 AGRICULTURAL RESERVE OR FOREST RESERVE, WHICH IS VALUED FOR
22 INHERITANCE TAX PURPOSES UNDER THE PROVISIONS OF THIS PART, IS
23 APPLIED TO A USE OTHER THAN AGRICULTURAL USE, AGRICULTURAL
24 RESERVE OR FOREST RESERVE OR FOR ANY OTHER REASON, EXCEPT
25 CONDEMNATION THEREOF, IS REMOVED FROM THE CATEGORY OF LAND
26 PREFERENTIALLY VALUED UNDER THIS PART WITHIN SEVEN YEARS
27 FOLLOWING THE DEATH OF SUCH DECEDENT, THE OWNER AT SUCH TIME THE
28 LAND IS SO REMOVED SHALL BE SUBJECT AND LIABLE TO TAX DUE THE
29 COMMONWEALTH IN AN AMOUNT EQUAL TO THE DIFFERENCE, IF ANY,
30 BETWEEN THE TAXES PAID OR PAYABLE ON THE BASIS OF THE VALUATION

1 AUTHORIZED UNDER THIS SECTION AND THE TAXES THAT WOULD HAVE BEEN
2 PAID OR PAYABLE HAD THAT LAND BEEN VALUED AND TAXED ON THE BASIS
3 OF ITS MARKET VALUE AT THE DEATH OF THE DECEDENT, PLUS INTEREST
4 THEREON FOR THE PERIOD FROM THE DATE OF DEATH TO THE CHANGE OF
5 USE AT THE RATE ESTABLISHED IN SECTION 2143.

6 (2) THE TAX SHALL BE A LIEN UPON THE PROPERTY IN FAVOR OF
7 THE COMMONWEALTH, COLLECTIBLE IN THE MANNER PROVIDED BY LAW FOR
8 THE COLLECTION OF DELINQUENT REAL ESTATE TAXES, AS WELL AS THE
9 PERSONAL OBLIGATION OF THE OWNER AT THE TIME OF SUCH CHANGE OF
10 USE. THE TAX SHALL BECOME DUE ON THE DATE OF CHANGE OF USE.

11 (3) EVERY OWNER OF LAND PREFERENTIALLY VALUED UNDER THIS
12 SECTION SHALL NOTIFY THE REGISTER OF WILLS OF THE COUNTY OR
13 COUNTIES IN WHICH THE LAND IS LOCATED OF ANY CHANGE OR PROPOSED
14 CHANGE IN THE USE OF THE LAND. ANY OWNER FAILING TO MAKE
15 NOTIFICATION COMMITS A MISDEMEANOR OF THE THIRD DEGREE.

16 (D) (1) THE SPLIT-OFF OF A PART OF THE LAND WHICH HAS BEEN
17 VALUED, ASSESSED AND TAXED UNDER THIS ARTICLE FOR A USE OTHER
18 THAN AGRICULTURAL USE, AGRICULTURAL RESERVE OR FOREST RESERVE
19 WITHIN THE SEVEN-YEAR PERIOD PROVIDED FOR BY SUBSECTION (C)
20 SHALL, EXCEPT WHEN THE SPLIT-OFF OCCURS THROUGH CONDEMNATION,
21 SUBJECT THE LAND DIVIDED AND THE ENTIRE PARCEL FROM WHICH THE
22 LAND WAS DIVIDED TO LIABILITY FOR TAXES AS OTHERWISE SET FORTH
23 IN THIS ARTICLE EXCEPT AS PROVIDED IN SUBCLAUSE (2).

24 (2) THE OWNER OF PROPERTY SUBJECT TO A PREFERENTIAL TAX
25 ASSESSMENT MAY SPLIT-OFF LAND COVERED BY THE PREFERENTIAL TAX
26 ASSESSMENT WITHIN THE SEVEN-YEAR PERIOD. THE TRACT OF LAND SO
27 SPLIT-OFF SHALL NOT EXCEED TWO ACRES ANNUALLY AND MAY ONLY BE
28 USED FOR RESIDENTIAL USE, AGRICULTURAL USE, AGRICULTURAL RESERVE
29 OR FOREST RESERVE AND THE CONSTRUCTION OF A RESIDENTIAL DWELLING
30 TO BE OCCUPIED BY THE PERSON TO WHOM THE LAND IS TRANSFERRED.

1 THE TOTAL PARCEL OR PARCELS OF LAND SPLIT-OFF UNDER THE
2 PROVISIONS OF THIS SUBSECTION SHALL NOT EXCEED TEN PER CENT OR
3 TEN ACRES, WHICHEVER IS LESS, OF THE ENTIRE TRACT SUBJECT TO THE
4 PREFERENTIAL TAX ASSESSMENT. THE SPLIT-OFF OF A PARCEL OF LAND
5 WHICH MEETS THE REQUIREMENTS OF THIS SUBSECTION SHALL NOT
6 INVALIDATE THE PREFERENTIAL TAX ASSESSMENT IF IT CONTINUES TO
7 MEET THE REQUIREMENTS OF SUBSECTION (B).

8 (3) THE OWNER OF PROPERTY SUBJECT TO A PREFERENTIAL USE
9 ASSESSMENT MAY SEPARATE LAND COVERED BY THE PREFERENTIAL USE
10 ASSESSMENT. THE SEPARATION SHALL NOT INVALIDATE THE PREFERENTIAL
11 TAX ASSESSMENT UNLESS A SUBSEQUENT ABANDONMENT OF PREFERENTIAL
12 USE OCCURS WITHIN SEVEN YEARS OF THE SEPARATION. THE ABANDONMENT
13 SHALL SUBJECT THE ENTIRE TRACT OF LAND SEPARATED TO LIABILITY
14 FOR TAXES, WHICH ARE TO BE PAID BY THE PERSON CHANGING THE USE,
15 AS SET FORTH IN THIS ARTICLE.

16 (4) WHEN PROPERTY SUBJECT TO PREFERENTIAL TAX ASSESSMENT IS
17 SEPARATED AMONG THE BENEFICIARIES TAXED UNDER SUBSECTION (A)(1)
18 OF SECTION 2116, A SUBSEQUENT CHANGE WITHIN THE SEVEN-YEAR
19 PERIOD PROVIDED FOR IN SUBSECTION (B) IN THE USE OF ONE
20 BENEFICIARY'S PORTION OF THE PROPERTY SHALL SUBJECT ONLY THAT
21 TRACT HELD BY THE BENEFICIARY WHO CHANGES THE USE TO LIABILITY
22 UNDER THIS ARTICLE.

23 PART VI

24 DEDUCTIONS

25 SECTION 2126. DEDUCTIONS GENERALLY.--THE ONLY DEDUCTIONS
26 FROM THE VALUE OF THE PROPERTY TRANSFERRED SHALL BE THOSE SET
27 FORTH IN THIS PART. EXCEPT AS OTHERWISE PROVIDED IN THIS
28 ARTICLE, THEY SHALL BE DEDUCTIBLE REGARDLESS OF WHETHER OR NOT
29 ASSETS COMPRISING THE DECEDENT'S TAXABLE ESTATE ARE EMPLOYED IN
30 THE PAYMENT OR DISCHARGE OF THE DEDUCTIBLE ITEMS. WHEN A TAX IS

1 IMPOSED UPON A TRANSFER DESCRIBED IN SUBSECTION (C) OF SECTION
2 2107 AND SECTION 2108, THE DEDUCTIONS SHALL BE ALLOWED TO THE
3 TRANSFeree ONLY TO THE EXTENT THAT THE TRANSFeree HAS ACTUALLY
4 PAID THE DEDUCTIBLE ITEMS AND EITHER THE TRANSFeree WAS LEGALLY
5 OBLIGATED TO PAY THE DEDUCTIBLE ITEMS OR THE ESTATE SUBJECT TO
6 ADMINISTRATION BY A PERSONAL REPRESENTATIVE IS INSUFFICIENT TO
7 PAY THE DEDUCTIBLE ITEMS.

8 SECTION 2127. EXPENSES.--(A) THE FOLLOWING EXPENSES MAY BE
9 DEDUCTED FROM THE VALUE OF THE PROPERTY TRANSFERRED.

10 (B) ADMINISTRATION EXPENSES. ALL REASONABLE EXPENSES OF
11 ADMINISTRATION OF THE DECEDENT'S ESTATE AND OF THE ASSETS
12 INCLUDABLE IN THE DECEDENT'S TAXABLE ESTATE ARE DEDUCTIBLE.

13 (C) BEQUEST TO FIDUCIARY OR ATTORNEY IN LIEU OF FEES. A
14 TRANSFER TO AN EXECUTOR, TRUSTEE OR ATTORNEY IN LIEU OF
15 COMPENSATION FOR SERVICES IS DEDUCTIBLE TO THE EXTENT IT DOES
16 NOT EXCEED REASONABLE COMPENSATION FOR THE SERVICES TO BE
17 PERFORMED.

18 (D) FAMILY EXEMPTION. THE FAMILY EXEMPTION IS DEDUCTIBLE.

19 (E) FUNERAL AND BURIAL EXPENSES. REASONABLE AND CUSTOMARY
20 FUNERAL EXPENSES, INCLUDING THE COST OF A FAMILY BURIAL LOT OR
21 OTHER RESTING PLACE, ARE DEDUCTIBLE.

22 (F) TOMBSTONES AND GRAVEMARKERS. REASONABLE AND CUSTOMARY
23 EXPENSES FOR THE PURCHASE AND ERECTION OF A MONUMENT, GRAVESTONE
24 OR MARKER ON DECEDENT'S BURIAL LOT OR FINAL RESTING PLACE ARE
25 DEDUCTIBLE.

26 (G) BURIAL TRUSTS OR CONTRACTS. BEQUESTS OR DEVISES IN
27 TRUST, OR FUNDS PLACED IN TRUST AFTER DECEDENT'S DEATH, OR FUNDS
28 PAID UNDER A CONTRACT AFTER DECEDENT'S DEATH, IN REASONABLE
29 AMOUNTS, TO THE EXTENT THAT THE FUNDS OR INCOME FROM THE FUNDS
30 IS TO BE APPLIED TO THE CARE AND PRESERVATION OF THE FAMILY

1 BURIAL LOT OR OTHER FINAL RESTING PLACE IN WHICH THE DECEDENT IS
2 BURIED OR THE REMAINS OF THE DECEDENT REPOSE AND THE STRUCTURE
3 ON THE BURIAL LOT OR OTHER FINAL RESTING PLACE, ARE DEDUCTIBLE.

4 (H) BEQUESTS FOR RELIGIOUS SERVICES. BEQUESTS IN REASONABLE
5 AMOUNTS FOR THE PERFORMANCE OR CELEBRATION OF RELIGIOUS RITES,
6 RITUALS, SERVICES OR CEREMONIES, IN CONSEQUENCE OF THE DEATH OF
7 THE DECEDENT, SHALL BE DEDUCTIBLE.

8 SECTION 2128. TAXES.--(A) THE FOLLOWING TAXES MAY BE
9 DEDUCTED FROM THE VALUE OF THE PROPERTY TRANSFERRED:

10 (B) PROPERTY TAXES. TAXES IMPOSED AGAINST THE DECEDENT OR
11 AGAINST ANY PROPERTY CONSTITUTING A PART OF DECEDENT'S GROSS
12 TAXABLE ESTATE, AND WHICH ARE OWING PRIOR TO DECEDENT'S DEATH,
13 ARE DEDUCTIBLE. HOWEVER, TAXES FOR WHICH DECEDENT IS NOT
14 PERSONALLY LIABLE SHALL NOT BE DEDUCTIBLE IN AN AMOUNT EXCEEDING
15 THE VALUE OF THE PROPERTY AGAINST WHICH THE TAXES ARE LIENED.

16 (C) STATE AND FOREIGN DEATH TAXES. DEATH TAXES OTHER THAN
17 THE FEDERAL ESTATE TAX, DISREGARDING INTEREST AND PENALTY, PAID
18 TO OTHER STATES AND TERRITORIES OF THE UNITED STATES AND TO
19 TAXING JURISDICTIONS OUTSIDE THE UNITED STATES AND ITS
20 TERRITORIES ON ASSETS, THE TRANSFER OF WHICH IS SUBJECT TO TAX
21 UNDER THIS ARTICLE, IF THE TAXES ARE REQUIRED TO BE PAID TO
22 BRING THE ASSETS INTO THIS COMMONWEALTH, OR TO TRANSFER THEM TO
23 THE NEW OWNER, ARE DEDUCTIBLE.

24 SECTION 2129. LIABILITIES.--(A) ALL LIABILITIES OF THE
25 DECEDENT SHALL BE DEDUCTIBLE SUBJECT TO THE LIMITATIONS SET
26 FORTH IN THIS SECTION.

27 (B) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (H) AND (I),
28 THE DEDUCTIONS FOR INDEBTEDNESS OF THE DECEDENT, WHEN FOUNDED
29 UPON A PROMISE OR AGREEMENT, SHALL BE LIMITED TO THE EXTENT THAT
30 IT WAS CONTRACTED BONA FIDE AND FOR AN ADEQUATE AND FULL

1 CONSIDERATION IN MONEY OR MONEY'S WORTH.

2 (C) EXCEPT AS PROVIDED BY SUBSECTION (4) OF SECTION 2130,
3 INDEBTEDNESS OWING BY THE DECEDENT UPON A SECURED LOAN IS
4 DEDUCTIBLE WHETHER OR NOT THE SECURITY IS A PART OF THE GROSS
5 TAXABLE ESTATE.

6 (D) EXCEPT AS PROVIDED BY SUBSECTION (4) OF SECTION 2130,
7 THE DECEDENT'S LIABILITY (NET OF ALL COLLECTIBLE CONTRIBUTION)
8 ON A JOINT OBLIGATION IS DEDUCTIBLE WHETHER OR NOT PAYMENT OF
9 THE OBLIGATION IS SECURED BY ENTIRETIES PROPERTY OR PROPERTY
10 WHICH PASSES TO ANOTHER UNDER THE RIGHT OF SURVIVORSHIP.

11 (E) INDEBTEDNESS ARISING FROM A CONTRACT FOR THE SUPPORT OF
12 THE DECEDENT IS DEDUCTIBLE.

13 (F) DECEDENT'S OBLIGATION IS DEDUCTIBLE WHETHER OR NOT
14 DISCHARGED BY TESTAMENTARY GIFT.

15 (G) DECEDENT'S DEBT, WHICH IS UNENFORCEABLE BECAUSE OF ANY
16 STATUTE OF LIMITATIONS, IS DEDUCTIBLE IF PAID BY THE ESTATE.

17 (H) A PLEDGE TO A TRANSFEREE EXEMPT UNDER THE PROVISIONS OF
18 SUBSECTION (C) OF SECTION 2111 IS DEDUCTIBLE IF PAID BY THE
19 ESTATE, WHETHER OR NOT IT IS LEGALLY ENFORCEABLE.

20 (I) LIABILITIES ARISING FROM THE DECEDENT'S TORT OR FROM
21 DECEDENT'S STATUS AS AN ACCOMMODATION ENDORSER, GUARANTOR OR
22 SURETY ARE DEDUCTIBLE, EXCEPT TO THE EXTENT THAT IT CAN BE
23 REASONABLY ANTICIPATED THAT DECEDENT'S ESTATE WILL BE EXONERATED
24 OR REIMBURSED BY OTHERS PRIMARILY LIABLE OR SUBJECT TO
25 CONTRIBUTION.

26 (J) THE FACT THAT A SURVIVING SPOUSE IS LEGALLY LIABLE AND
27 FINANCIALLY ABLE TO PAY ANY ITEM WHICH, IF THE DECEASED SPOUSE
28 WERE UNMARRIED, WOULD QUALIFY AS A DEDUCTION UNDER THIS PART
29 SHALL NOT RESULT IN THE DISALLOWANCE OF SUCH ITEM AS A
30 DEDUCTION.

1 (K) OBLIGATIONS FOR DECEDENT'S MEDICAL EXPENSES ARE NOT
2 DEDUCTIBLE TO THE EXTENT DECEDENT'S ESTATE WILL BE EXONERATED OR
3 REIMBURSED FOR SUCH EXPENSES FROM OTHER SOURCES.

4 SECTION 2130. DEDUCTIONS NOT ALLOWED.--THE FOLLOWING ARE NOT
5 DEDUCTIBLE:

6 (1) THE VALUE OF ASSETS CLAIMED FOR THE SPOUSE'S ALLOWANCE
7 UNDER 20 PA.C.S. § 2102 (RELATING TO SHARE OF SURVIVING SPOUSE).

8 (2) CLAIMS OF A FORMER OR SURVIVING SPOUSE, OR OTHERS, UNDER
9 AN AGREEMENT BETWEEN THE FORMER OR SURVIVING SPOUSE AND THE
10 DECEDENT, INsofar AS THEY ARISE IN CONSIDERATION OF A
11 RELINQUISHMENT OR PROMISED RELINQUISHMENT OF MARITAL OR SUPPORT
12 RIGHTS.

13 (3) LITIGATION EXPENSES OF BENEFICIARIES.

14 (4) INDEBTEDNESS SECURED BY REAL PROPERTY, OR TANGIBLE
15 PERSONAL PROPERTY, ALL OF WHICH HAS ITS SITUS OUTSIDE OF THIS
16 COMMONWEALTH, EXCEPT TO THE EXTENT THE INDEBTEDNESS EXCEEDS THE
17 VALUE OF THE PROPERTY.

18 PART VII

19 PAYMENT OF TAX

20 SECTION 2136. RETURNS.--(A) THE FOLLOWING PERSONS SHALL
21 MAKE A RETURN:

22 (1) THE PERSONAL REPRESENTATIVE OF THE ESTATE OF THE
23 DECEDENT AS TO PROPERTY OF THE DECEDENT ADMINISTERED BY HIM AND
24 ADDITIONAL PROPERTY WHICH IS OR MAY BE SUBJECT TO INHERITANCE
25 TAX OF WHICH HE SHALL HAVE OR ACQUIRE KNOWLEDGE.

26 (2) THE TRANSFEREE OF PROPERTY UPON THE TRANSFER OF WHICH
27 INHERITANCE TAX IS OR MAY BE IMPOSED BY THIS ARTICLE INCLUDING A
28 TRUSTEE OF PROPERTY TRANSFERRED IN TRUST. NO SEPARATE RETURN
29 NEED BE MADE BY THE TRANSFEREE OF PROPERTY INCLUDED IN THE
30 RETURN OF A PERSONAL REPRESENTATIVE.

1 (B) THE INCLUSION OF PROPERTY IN THE RETURN SHALL NOT
2 CONSTITUTE AN ADMISSION THAT ITS TRANSFER IS TAXABLE.

3 (C) ANY PERSON REQUIRED TO FILE A RETURN UNDER SUBSECTION
4 (A) SHALL PROMPTLY FILE A SUPPLEMENTAL RETURN WITH RESPECT TO
5 ADDITIONAL ASSETS AND TRANSFERS WHICH COME TO HIS KNOWLEDGE
6 AFTER THE ORIGINAL RETURN HAS BEEN FILED.

7 (D) THE RETURNS REQUIRED BY SUBSECTION (A) SHALL BE FILED
8 WITHIN NINE MONTHS AFTER THE DEATH OF THE DECEDENT. AT ANY TIME
9 PRIOR TO THE EXPIRATION OF THE NINE-MONTH PERIOD, THE
10 DEPARTMENT, IN ITS DISCRETION, MAY GRANT AN EXTENSION OF THE
11 TIME FOR FILING A RETURN FOR AN ADDITIONAL PERIOD OF SIX MONTHS.

12 (E) THE RETURNS REQUIRED BY SUBSECTIONS (A) AND (C) SHALL BE
13 MADE IN THE FORM PRESCRIBED BY THE DEPARTMENT.

14 (F) WHEN THE DECEDENT WAS A RESIDENT, THE RETURNS SHALL BE
15 FILED WITH THE REGISTER. WHEN THE DECEDENT WAS A NONRESIDENT,
16 THE RETURNS SHALL BE FILED WITH THE REGISTER WHO ISSUED LETTERS,
17 IF ANY, IN THIS COMMONWEALTH; OTHERWISE, THE RETURNS SHALL BE
18 FILED WITH THE DEPARTMENT.

19 SECTION 2137. APPRAISEMENT.--THE DEPARTMENT SHALL HAVE
20 SUPERVISION OVER, AND MAKE OR CAUSE TO BE MADE, FAIR AND
21 CONSCIONABLE APPRAISEMENTS OF PROPERTY THE TRANSFER OF WHICH IS
22 SUBJECT TO TAX UNDER THIS ARTICLE. THE APPRAISEMENT, UNLESS
23 SUSPENDED UNTIL AUDIT, SHALL BE MADE WITHIN SIX MONTHS AFTER THE
24 RETURN HAS BEEN FILED AND, IF NOT SO MADE, SHALL BE MADE WITHIN
25 AN ADDITIONAL PERIOD AS THE COURT, UPON APPLICATION OF ANY PARTY
26 IN INTEREST, INCLUDING THE PERSONAL REPRESENTATIVE, SHALL FIX.

27 SECTION 2138. DEDUCTIONS.--THE OFFICIAL WITH WHOM THE RETURN
28 IS REQUIRED BY SUBSECTION (F) OF SECTION 2136 TO BE FILED SHALL
29 DETERMINE THE ALLOWANCE OR DISALLOWANCE OF ALL DEDUCTIONS
30 CLAIMED. THE DETERMINATION, UNLESS SUSPENDED UNTIL AUDIT, SHALL

1 BE MADE WITHIN SIX MONTHS AFTER THE CLAIM FOR ALLOWANCE HAS BEEN
2 FILED AND, IF NOT SO MADE, SHALL BE MADE WITHIN SUCH FURTHER
3 PERIOD AS THE COURT, UPON APPLICATION BY ANY PARTY IN INTEREST,
4 INCLUDING THE PERSONAL REPRESENTATIVE, SHALL FIX. HOWEVER, THE
5 COURT, AT THE REQUEST OF THE FIDUCIARY AT THE AUDIT OF HIS
6 ACCOUNT, MAY DETERMINE AND ALLOW, AS DEDUCTIONS, ALL PROPERLY
7 DEDUCTIBLE CREDITS CLAIMED IN THE ACCOUNT OR ALLOWED AT THE
8 AUDIT WITHOUT REQUIRING THE FILING OF A SEPARATE CLAIM FOR THEM
9 AND THE COURT MAY THEN FIX THE AMOUNT OF THE TAX AND DECREE
10 PAYMENT OF THE TAX. DEDUCTIONS EXCEEDING ONE HUNDRED DOLLARS
11 (\$100) IN THE AGGREGATE SHALL NOT BE ALLOWED BY THE COURT UNLESS
12 THE COMMONWEALTH IS REPRESENTED AT THE AUDIT BY COUNSEL OR
13 UNLESS THERE IS PROOF THAT THE REGISTER HAS HAD AT LEAST THIRTY
14 DAYS NOTICE OF THE CLAIM.

15 SECTION 2139. ASSESSMENT OF TAX.--AFTER THE APPRAISEMENT HAS
16 BEEN MADE AND THE ALLOWANCE OR DISALLOWANCE OF DEDUCTIONS
17 DETERMINED, THE INHERITANCE TAX, AS AFFECTED BY THE COURT'S
18 DETERMINATION OF THE ALLOWANCE OR DISALLOWANCE OF DEDUCTIONS AS
19 PROVIDED IN SECTION 2138, SHALL BE ASSESSED BY THE OFFICIAL WITH
20 WHOM THE RETURN IS REQUIRED TO BE FILED UNDER SUBSECTION (F) OF
21 SECTION 2136. THE ASSESSMENT, UNLESS SUSPENDED UNTIL AUDIT,
22 SHALL BE MADE WITHIN ONE MONTH AFTER THE FILING OF THE
23 APPRAISEMENT OR DETERMINATION OF DEDUCTIONS, WHICHEVER OCCURS
24 LATER, AND, IF NOT SO MADE, SHALL BE MADE WITHIN AN ADDITIONAL
25 PERIOD AS THE COURT, UPON APPLICATION BY ANY PARTY IN INTEREST,
26 INCLUDING THE PERSONAL REPRESENTATIVE, SHALL FIX.

27 SECTION 2140. NOTICE.--THE DEPARTMENT SHALL GIVE, OR CAUSE
28 TO BE GIVEN, NOTICE OF THE FILING OF THE APPRAISEMENT, THE
29 DETERMINATION OF THE ALLOWANCE OR DISALLOWANCE OF DEDUCTIONS AND
30 THE AMOUNT OF TAX ASSESSED, AND ALL SUPPLEMENTS, TO THE PERSONAL

1 REPRESENTATIVE AND TO ANY TRANSFEREE WHO FILED A TAX RETURN OR
2 TO THEIR RESPECTIVE ATTORNEYS.

3 SECTION 2141. FAILURE TO FILE RETURNS NOT A BAR TO
4 ASSESSMENT OF TAX.--FAILURE TO FILE A RETURN OF A TAXABLE
5 TRANSFER SHALL NOT BAR THE MAKING OF AN APPRAISEMENT OR
6 SUPPLEMENTAL APPRAISEMENT OR ASSESSMENT OF TAX OR SUPPLEMENTAL
7 ASSESSMENT OF TAX BASED UPON TAXABLE TRANSFERS NOT RETURNED
8 UNDER THE PROVISIONS OF THIS ARTICLE.

9 SECTION 2142. PAYMENT DATE AND DISCOUNT.--INHERITANCE TAX IS
10 DUE AT THE DATE OF THE DECEDENT'S DEATH AND SHALL BECOME
11 DELINQUENT AT THE EXPIRATION OF NINE MONTHS AFTER THE DECEDENT'S
12 DEATH. TO THE EXTENT THAT THE INHERITANCE TAX IS PAID WITHIN
13 THREE MONTHS AFTER THE DEATH OF THE DECEDENT, A DISCOUNT OF FIVE
14 PER CENT SHALL BE ALLOWED.

15 SECTION 2143. INTEREST.--IF THE INHERITANCE TAX IS NOT PAID
16 BEFORE THE DATE IT BECOMES DELINQUENT, INTEREST ON THE UNPAID
17 TAX SHALL BE CHARGED AFTER THE DATE OF DELINQUENCY AT THE RATE
18 ESTABLISHED PURSUANT TO SECTION 806 OF THE ACT OF APRIL 9, 1929
19 (P.L.343, NO.176), KNOWN AS "THE FISCAL CODE." WHEN PAYMENT OF
20 INHERITANCE TAX IS NOT MADE BECAUSE OF LITIGATION OR OTHER
21 UNAVOIDABLE CAUSE OF DELAY, AND THE PROPERTY ON WHICH THE TAX
22 HAS BEEN CALCULATED HAS REMAINED IN THE HANDS OF A FIDUCIARY AND
23 HAS NOT PRODUCED A NET INCOME EQUAL TO THE RATE OF INTEREST
24 PROVIDED IN THIS SECTION ANNUALLY, INTEREST FOR SUCH PERIOD
25 SHALL BE CALCULATED AT THE RATE OF THE NET INCOME PRODUCED BY
26 THE PROPERTY. ANY PAYMENT ON DELINQUENT INHERITANCE TAX SHALL BE
27 APPLIED, FIRST, TO ANY INTEREST DUE ON THE TAX AT THE DATE OF
28 PAYMENT, AND THEN, IF THERE IS ANY BALANCE, TO THE TAX ITSELF.

29 SECTION 2144. SOURCE OF PAYMENT.--(A) IN THE ABSENCE OF A
30 CONTRARY INTENT APPEARING IN THE WILL, THE INHERITANCE TAX,

1 INCLUDING INTEREST, ON THE TRANSFER OF PROPERTY WHICH PASSES BY
2 WILL ABSOLUTELY AND IN FEE, AND WHICH IS NOT PART OF THE
3 RESIDUARY ESTATE, SHALL BE PAID OUT OF THE RESIDUARY ESTATE AND
4 CHARGED IN THE SAME MANNER AS A GENERAL ADMINISTRATION EXPENSE
5 OF THE ESTATE. THE PAYMENTS SHALL BE MADE BY THE PERSONAL
6 REPRESENTATIVE AND, IF NOT SO PAID, SHALL BE MADE BY THE
7 TRANSFeree OF THE RESIDUARY ESTATE.

8 (B) IN THE ABSENCE OF A CONTRARY INTENT APPEARING IN THE
9 INTER VIVOS TRUST, THE INHERITANCE TAX, INCLUDING INTEREST, ON
10 THE TRANSFER OF PROPERTY WHICH PASSES ABSOLUTELY AND IN FEE BY
11 INTER VIVOS TRUST, AND WHICH IS NOT PART OF THE RESIDUE OF THE
12 INTER VIVOS TRUST, SHALL BE PAID OUT OF THE RESIDUE OF THE TRUST
13 AND CHARGED IN THE SAME MANNER AS A GENERAL ADMINISTRATION
14 EXPENSE OF THE TRUST. THE PAYMENT SHALL BE MADE BY THE TRUSTEE
15 AND, IF NOT SO PAID, SHALL BE MADE BY THE TRANSFeree OF THE
16 RESIDUE OF THE TRUST.

17 (C) IN THE ABSENCE OF A CONTRARY INTENT APPEARING IN THE
18 WILL, THE INHERITANCE TAX, INCLUDING INTEREST, ON THE TRANSFER
19 OF PROPERTY WHICH PASSES BY WILL OTHER THAN ABSOLUTELY AND IN
20 FEE, AND WHICH IS NOT PART OF THE RESIDUARY ESTATE, SHALL BE
21 PAID OUT OF THE RESIDUARY ESTATE AND CHARGED IN THE SAME MANNER
22 AS A GENERAL ADMINISTRATION EXPENSE OF THE ESTATE. THE PAYMENT
23 SHALL BE MADE BY THE PERSONAL REPRESENTATIVE AND, IF NOT SO
24 PAID, SHALL BE MADE BY THE TRANSFeree OF THE RESIDUARY ESTATE.

25 (D) IN THE ABSENCE OF A CONTRARY INTENT APPEARING IN THE
26 INTER VIVOS TRUST, THE INHERITANCE TAX, INCLUDING INTEREST, ON
27 THE TRANSFER OF PROPERTY WHICH PASSES OTHER THAN ABSOLUTELY AND
28 IN FEE BY INTER VIVOS TRUST, AND WHICH IS NOT PART OF THE
29 RESIDUE OF THE INTER VIVOS TRUST, SHALL BE PAID OUT OF THE
30 RESIDUE OF THE TRUST AND CHARGED IN THE SAME MANNER AS A GENERAL

1 ADMINISTRATION EXPENSE OF THE TRUST. THE PAYMENT SHALL BE MADE
2 BY THE TRUSTEE AND, IF NOT SO PAID, SHALL BE MADE BY THE
3 TRANSFeree OF THE RESIDUE OF THE TRUST.

4 (E) IN THE ABSENCE OF A CONTRARY INTENT APPEARING IN THE
5 WILL OR OTHER INSTRUMENT OF TRANSFER, THE INHERITANCE TAX, IN
6 THE CASE OF A TRANSFER OF ANY ESTATE, INCOME OR INTEREST FOR A
7 TERM OF YEARS, FOR LIFE OR FOR OTHER LIMITED PERIOD, SHALL BE
8 PAID OUT OF THE PRINCIPAL OF THE PROPERTY BY WHICH THE ESTATE,
9 INCOME OR INTEREST IS SUPPORTED, EXCEPT AS OTHERWISE PROVIDED IN
10 SUBSECTION (C) OR (D). THE PAYMENT SHALL BE MADE BY THE PERSONAL
11 REPRESENTATIVE OR TRUSTEE AND, IF NOT SO PAID, SHALL BE MADE BY
12 THE TRANSFeree OF SUCH PRINCIPAL.

13 (F) IN THE ABSENCE OF A CONTRARY INTENT APPEARING IN THE
14 WILL OR OTHER INSTRUMENT OF TRANSFER AND EXCEPT AS OTHERWISE
15 PROVIDED IN THIS SECTION, THE ULTIMATE LIABILITY FOR THE
16 INHERITANCE TAX, INCLUDING INTEREST, SHALL BE UPON EACH
17 TRANSFeree.

18 SECTION 2145. ESTATE TAX.--(A) THE PERSON OR PERSONS
19 REQUIRED BY SECTION 2136 TO MAKE THE INHERITANCE TAX RETURN
20 SHALL BE INITIALLY LIABLE FOR PAYMENT OF THE ESTATE TAX.

21 (B) THE PERSONAL REPRESENTATIVE OF EVERY DECEDENT OR, IF
22 THERE IS NO PERSONAL REPRESENTATIVE, ANY OTHER FIDUCIARY CHARGED
23 BY LAW WITH THE DUTY OF FILING A FEDERAL ESTATE TAX RETURN,
24 WITHIN ONE MONTH OF THE FILING OR RECEIPT OF THE RETURN SHALL
25 FILE WITH THE REGISTER OR, IF THE DECEDENT WAS A NONRESIDENT,
26 WITH THE REGISTER WHO ISSUED LETTERS, IF ANY, IN THIS
27 COMMONWEALTH, OR OTHERWISE WITH THE DEPARTMENT, A COPY OF HIS
28 FEDERAL ESTATE TAX RETURN AND OF ANY COMMUNICATION FROM THE
29 FEDERAL GOVERNMENT MAKING ANY FINAL CHANGE IN THE RETURN OR OF
30 THE TAX DUE. THE ASSESSMENT OF ESTATE TAX SHALL BE MADE BY THE

1 REGISTER OR DEPARTMENT WITHIN THREE MONTHS AFTER THE FILING OF
2 THE DOCUMENTS REQUIRED TO BE FILED AND, IF NOT SO MADE, SHALL BE
3 MADE WITHIN AN ADDITIONAL PERIOD AS THE COURT, UPON APPLICATION
4 OF ANY PARTY IN INTEREST, INCLUDING THE PERSONAL REPRESENTATIVE,
5 SHALL FIX.

6 (C) THE ESTATE TAX IS DUE AT THE DATE OF THE DECEDENT'S
7 DEATH BUT SHALL NOT BECOME DELINQUENT UNTIL THE EXPIRATION OF
8 EIGHTEEN MONTHS AFTER DECEDENT'S DEATH. ANY ESTATE TAX
9 OCCASIONED BY A FINAL CHANGE IN THE FEDERAL RETURN OR OF THE TAX
10 DUE SHALL NOT BECOME DELINQUENT UNTIL THE EXPIRATION OF ONE
11 MONTH AFTER THE PERSON OR PERSONS LIABLE TO PAY THE TAX HAVE
12 RECEIVED FINAL NOTICE OF THE INCREASE IN THE FEDERAL ESTATE TAX.

13 (D) NO DISCOUNT SHALL BE ALLOWED IN PAYING THE ESTATE TAX.

14 (E) IF THE ESTATE TAX IS NOT PAID BEFORE THE DATE IT BECOMES
15 DELINQUENT UNDER SUBSECTION (C), INTEREST ON THE UNPAID TAX
16 SHALL BE CHARGED AFTER THE DATE OF DELINQUENCY AT THE RATE
17 ESTABLISHED IN SECTION 2143.

18 (F) THE ESTATE TAX SHALL BE APPORTIONED AND ULTIMATELY BORNE
19 IN ACCORDANCE WITH THE PROVISIONS OF 20 PA.C.S. CH. 37 (RELATING
20 TO APPORTIONMENT OF DEATH TAXES) UNLESS OTHERWISE PROVIDED BY
21 THIS ARTICLE OR IN THE INSTRUMENT OF TRANSFER.

22 (G) WHEN THE DECEDENT WAS A RESIDENT, THE ESTATE TAX SHALL
23 BE PAID TO THE REGISTER. WHEN THE DECEDENT WAS A NONRESIDENT,
24 THE ESTATE TAX SHALL BE PAID TO THE REGISTER WHO ISSUED LETTERS,
25 IF ANY, IN THIS COMMONWEALTH; OTHERWISE IT SHALL BE PAID TO THE
26 DEPARTMENT.

27 SECTION 2146. DEDUCTION AND COLLECTION OF TAX BY PERSONAL
28 REPRESENTATIVE OR OTHER FIDUCIARY.--SUBJECT TO THE PROVISIONS OF
29 SECTIONS 2144 AND 2154, EVERY PERSONAL REPRESENTATIVE OR OTHER
30 FIDUCIARY (OTHER THAN A TRUSTEE OF A PENSION, STOCK-BONUS,

1 PROFIT-SHARING, RETIREMENT ANNUITY, DEFERRED COMPENSATION,
2 DISABILITY, DEATH BENEFIT, OR OTHER EMPLOYE BENEFIT PLAN) IN
3 CHARGE OF OR IN POSSESSION OF ANY PROPERTY, OR INSTRUMENT
4 EVIDENCING OWNERSHIP OF PROPERTY, THE TRANSFER OF WHICH IS
5 SUBJECT TO A TAX IMPOSED BY THIS ARTICLE OTHER THAN A TAX ON A
6 FUTURE INTEREST NOT YET DELINQUENT, SHALL DEDUCT THE TAX FROM
7 THE PROPERTY, IF MONEY, OR SHALL COLLECT THE TAX FROM THE
8 TRANSFeree. ANY DELIVERY OF PROPERTY OR INSTRUMENT BY THE
9 FIDUCIARY TO A TRANSFeree, EXCEPT IN ACCORDANCE WITH A DECREE OF
10 DISTRIBUTION OF THE COURT, OR PURSUANT TO A DULY EXECUTED NOTICE
11 OF ELECTION FILED UNDER SECTION 2154, SHALL NOT RELIEVE HIM OF
12 PERSONAL LIABILITY FOR A TAX IMPOSED BY THIS ARTICLE. NO
13 PERSONAL REPRESENTATIVE OR OTHER FIDUCIARY IN CHARGE OF OR IN
14 POSSESSION OF ANY PROPERTY SUBJECT TO THIS ARTICLE SHALL BE
15 COMPELLED TO PAY OR DELIVER IT TO THE TRANSFeree EXCEPT UPON
16 PAYMENT TO HIM OF THE TAX DUE OTHER THAN TAX ON A FUTURE
17 INTEREST NOT YET DELINQUENT. IF THE TRANSFeree NEGLECTS OR
18 REFUSES TO PAY THE TAX, THE PERSONAL REPRESENTATIVE OR OTHER
19 FIDUCIARY MAY SELL THE PROPERTY SUBJECT TO THE TAX, OR SO MUCH
20 OF THE PROPERTY AS IS NECESSARY, UNDER DIRECTION OF THE COURT.
21 ALL MONEY RETAINED BY THE PERSONAL REPRESENTATIVE OR OTHER
22 FIDUCIARY, OR PAID TO HIM ON ACCOUNT OF THE TAXES IMPOSED BY
23 THIS ARTICLE, SHALL BE REMITTED BY HIM BEFORE THE TAX BECOMES
24 DELINQUENT OR, IF RECEIVED AFTER THE TAX BECOMES DELINQUENT,
25 SHALL BE REMITTED BY HIM PROMPTLY UPON ITS RECEIPT.

26 SECTION 2147. DUTIES OF DEPOSITORIES.--WHEN MONEY IS
27 DEPOSITED OR INVESTED IN A FINANCIAL INSTITUTION LOCATED IN THIS
28 COMMONWEALTH IN THE NAMES OF TWO OR MORE PERSONS, OTHER THAN
29 HUSBAND AND WIFE, OR IN THE NAME OF A PERSON OR PERSONS IN TRUST
30 FOR ANOTHER OR OTHERS, AND ONE OF THE PARTIES TO THE DEPOSIT OR

1 INVESTMENT DIES, IT SHALL BE THE DUTY OF THE FINANCIAL
2 INSTITUTION, WITHIN TEN DAYS AFTER KNOWLEDGE OF THE DEATH, TO
3 NOTIFY THE DEPARTMENT, GIVING THE NAME OF THE DECEASED PERSON,
4 THE DATE OF THE CREATION OF THE JOINT OR TRUST DEPOSIT OR
5 INVESTMENT, THE AMOUNT INVESTED OR ON DEPOSIT AT THE DATE OF
6 DEATH WITH THE FINANCIAL INSTITUTION AND THE NAME AND ADDRESS OF
7 THE SURVIVOR OR SURVIVORS TO THE ACCOUNT. NO NOTIFICATION SHALL
8 BE REQUIRED IN REGARD TO THE ACCOUNT WHEN THE DEPOSIT AT THE
9 TIME OF DEATH DOES NOT EXCEED THREE HUNDRED DOLLARS (\$300).

10 SECTION 2148. COMPROMISE BY DEPARTMENT.--THE DEPARTMENT,
11 WITH THE APPROVAL OF THE ATTORNEY GENERAL, MAY COMPROMISE IN
12 WRITING, WITH THE PERSON LIABLE, THE TAX, INCLUDING INTEREST ON
13 THE TAX, PAYABLE ON ANY TRANSFER OF PROPERTY INCLUDED IN THE
14 ESTATE OF ANY DECEDENT WHO IT IS ALLEGED WAS A NONRESIDENT AT
15 THE TIME OF HIS DEATH. A COPY OF THE COMPROMISE AGREEMENT SHALL
16 BE FILED WITH THE REGISTER WHO ISSUED LETTERS, IF ANY, IN THIS
17 COMMONWEALTH; OTHERWISE IT SHALL BE FILED WITH THE DEPARTMENT.
18 THE COMPROMISE AGREEMENT SHALL CONSTITUTE A FINAL DETERMINATION
19 OF THE MATTERS COVERED BY IT AND THE PAYMENT OF THE TAX, AS
20 FIXED BY THE AGREEMENT, SHALL DISCHARGE ALL PERSONS AND PROPERTY
21 FROM LIABILITY WITH RESPECT TO THE TAX.

22 SECTION 2149. INTERSTATE COMPROMISE AND ARBITRATION OF
23 INHERITANCE TAXES.--WHEN THE REGISTER OR THE DEPARTMENT ALLEGES
24 THAT A DECEDENT WAS A RESIDENT OF THIS COMMONWEALTH AT THE TIME
25 OF HIS DEATH, AND THE TAXING AUTHORITIES OF ANOTHER STATE OR
26 TERRITORY MAKE A LIKE CLAIM ON BEHALF OF THEIR STATE OR
27 TERRITORY, A WRITTEN AGREEMENT OF COMPROMISE OR A WRITTEN
28 AGREEMENT TO SUBMIT THE CONTROVERSY TO A BOARD OF ARBITRATORS
29 MAY BE MADE UNDER PART VIII.

30 SECTION 2150. EXTENSION OF TIME FOR PAYMENT.--THE DEPARTMENT

1 MAY, FOR REASONABLE CAUSE, EXTEND THE TIME FOR PAYMENT OF ANY
2 PART OF THE INHERITANCE TAX AND MAY, IF DEEMED NECESSARY FOR THE
3 PROTECTION OF THE INTEREST OF THIS COMMONWEALTH, REQUIRE THE
4 TRANSFeree IN PRESENT POSSESSION OR, IF A TRUST IS INVOLVED, THE
5 TRUSTEE, TO FILE A BOND IN THE NAME OF THE COMMONWEALTH WITH
6 SUFFICIENT SURETY, IN AN AMOUNT NOT EXCEEDING TWICE THE TAX
7 COMPUTED WHEN THE BOND IS GIVEN AT THE HIGHEST RATE POSSIBLE IN
8 THE SPECIFIC CONTINGENCIES INVOLVED (REDUCED BY THE AMOUNT OF
9 ANY PARTIAL PAYMENT MADE) AND CONDITIONED FOR THE PAYMENT OF THE
10 TAX AT SUCH POSTPONED DUE DATE, TOGETHER WITH INTEREST FROM THE
11 DUE DATE TO THE PAYMENT DATE. NO BOND SHALL BE REQUIRED UNDER
12 THIS SECTION IF THE TRUSTEE OR ONE OF THE TRUSTEES IS A BANK AND
13 TRUST COMPANY OR A TRUST COMPANY INCORPORATED IN THIS
14 COMMONWEALTH OR A NATIONAL BANKING ASSOCIATION HAVING ITS
15 PRINCIPAL OFFICE IN THIS COMMONWEALTH. THE BOND REQUIRED SHALL
16 BE FILED IN THE OFFICE OF THE REGISTER.

17 SECTION 2151. BOND FOR DELINQUENT TAX.--THE COURT, IN ITS
18 DISCRETION, AT ANY TIME AFTER A TAX IMPOSED BY THIS ARTICLE
19 BECOMES DELINQUENT, UPON APPLICATION OF THE DEPARTMENT, MAY
20 REQUIRE ANY PERSON LIABLE FOR A TAX IMPOSED BY THIS ARTICLE TO
21 GIVE A BOND FOR ITS PAYMENT. THE BOND SHALL BE IN THE NAME OF
22 THE COMMONWEALTH, IN SUCH AMOUNT AND WITH SUCH SURETY AS THE
23 COURT APPROVES AND CONDITIONED FOR THE PAYMENT OF THE TAX, PLUS
24 INTEREST AT THE SAME RATE AS THE INTEREST RATE ON DEFICIENCIES
25 PROVIDED FOR IN SECTION 2143, COMMENCING ON THE DATE THE TAX
26 BECAME DELINQUENT, WITHIN A TIME CERTAIN TO BE FIXED BY THE
27 COURT AND SPECIFIED IN THE BOND. THE BOND REQUIRED SHALL BE
28 FILED IN THE OFFICE OF THE REGISTER.

29 SECTION 2152. EVIDENCE OF PAYMENT OF TAX FOR REAL ESTATE IN
30 ANOTHER COUNTY.--WHEN ANY TAX IS IMPOSED AND PAID UNDER THIS

1 ARTICLE ON REAL ESTATE LOCATED IN A COUNTY OTHER THAN THAT OF
2 THE REGISTER WHO RECEIVED PAYMENT, THE REGISTER SHALL
3 IMMEDIATELY FORWARD TO THE REGISTER OF THE COUNTY WHERE THE REAL
4 ESTATE IS LOCATED A CERTIFICATE OF THE PAYMENT OF THE TAX ON THE
5 REAL ESTATE WHICH SHALL BE ENTERED OF RECORD IN HIS OFFICE. THE
6 REGISTER OF THE COUNTY WHERE THE REAL ESTATE IS LOCATED SHALL BE
7 ENTITLED TO A FEE OF TWO DOLLARS (\$2) FOR ENTERING THE RECORD OF
8 PAYMENT TO BE PAID AS A PART OF THE ADMINISTRATION EXPENSES OF
9 THE DECEDENT'S ESTATE.

10 SECTION 2153. PENALTIES.--(A) ANY PERSON WHO WILLFULLY
11 FAILS TO FILE A RETURN OR OTHER REPORT REQUIRED OF HIM UNDER THE
12 PROVISIONS OF SECTIONS 2136 AND 2145 SHALL BE PERSONALLY LIABLE,
13 IN ADDITION TO ANY LIABILITY IMPOSED ELSEWHERE IN THIS ARTICLE,
14 TO A PENALTY OF TWENTY-FIVE PER CENT OF THE TAX ULTIMATELY FOUND
15 TO BE DUE OR ONE THOUSAND DOLLARS (\$1,000), WHICHEVER IS LESS,
16 TO BE RECOVERED BY THE DEPARTMENT AS DEBTS OF LIKE AMOUNT ARE
17 RECOVERABLE BY LAW.

18 (B) ANY FINANCIAL INSTITUTION WHICH FAILS TO GIVE THE NOTICE
19 REQUIRED BY SECTION 2147 SHALL BE LIABLE TO A PENALTY OF ONE
20 HUNDRED DOLLARS (\$100) TO BE RECOVERED BY THE DEPARTMENT AS
21 DEBTS OF LIKE AMOUNT ARE RECOVERABLE BY LAW.

22 (C) ANY PERSON WHO WILLFULLY MAKES A FALSE RETURN OR REPORT
23 REQUIRED OF HIM UNDER THE PROVISIONS OF THIS ARTICLE, IN
24 ADDITION TO ANY LIABILITY IMPOSED ELSEWHERE IN THIS ARTICLE,
25 COMMITTS A MISDEMEANOR OF THE THIRD DEGREE.

26 SECTION 2154. PAYMENT OF TAX FOR SMALL BUSINESS TRANSFERS.--

27 (A) NOTWITHSTANDING THE PROVISIONS OF SECTION 2142, THE
28 INHERITANCE TAX DUE UNDER THIS ARTICLE ON THE TRANSFER OF A
29 SMALL BUSINESS INTEREST MAY BE PAID BY THE QUALIFIED TRANSFEREE
30 IN CONSECUTIVE QUARTERLY INSTALLMENTS BEGINNING IMMEDIATELY

FOLLOWING THE EXPIRATION OF NINE MONTHS AFTER THE DECEDENT'S
DEATH, THE TAX MAY BE PAID IN TWENTY CONSECUTIVE QUARTERLY
INSTALLMENTS.

(B) THE TAX SHALL BE PAID IN CONSECUTIVE QUARTERLY
INSTALLMENTS DUE ON MARCH 31, JUNE 30, SEPTEMBER 30 AND DECEMBER
31 OF EACH YEAR, PROVIDED THE RETURN REQUIRED BY SECTION 2136 IS
TIMELY FILED, ALONG WITH A NOTICE OF ELECTION EXECUTED BY THE
QUALIFIED TRANSFEREE AND JOINED IN BY THE PERSONAL
REPRESENTATIVE WHICH SHALL RELIEVE THE PERSONAL REPRESENTATIVE
OR OTHER FIDUCIARY OF LIABILITY FOR THE COLLECTION AND PAYMENT
OF TAX UNDER SECTION 2146. THE NOTICE OF ELECTION SHALL BE
COMPLETED ON A FORM PRESCRIBED BY THE DEPARTMENT CONTAINING AT
LEAST THE FOLLOWING INFORMATION:

(1) THE NAME OF THE DECEDENT AND DATE OF DEATH.

(2) THE NAME OR NAMES OF THE PERSONAL REPRESENTATIVE OR
OTHER FIDUCIARY.

(3) THE NAME OR NAMES OF THE QUALIFIED TRANSFEREES FILING
THE ELECTION.

(4) A DESCRIPTION AND ESTIMATED VALUATION OF THE BUSINESS
INTEREST ON WHICH TAX IS DUE.

(5) A STATEMENT THAT THE QUALIFIED TRANSFEREES ASSUME FULL
PERSONAL RESPONSIBILITY FOR THE TAX. EACH NOTICE OF ELECTION
SHALL BE AFFIRMED BEFORE AN OFFICER EMPOWERED TO ADMINISTER
OATHS. THE INSTALLMENT PAYMENT OF TAX SHALL BEAR INTEREST AT THE
RATE OF NINE PER CENT PER ANNUM.

(C) IN THE EVENT ANY PORTION OF A SMALL BUSINESS INTEREST ON
WHICH THE INSTALLMENT PAYMENT OF TAX HAS BEEN ELECTED IS SOLD,
EXCHANGED OR OTHERWISE DISPOSED OF PRIOR TO THE EXPIRATION OF
FIVE YEARS FOLLOWING THE DATE OF DEATH AND THAT PORTION EQUALS
OR EXCEEDS FIFTY PER CENT OF THE TOTAL VALUE OF THE SMALL

BUSINESS INTEREST RECEIVED BY THE QUALIFIED TRANSFEREE, THE TRANSFEREE SHALL IMMEDIATELY PROVIDE WRITTEN NOTICE OF THE SALE, EXCHANGE OR DISPOSITION TO THE DEPARTMENT AND THE FULL AMOUNT OF THE TAX THEN OUTSTANDING ON THAT PORTION SHALL BECOME DUE AND PAYABLE AT THE EXPIRATION OF SIXTY DAYS FOLLOWING THE DATE OF SALE, EXCHANGE OR OTHER DISPOSITION.

(D) FOR PURPOSES OF THIS SECTION, THE TERM "SMALL BUSINESS INTEREST" MEANS AN INTEREST IN AN OPERATING TRADE OR BUSINESS ENTITY THE PRINCIPAL PURPOSE OF WHICH IS NOT THE MANAGEMENT OF INVESTMENTS OR INCOME PRODUCING ASSETS OWNED BY THE ENTITY WHICH HAS EMPLOYED AN AVERAGE OF LESS THAN FIFTY FULL-TIME EMPLOYEES DURING THE TWELVE MONTHS IMMEDIATELY PRECEDING THE DATE OF DEATH AND WHICH MEETS ONE OF THE FOLLOWING CRITERIA:

(1) AN INTEREST AS A PROPRIETOR IN A TRADE OR BUSINESS CARRIED ON AS A PROPRIETORSHIP.

(2) AN INTEREST AS A PARTNER IN A PARTNERSHIP CARRYING ON A TRADE OR BUSINESS IF:

(I) TWENTY PER CENT OR MORE OF THE TOTAL CAPITAL INTEREST IN THE PARTNERSHIP IS INCLUDED IN DETERMINING THE GROSS ESTATE OF THE DECEDENT; OR

(II) THE PARTNERSHIP HAD TEN OR LESS PARTNERS.

(3) STOCK IN A CORPORATION CARRYING ON A TRADE OR BUSINESS IF:

(I) TWENTY PER CENT OR MORE IN VALUE OF THE VOTING STOCK OF THE CORPORATION IS INCLUDED IN DETERMINING THE GROSS ESTATE OF THE DECEDENT; OR

(II) THE CORPORATION HAD TEN OR LESS SHAREHOLDERS.

(E) QUALIFIED TRANSFEREE DEFINED.--FOR PURPOSES OF THIS SECTION, THE TERM "QUALIFIED TRANSFEREE" MEANS A LEGATEE OR OTHER TRANSFEREE RECEIVING:

1 (1) TEN PER CENT OR MORE OF THE VALUE OF A PROPRIETORSHIP
2 QUALIFYING AS A SMALL BUSINESS INTEREST AS DEFINED IN SUBSECTION
3 (D);

4 (2) TEN PER CENT OR MORE OF THE TOTAL CAPITAL INTEREST IN A
5 PARTNERSHIP QUALIFYING AS A SMALL BUSINESS INTEREST AS DEFINED
6 IN SUBSECTION (D); OR

7 (3) TEN PER CENT OR MORE IN VALUE OF THE VOTING STOCK OF A
8 CORPORATION QUALIFYING AS A SMALL BUSINESS INTEREST AS DEFINED
9 IN SUBSECTION (D).

10 PART VIII

11 UNIFORM ACT ON INTERSTATE COMPROMISE AND

12 ARBITRATION OF INHERITANCE TAXES

13 SECTION 2156. SHORT TITLE.--THIS PART SHALL BE KNOWN AND MAY
14 BE CITED AS THE "UNIFORM ACT ON INTERSTATE COMPROMISE AND
15 ARBITRATION OF INHERITANCE TAXES."

16 SECTION 2157. COMPROMISE AGREEMENT AND FILING, INTEREST OR
17 PENALTY FOR NONPAYMENT OF TAXES.--WHEN THE DEPARTMENT OR THE
18 REGISTER CLAIMS A DECEDENT WAS DOMICILED IN THIS COMMONWEALTH AT
19 THE TIME OF HIS DEATH AND THE TAXING AUTHORITY OF ANOTHER STATE
20 MAKES A LIKE CLAIM ON BEHALF OF ITS STATE, THE DEPARTMENT MAY,
21 WITH THE APPROVAL OF THE ATTORNEY GENERAL, MAKE A WRITTEN
22 AGREEMENT OF COMPROMISE WITH THE OTHER TAXING AUTHORITY AND THE
23 EXECUTOR OR ADMINISTRATOR OF THE DECEDENT THAT A CERTAIN SUM
24 SHALL BE ACCEPTED IN FULL SATISFACTION OF ANY AND ALL
25 INHERITANCE TAXES IMPOSED BY THIS COMMONWEALTH, INCLUDING ANY
26 INTEREST OR PENALTIES TO THE DATE OF SIGNING THE AGREEMENT. THE
27 AGREEMENT SHALL ALSO FIX THE AMOUNT TO BE ACCEPTED BY THE OTHER
28 STATE IN FULL SATISFACTION OF INHERITANCE TAXES. THE EXECUTOR OR
29 ADMINISTRATOR OF THE DECEDENT IS AUTHORIZED TO MAKE THE
30 AGREEMENT. THE AGREEMENT SHALL CONCLUSIVELY FIX THE AMOUNT OF

1 TAX PAYABLE TO THE COMMONWEALTH WITHOUT REGARD TO ANY OTHER
2 PROVISION OF THE LAWS OF THIS COMMONWEALTH. UNLESS THE TAX
3 AGREED UPON IS PAID WITHIN SIXTY DAYS AFTER THE SIGNING OF THE
4 AGREEMENT, INTEREST OR PENALTIES SHALL ACCRUE UPON THE AMOUNT
5 FIXED IN THE AGREEMENT BUT THE TIME BETWEEN THE DECEDENT'S DEATH
6 AND THE SIGNING OF THE AGREEMENT SHALL NOT BE INCLUDED IN
7 COMPUTING THE INTEREST OR PENALTIES. IN THE EVENT THE AGGREGATE
8 AMOUNT PAYABLE UNDER THE AGREEMENT TO THE STATES INVOLVED IS
9 LESS THAN THE MAXIMUM CREDIT ALLOWABLE TO THE ESTATE AGAINST THE
10 FEDERAL ESTATE TAX IMPOSED WITH RESPECT TO THE ESTATE, THE
11 PERSONAL REPRESENTATIVES SHALL ALSO PAY TO THE DEPARTMENT SO
12 MUCH OF THE DIFFERENCE BETWEEN THE AGGREGATE AMOUNT AND THE
13 AMOUNT OF SUCH CREDIT AS THE AMOUNT PAYABLE TO THE DEPARTMENT
14 UNDER THE AGREEMENT BEARS TO THE AGGREGATE AMOUNT. A COPY OF THE
15 AGREEMENT SHALL BE FILED IN THE OFFICE OF THE PROPER REGISTER
16 AND ANY EXISTING APPRAISEMENT SHALL BE DEEMED MODIFIED ACCORDING
17 TO THE AGREEMENT. IN THE EVENT NO APPRAISEMENT HAS BEEN MADE AND
18 FILED PRIOR TO THE AGREEMENT, THE DEPARTMENT SHALL DIRECT AN
19 APPRAISEMENT TO BE MADE AND FILED IN THE OFFICE OF THE PROPER
20 REGISTER IN ACCORDANCE WITH THE AGREEMENT.

21 SECTION 2158. ARBITRATION AGREEMENT.--WHEN THE DEPARTMENT OR
22 THE REGISTER CLAIMS THAT A DECEDENT WAS DOMICILED IN THIS
23 COMMONWEALTH AT THE TIME OF HIS DEATH AND THE TAXING AUTHORITY
24 OF ANOTHER STATE MAKES A LIKE CLAIM ON BEHALF OF ITS STATE, THE
25 DEPARTMENT MAY, WITH THE APPROVAL OF THE ATTORNEY GENERAL, MAKE
26 A WRITTEN AGREEMENT WITH THE OTHER TAXING AUTHORITY AND WITH THE
27 EXECUTOR OR ADMINISTRATOR OF THE DECEDENT TO SUBMIT THE
28 CONTROVERSY TO THE DECISION OF A BOARD CONSISTING OF ONE OR ANY
29 UNEVEN NUMBER OF ARBITRATORS. THE EXECUTOR OR ADMINISTRATOR OF
30 THE DECEDENT IS AUTHORIZED TO MAKE THE AGREEMENT. THE PARTIES TO

1 THE AGREEMENT SHALL SELECT THE ARBITRATOR OR ARBITRATORS.

2 SECTION 2159. ARBITRATION BOARD.--(A) THE BOARD SHALL HAVE
3 THE POWER TO ADMINISTER OATHS, TAKE TESTIMONY, SUBPOENA AND
4 REQUIRE THE ATTENDANCE OF WITNESSES AND THE PRODUCTION OF BOOKS,
5 PAPERS AND DOCUMENTS, AND ISSUE COMMISSIONS TO TAKE TESTIMONY.
6 SUBPOENAS MAY BE SIGNED BY ANY MEMBER OF THE BOARD. IN CASE OF
7 FAILURE TO OBEY A SUBPOENA, ANY JUDGE OF A COURT OF RECORD OF
8 THIS COMMONWEALTH, UPON APPLICATION BY THE BOARD, MAY MAKE AN
9 ORDER REQUIRING COMPLIANCE WITH THE SUBPOENA AND THE COURT MAY
10 PUNISH FAILURE TO OBEY THE ORDER AS A CONTEMPT.

11 (B) THE BOARD SHALL HOLD HEARINGS AT A TIME AND PLACE IT MAY
12 DETERMINE, UPON REASONABLE NOTICE TO THE PARTIES TO THE
13 AGREEMENT, ALL OF WHOM SHALL BE ENTITLED TO BE HEARD, TO PRESENT
14 EVIDENCE AND TO EXAMINE AND CROSS-EXAMINE WITNESSES.

15 (C) EXCEPT AS PROVIDED IN SUBSECTION (A) IN RESPECT TO THE
16 ISSUANCE OF SUBPOENAS, ALL QUESTIONS ARISING IN THE COURSE OF
17 THE PROCEEDINGS SHALL BE DETERMINED BY A MAJORITY VOTE OF THE
18 BOARD.

19 (D) THE BOARD SHALL, BY A MAJORITY VOTE, DETERMINE THE
20 DOMICILE OF THE DECEDENT AT THE TIME OF HIS DEATH. THIS
21 DETERMINATION SHALL BE FINAL FOR THE PURPOSE OF IMPOSING AND
22 COLLECTING INHERITANCE TAXES BUT FOR NO OTHER PURPOSE.

23 (E) THE COMPENSATION AND EXPENSES OF THE MEMBERS OF THE
24 BOARD AND ITS EMPLOYEES MAY BE AGREED UPON AMONG THE MEMBERS AND
25 THE EXECUTOR OR ADMINISTRATOR AND IF THEY CANNOT AGREE SHALL BE
26 FIXED BY ANY COURT HAVING JURISDICTION OVER PROBATE MATTERS OF
27 THE STATE DETERMINED BY THE BOARD TO BE THE DOMICILE OF THE
28 DECEDENT. THE AMOUNTS SO AGREED UPON OR FIXED SHALL BE DEEMED AN
29 ADMINISTRATION EXPENSE AND SHALL BE PAYABLE BY THE EXECUTOR OR
30 ADMINISTRATOR.

1 SECTION 2160. FILING OF DETERMINATION OF DOMICILE AND OTHER
2 DOCUMENTS.--THE DEPARTMENT, REGISTER OR BOARD, OR THE EXECUTOR
3 OR ADMINISTRATOR OF THE DECEDENT, SHALL FILE THE DETERMINATION
4 OF THE BOARD AS TO DOMICILE, THE RECORD OF THE BOARD'S
5 PROCEEDINGS AND THE AGREEMENT, OR A DUPLICATE, MADE PURSUANT TO
6 SECTION 2158 WITH THE AUTHORITY HAVING JURISDICTION TO ASSESS OR
7 DETERMINE THE INHERITANCE TAXES IN THE STATE DETERMINED BY THE
8 BOARD TO BE THE DOMICILE OF THE DECEDENT AND SHALL FILE COPIES
9 OF THE DOCUMENTS WITH THE AUTHORITIES THAT WOULD HAVE BEEN
10 EMPOWERED TO ASSESS OR DETERMINE THE INHERITANCE TAXES IN EACH
11 OF THE OTHER STATES INVOLVED.

12 SECTION 2161. INTEREST OR PENALTIES FOR NONPAYMENT OF
13 TAXES.--IN ANY CASE WHERE IT IS DETERMINED BY THE BOARD THAT THE
14 DECEDENT DIED DOMICILED IN THIS COMMONWEALTH, INTEREST OR
15 PENALTIES, IF OTHERWISE IMPOSED BY LAW, FOR NONPAYMENT OF
16 INHERITANCE TAXES BETWEEN THE DATE OF THE AGREEMENT AND OF
17 FILING OF THE DETERMINATION OF THE BOARD AS TO DOMICILE, SHALL
18 NOT EXCEED THE RATE PROVIDED FOR IN SECTION 2143.

19 SECTION 2162. COMPROMISE BY PARTIES TO ARBITRATION
20 AGREEMENT.--THE PROVISIONS OF THIS PART SHALL NOT PREVENT AT ANY
21 TIME A WRITTEN COMPROMISE, IF OTHERWISE LAWFUL, BY ALL PARTIES
22 TO THE AGREEMENT MADE PURSUANT TO SECTION 2157, FIXING THE
23 AMOUNTS TO BE ACCEPTED BY THIS COMMONWEALTH AND ANY OTHER STATE
24 INVOLVED, IN FULL SATISFACTION OF INHERITANCE TAXES.

25 SECTION 2163. RECIPROCAL APPLICATION.--THE PROVISIONS OF
26 THIS PART RELATIVE TO ARBITRATION SHALL APPLY ONLY TO CASES IN
27 WHICH AND SO FAR AS EACH OF THE STATES INVOLVED HAS A LAW
28 IDENTICAL OR SUBSTANTIALLY SIMILAR TO THIS PART.

29 PART IX

30 COLLECTION OF TAX

1 SECTION 2166. TIMELY MAILING TREATED AS TIMELY FILING AND
2 PAYMENT.--NOTWITHSTANDING THE PROVISIONS OF ANY STATE TAX LAW TO
3 THE CONTRARY, WHENEVER A REPORT OR PAYMENT OF ALL OR ANY PORTION
4 OF A STATE TAX IS REQUIRED BY LAW TO BE RECEIVED BY THE
5 DEPARTMENT OR OTHER AGENCY OF THE COMMONWEALTH ON OR BEFORE A
6 DAY CERTAIN, THE TAXPAYER SHALL BE DEEMED TO HAVE COMPLIED WITH
7 THE LAW IF THE LETTER TRANSMITTING THE REPORT OR PAYMENT OF THE
8 TAX WHICH HAS BEEN RECEIVED BY THE DEPARTMENT IS POSTMARKED BY
9 THE UNITED STATES POSTAL SERVICE ON OR PRIOR TO THE FINAL DAY ON
10 WHICH THE PAYMENT IS TO BE RECEIVED. FOR THE PURPOSES OF THIS
11 ARTICLE, PRESENTATION OF A RECEIPT INDICATING THAT THE REPORT OR
12 PAYMENT WAS MAILED BY REGISTERED OR CERTIFIED MAIL ON OR BEFORE
13 THE DUE DATE SHALL BE EVIDENCE OF TIMELY FILING AND PAYMENT.

14 SECTION 2167. LIEN AND DURATION OF LIEN.--THE TAXES IMPOSED
15 BY THIS ARTICLE, TOGETHER WITH ANY INTEREST ON THE TAXES, SHALL
16 BE A LIEN UPON THE REAL PROPERTY INCLUDED IN THE TRANSFER ON
17 WHICH THE TAXES ARE IMPOSED. EXCEPT AS OTHERWISE PROVIDED IN
18 THIS PART, THE LIEN SHALL REMAIN UNTIL THE TAXES AND INTEREST
19 ARE PAID IN FULL.

20 SECTION 2168. LIMITED AND FUTURE INTERESTS.--IN THE CASE OF
21 A TRANSFER OF ANY ESTATE, INCOME OR INTEREST FOR A TERM OF
22 YEARS, FOR LIFE OR FOR OTHER LIMITED PERIOD, OR CONSTITUTING A
23 FUTURE INTEREST, THE TAXES IMPOSED BY THIS ARTICLE, TOGETHER
24 WITH ANY INTEREST ON THE TAX, SHALL REMAIN A LIEN UNTIL PAID
25 UPON THE ENTIRE REAL PROPERTY BY WHICH THE ESTATE, INCOME OR
26 INTEREST IS SUPPORTED, OR OF WHICH IT IS A PART, AND THE LIEN
27 SHALL BE LIMITED TO THE REAL PROPERTY SO TRANSFERRED.

28 SECTION 2169. PURCHASER, MORTGAGEE OR LESSEE.--UNLESS SUIT
29 FOR COLLECTION OF THE TAXES IMPOSED BY THIS ARTICLE IS
30 INSTITUTED WITHIN TWENTY YEARS AFTER ANY TAX BECOMES DELINQUENT,

1 THE LIEN SHALL CEASE AS TO ANY PURCHASER, MORTGAGEE OR LESSEE OF
2 A DEVISEE OR HEIR OF, OR A BENEFICIARY UNDER A DEED OF TRUST OF,
3 THE REAL PROPERTY SUBJECT TO THE LIEN. ANY TIME WITHIN THE
4 TWENTY-YEAR PERIOD, IF ANY TAX ON THE REAL PROPERTY IS NOT PAID,
5 THE DEPARTMENT SHALL HAVE POWER TO FILE A CERTIFICATE, UNDER ITS
6 SEAL, CERTIFYING TO NONPAYMENT WHICH, WHEN FILED IN THE OFFICE
7 OF THE CLERK OF THE COUNTY WHERE THE REAL PROPERTY IS SITUATED,
8 SHALL CONTINUE THE LIEN AGAINST DECEDENT'S REAL PROPERTY FOR AN
9 ADDITIONAL PERIOD OF FIVE YEARS FROM THE DATE OF THE FILING AND
10 THE LIEN SHALL BE INDEXED IN THE OFFICE OF THE CLERK. IF THE
11 TAXES ON THE REAL PROPERTY ARE NOT PAID WITHIN THE ADDITIONAL
12 PERIOD OF FIVE YEARS, THE DEPARTMENT SHALL HAVE POWER TO EXTEND
13 THE LIEN FOR ADDITIONAL PERIODS OF FIVE YEARS BY FILING A
14 CERTIFICATE IN THE MANNER PROVIDED IN THIS SECTION.

15 SECTION 2170. SALE BY FIDUCIARY.--IF REAL PROPERTY SUBJECT
16 TO THE LIEN OF TAXES IMPOSED BY THIS ARTICLE IS SOLD OR
17 EXCHANGED BY A FIDUCIARY WHO IS SUBJECT TO THE JURISDICTION OF
18 THE COURT AND WHO HAS GIVEN BOND AS REQUIRED BY 20 PA.C.S.
19 (RELATING TO DECEDENTS, ESTATES AND FIDUCIARIES), OR IS A
20 CORPORATE FIDUCIARY WHICH NEED NOT FILE BOND UNDER TITLE 20, THE
21 LIEN ON THE PROPERTY SOLD SHALL CEASE.

22 SECTION 2171. SALE BY HEIR, DEVISEE OR FIDUCIARY.--IF REAL
23 PROPERTY SUBJECT TO THE LIEN OF TAXES IMPOSED BY THIS ARTICLE IS
24 SOLD OR EXCHANGED OR OTHERWISE DISPOSED OF BY AN HEIR, DEVISEE
25 OR FIDUCIARY, AND IF THE INHERITANCE TAX, TOGETHER WITH
26 INTEREST, IS PAID ON ALL PROPERTY REPORTED IN THE TAX RETURN,
27 INCLUDING THE PROPERTY SOLD, WHICH PROPERTY HAS BEEN APPRAISED
28 AND TAX ASSESSED, THE LIEN OF ANY UNPAID TAX IMPOSED BY THIS
29 ARTICLE SHALL CEASE AS TO THE PROPERTY SOLD.

30 SECTION 2172. SALE OF PROPERTY TRANSFERRED INTER VIVOS.--

1 WHEN REAL PROPERTY OR ANY INCOME OR INTEREST IN THE REAL
2 PROPERTY OR INCOME HAS BEEN TRANSFERRED WITHIN THE MEANING OF
3 SUBSECTION (C) OF SECTION 2107 AND THE TRANSFEREE HAS SOLD,
4 MORTGAGED OR LEASED THE PROPERTY, OR ANY INCOME OR INTEREST IN
5 THE PROPERTY, THE INTEREST OF A BONA FIDE PURCHASER, MORTGAGEE
6 OR LESSEE IN THE PROPERTY SHALL NOT BE SUBJECT TO ANY LIEN FOR
7 THE TAXES IMPOSED BY THIS ARTICLE.

8 SECTION 2173. SUBORDINATION OF LIEN.--IF REAL PROPERTY
9 SUBJECT TO THE LIEN IS MORTGAGED OR LEASED BY A FIDUCIARY WHO IS
10 SUBJECT TO THE JURISDICTION OF THE COURT AND WHO HAS GIVEN A
11 BOND AS REQUIRED BY 20 PA.C.S. (RELATING TO DECEDENTS, ESTATES
12 AND FIDUCIARIES), OR IS A CORPORATE FIDUCIARY WHICH NEED NOT
13 FILE BOND UNDER TITLE 20, THE LIEN SHALL BECOME SUBJECT AND
14 SUBORDINATE TO THE RIGHTS AND INTERESTS OF THE MORTGAGEE, LESSEE
15 OR OTHER PERSON SO SECURED.

16 SECTION 2174. CESSATION UPON APPROVAL OF BOND.--UPON
17 APPROVAL OF A BOND FOR THE PAYMENT OF TAXES IMPOSED UPON A
18 TRANSFER, THE LIEN UPON THE REAL PROPERTY SHALL CEASE. THE
19 AMOUNT OF THE BOND SHALL NOT EXCEED THE VALUE OF THE REAL
20 PROPERTY TRANSFERRED.

21 SECTION 2175. RELEASE OF LIEN.--(A) IN CASE OF A TRANSFER,
22 OTHER THAN BY WILL OR INTESTACY, THE DEPARTMENT, UPON
23 SATISFACTORY PROOF THAT NO TAXES ARE DUE WHICH WOULD BE A LIEN
24 ON THE REAL PROPERTY TRANSFERRED BY REASON OF THE DEATH OF THE
25 TRANSFEROR, MAY RELEASE ALL OR ANY PORTION OF THE PROPERTY FROM
26 ANY LIEN IMPOSED BY THIS ARTICLE TO WHICH THE PROPERTY OTHERWISE
27 MIGHT BE SUBJECT.

28 (B) THE DEPARTMENT MAY, AT ANY TIME, RELEASE ALL OR ANY
29 PORTION OF THE REAL PROPERTY SUBJECT TO ANY LIEN IMPOSED BY THIS
30 ARTICLE FROM SUCH LIEN, OR SUBORDINATE SUCH LIEN TO OTHER LIENS

1 AND ENCUMBRANCES, IF IT DETERMINES THAT THE TAXES ARE
2 SUFFICIENTLY SECURED BY A LIEN ON OTHER PROPERTY OF THE DECEDENT
3 OR THAT THE RELEASE OR SUBORDINATION OF THE LIEN WILL NOT
4 ENDANGER OR JEOPARDIZE THE COLLECTION OF THE TAXES.

5 (C) WHEN INHERITANCE TAX IN RESPECT TO THE TRANSFER OF
6 PARTICULAR REAL PROPERTY IS PAID ON THE VALUE OF THE PROPERTY
7 WITHOUT DIMINUTION FOR ANY DEDUCTIONS AUTHORIZED BY THIS
8 ARTICLE, OTHER THAN A MORTGAGE ON THE PROPERTY EXISTING AT THE
9 DATE OF THE DECEDENT'S DEATH, THE DEPARTMENT, UPON REQUEST OF A
10 PARTY IN INTEREST, SHALL ISSUE A CERTIFICATE EVIDENCING THE
11 RELEASE OF THE PROPERTY FROM THE LIEN OF TAX.

12 (D) A CERTIFICATE BY THE DEPARTMENT TO THE EFFECT THAT ANY
13 REAL PROPERTY OR INTEREST IN REAL PROPERTY SUBJECT TO ANY LIEN
14 IMPOSED BY THIS ARTICLE HAS BEEN RELEASED FROM THE LIEN, OR THAT
15 THE LIEN HAS BEEN SUBORDINATED TO OTHER LIENS AND ENCUMBRANCES,
16 SHALL BE CONCLUSIVE EVIDENCE AS TO ANY BONA FIDE PURCHASER,
17 ENCUMBRANCER OR LESSEE THAT THE LIEN HAS BEEN RELEASED OR
18 SUBORDINATED.

19 SECTION 2176. ENFORCEMENT PROCEDURE.--(A) THE COURT, AT THE
20 REQUEST OF THE REGISTER, DEPARTMENT OR OFFICE OF ATTORNEY
21 GENERAL, SHALL ISSUE A CITATION, DIRECTED TO THOSE LIABLE FOR
22 THE PAYMENT OF THE TAXES OR SUBJECT TO ANY OTHER DUTY IMPOSED BY
23 THIS ARTICLE, COMMANDING THE PERSON OR PERSONS TO APPEAR AND
24 SHOW CAUSE WHY THE REQUIREMENTS OF THIS ARTICLE SHOULD NOT BE
25 MET.

26 (B) THE COURT MAY ISSUE ANY DECREE WARRANTED BY THE FACTS,
27 ACCORDING TO EQUITY.

28 (C) A CITATION TO ENFORCE PAYMENT OF TAXES DUE UNDER THIS
29 ARTICLE OR COMPLIANCE WITH THE DUTIES REQUIRED BY THIS ARTICLE
30 SHALL BE ISSUED BY THE COURT UPON APPLICATION OF THE REGISTER,

1 DEPARTMENT OR OFFICE OF ATTORNEY GENERAL WHENEVER ANY OF THE
2 FOLLOWING OCCURS:

3 (1) A TAX RETURN IS NOT FILED WITHIN THE TIME REQUIRED BY
4 THIS ARTICLE.

5 (2) ANY TAX DUE UNDER THIS ARTICLE REMAINS DELINQUENT.

6 (3) A FEDERAL ESTATE TAX RETURN HAS BEEN FILED BUT A COPY OF
7 THE RETURN, OR A COMMUNICATION MAKING A FINAL CHANGE ON THE
8 RETURN, HAS NOT BEEN FILED AS REQUIRED BY SECTION 2145.

9 (4) ANY OTHER DUTY IMPOSED BY THIS ARTICLE REMAINS
10 UNPERFORMED.

11 (D) THE REGISTER OR DEPARTMENT MAY ISSUE SUBPOENAS TO COMPEL
12 THE PRODUCTION OF DOCUMENTS AND THE ATTENDANCE OF WITNESSES
13 NECESSARY FOR THE ADMINISTRATION OF THIS ARTICLE.

14 (E) EXECUTION MAY BE ISSUED BY THE COURT AGAINST ANY REAL
15 PROPERTY IN THE DECEDENT'S ESTATE ON WHICH A LIEN FOR THE
16 PAYMENT OF THE TAXES IMPOSED BY THIS ARTICLE EXISTS OR AGAINST
17 ANY PROPERTY BELONGING TO A TRANSFEREE LIABLE FOR THE TAX.

18 (F) THE DEPARTMENT MAY BRING SUITS IN THE COURTS OF OTHER
19 STATES TO COLLECT DEATH TAXES (INCLUDING INTEREST AND PENALTIES
20 ON THE TAXES) IMPOSED BY THIS ARTICLE. AN OFFICIAL OF ANOTHER
21 STATE WHICH EXTENDS A LIKE COMITY TO THE COMMONWEALTH MAY SUE
22 FOR THE COLLECTION OF DEATH TAXES (INCLUDING INTEREST AND
23 PENALTIES ON THE TAXES) IN THE COURTS OF THIS COMMONWEALTH. A
24 CERTIFICATE BY THE SECRETARY OF STATE OF ANOTHER STATE, UNDER
25 THE SEAL OF THAT STATE, THAT AN OFFICIAL HAS AUTHORITY TO
26 COLLECT ITS DEATH TAXES SHALL BE CONCLUSIVE EVIDENCE OF THE
27 AUTHORITY OF THE OFFICIAL IN ANY SUIT FOR THE COLLECTION OF THE
28 TAXES IN ANY COURT OF THIS COMMONWEALTH.

29 PART X

30 REFUND OF TAX

1 SECTION 2181. REFUND OF TAX.--(A) A REFUND SHALL BE MADE OF
2 ANY TAX TO WHICH THE COMMONWEALTH IS NOT RIGHTFULLY OR EQUITABLY
3 ENTITLED PROVIDED THE COMMONWEALTH DETERMINES THE REFUND IS DUE
4 OR APPLICATION FOR REFUND IS MADE WITHIN THE APPROPRIATE TIME
5 LIMIT AS SET FORTH IN SUBSECTION (D).

6 (B) INTEREST SHALL BE PAID ON REFUNDABLE TAX AT THE SAME
7 RATE AS THE INTEREST RATE ON DEFICIENCIES PROVIDED FOR IN
8 SECTION 2143.

9 (C) REFUND SHALL BE MADE IN CASH TO THE PARTY WHO PAID THE
10 TAX OR TO HIS ASSIGNEE OR AS DIRECTED BY THE COURT.

11 (D) APPLICATION FOR REFUND OF TAX SHALL BE MADE WITHIN TWO
12 YEARS AFTER:

13 (1) THE COURT HAS RESCINDED ITS ORDER AND ADJUDICATION OF
14 PRESUMED DEATH WHEN THE REFUND IS CLAIMED FOR TAX PAID ON THE
15 TRANSFER OF THE ESTATE OF A PRESUMED DECEDENT WHO IS LATER
16 DETERMINED TO BE ALIVE;

17 (2) TERMINATION OF LITIGATION ESTABLISHING A RIGHT TO A
18 REFUND, NO APPLICATION FOR REFUND SHALL BE NECESSARY WHEN THE
19 LITIGATION HAS BEEN WITH THE COMMONWEALTH OVER LIABILITY FOR THE
20 TAX OR THE AMOUNT OF TAX DUE;

21 (3) IT HAS BEEN FINALLY DETERMINED THAT THE WHOLE OR ANY
22 PART OF AN ALLEGED DEFICIENCY TAX, ASSERTED BY THE FEDERAL
23 GOVERNMENT BEYOND THAT ADMITTED TO BE PAYABLE, AND IN
24 CONSEQUENCE OF WHICH AN ESTATE TAX WAS PAID UNDER SECTION 2117
25 WAS NOT PAYABLE;

26 (4) A FINAL JUDGMENT HOLDING THAT A PROVISION OF THIS
27 ARTICLE UNDER WHICH TAX HAS BEEN PAID IS UNCONSTITUTIONAL OR
28 THAT THE INTERPRETATION OF A PROVISION OF THIS ARTICLE UNDER
29 WHICH TAX HAS BEEN PAID WAS ERRONEOUS; OR

30 (5) THE DATE OF PAYMENT, OR THE DATE OF THE NOTICE OF THE

1 ASSESSMENT OF THE TAX, OR THE DATE THE TAX BECOMES DELINQUENT,
2 WHICHEVER OCCURS LATER, IN ALL OTHER CASES.

3 (E) AN APPLICATION FOR REFUND OF TAX SHALL BE MADE TO THE
4 BOARD OF FINANCE AND REVENUE.

5 (F) THE ACTION OF THE BOARD OF FINANCE AND REVENUE ON ALL
6 APPLICATIONS FOR REFUND OF TAX MAY BE APPEALED AS PROVIDED FOR
7 IN 42 PA.C.S. § 933 (RELATING TO APPEALS FROM GOVERNMENT
8 AGENCIES).

9 (G) AS MUCH OF THE MONEYS RECEIVED AS PAYMENT OF TAX UNDER
10 THIS ARTICLE AS SHALL BE NECESSARY FOR THE PAYMENT OF THE
11 REFUNDS PROVIDED FOR IN THIS ARTICLE WITH INTEREST IS
12 APPROPRIATED FOR THE PAYMENT OF SUCH REFUNDS.

13 PART XI

14 DISPUTED TAX

15 SECTION 2186. PROTEST, NOTICE AND APPEAL.--(A) ANY PARTY IN
16 INTEREST, INCLUDING THE COMMONWEALTH AND THE PERSONAL
17 REPRESENTATIVE, NOT SATISFIED WITH THE APPRAISEMENT, THE
18 ALLOWANCE OR DISALLOWANCE OF DEDUCTIONS, THE ASSESSMENT OF TAX,
19 OR SUPPLEMENTS OR ANY OTHER MATTER RELATING TO ANY TAX IMPOSED
20 BY THIS ARTICLE, WITHIN SIXTY DAYS AFTER RECEIPT OF NOTICE OF
21 THE ACTION COMPLAINED OF MAY:

22 (1) FILE WITH THE DEPARTMENT A WRITTEN PROTEST, SENDING A
23 COPY THEREOF TO THE OFFICE OF ATTORNEY GENERAL;

24 (2) NOTIFY THE REGISTER IN WRITING THAT HE ELECTS TO HAVE
25 THE CORRECTNESS OF THE ACTION COMPLAINED OF DETERMINED AT THE
26 AUDIT OF THE ACCOUNT OF THE PERSONAL REPRESENTATIVE; OR

27 (3) APPEAL TO THE COURT TO HAVE THE CORRECTNESS OF THE
28 ACTION COMPLAINED OF DETERMINED AT THE AUDIT OF THE ACCOUNT OF
29 THE PERSONAL REPRESENTATIVE, OR AT A TIME THE COURT SHALL FIX.
30 THE PROTEST, NOTIFICATION OR APPEAL SHALL SPECIFY ALL THE

1 OBJECTIONS TO THE ACTION COMPLAINED OF. WHEN THE PROTEST,
2 NOTIFICATION OR APPEAL IS FILED BY THE COMMONWEALTH, A COPY
3 SHALL ALSO BE SENT TO THE PERSONAL REPRESENTATIVE AND TO ALL
4 OTHER PERSONS WHO FILED A TAX RETURN.

5 (B) IF A NOTIFICATION OR APPEAL HAS BEEN FILED FROM AN
6 ASSESSMENT OF TAX WHERE IT IS CONTENDED THAT THE RATE OF TAX
7 WHICH WILL BE APPLICABLE WHEN A FUTURE INTEREST VESTS IN
8 POSSESSION AND ENJOYMENT CANNOT PRESENTLY BE ESTABLISHED WITH
9 CERTAINTY, AND NO COMPROMISE HAS BEEN ENTERED INTO PURSUANT TO
10 SUBSECTION (E) OF SECTION 2116, THE COURT, AFTER CONSIDERATION
11 OF RELEVANT ACTUARIAL FACTORS, VALUATIONS AND OTHER PERTINENT
12 CIRCUMSTANCES, SHALL DETERMINE WHAT PORTION OF THE TRANSFER IS
13 TO BECOME TAXED AT EACH OF THE RATES WHICH MIGHT BE APPLICABLE.

14 (C) WHENEVER ANY APPEAL OR PROTEST IS BROUGHT PURSUANT TO
15 THIS PART AND THE SUBJECT MATTER OF THE APPEAL CONCERNS THE
16 VALUATION OF CERTAIN FARMLAND AS SET FORTH IN SECTION 2122 THE
17 FORUM DESIGNATED BY THE DEPARTMENT TO HEAR THE APPEAL OR PROTEST
18 SHALL INCLUDE AT LEAST TWO FARMERS AND THE SECRETARY OF
19 AGRICULTURE. THE FARMERS AND THE SECRETARY OF AGRICULTURE SHALL
20 BE ACCORDED FULL POWERS WITHIN THE FORUM WITH FULL VOTING
21 RIGHTS.

22 SECTION 2187. BOND.--NO BOND SHALL BE REQUIRED OF ANY PARTY
23 IN INTEREST WHO FILES A PROTEST OR NOTIFICATION AGAINST, OR
24 APPEALS FROM, AN APPRAISEMENT, ALLOWANCE OR DISALLOWANCE OF A
25 DEDUCTION, ASSESSMENT OF TAX, OR SUPPLEMENTS, OR OTHER MATTER
26 RELATING TO THE TAX, OR FROM THE DECISION OF THE DEPARTMENT
27 FOLLOWING A PROTEST, OR WHO PETITIONS FOR REMOVAL OF THE RECORD
28 TO THE COURT.

29 SECTION 2188. APPEAL AND REMOVAL FROM DEPARTMENT.--(A) ANY
30 PARTY IN INTEREST, INCLUDING THE COMMONWEALTH AND THE PERSONAL

1 REPRESENTATIVE, NOT SATISFIED WITH THE DECISION OF THE
2 DEPARTMENT UPON A PROTEST MAY APPEAL FROM THE DEPARTMENT TO THE
3 COURT WITHIN SIXTY DAYS AFTER RECEIPT OF NOTICE OF THE ENTRY OF
4 THE DECISION OF THE DEPARTMENT. WHEN NO DECISION HAS BEEN
5 RENDERED BY THE DEPARTMENT WITHIN THIRTY DAYS AFTER THE PROTEST
6 HAS BEEN FILED WITH THE DEPARTMENT, THE COURT UPON PETITION OF
7 ANY PARTY IN INTEREST MAY DIRECT THE DEPARTMENT TO TRANSMIT THE
8 ENTIRE RECORD TO THE COURT. WHEN AN APPEAL IS TAKEN FROM THE
9 DECISION OF THE DEPARTMENT, OR THE COURT DIRECTS THE DEPARTMENT
10 TO TRANSMIT THE ENTIRE RECORD TO THE COURT, THE COURT SHALL
11 EITHER PROCEED TO A DETERMINATION OF THE ISSUES PROTESTED TO THE
12 DEPARTMENT OR SUSPEND THE DETERMINATION UNTIL THE AUDIT OF THE
13 ACCOUNT OF THE PERSONAL REPRESENTATIVE.

14 (B) IF THE APPEAL OR REMOVAL ARISES FROM AN ASSESSMENT OF
15 TAX WHERE IT IS CONTENDED THAT THE RATE OF TAX WHICH WILL BE
16 APPLICABLE WHEN A FUTURE INTEREST VESTS IN POSSESSION AND
17 ENJOYMENT CANNOT PRESENTLY BE ESTABLISHED WITH CERTAINTY, AND NO
18 COMPROMISE HAS BEEN ENTERED INTO PURSUANT TO SUBSECTION (E) OF
19 SECTION 2116, THE COURT AFTER CONSIDERATION OF RELEVANT
20 ACTUARIAL FACTORS, VALUATIONS AND OTHER PERTINENT CIRCUMSTANCES
21 SHALL DETERMINE WHAT PORTION OF THE TRANSFER IS TO BECOME TAXED
22 AT EACH OF THE RATES WHICH MIGHT BE APPLICABLE.

23 PART XII

24 ENTRY INTO SAFE DEPOSIT BOX

25 SECTION 2191. ENTRY PROHIBITED.--UNLESS PROVIDED OTHERWISE
26 IN THIS PART, NO PERSON HAVING ACTUAL KNOWLEDGE OF THE DEATH OF
27 A DECEDENT SHALL ENTER A SAFE DEPOSIT BOX OF THE DECEDENT. THIS
28 PART SHALL NOT BE CONSTRUED TO CONFER UPON ANY PERSON ANY RIGHT
29 OF ENTRY INTO A SAFE DEPOSIT BOX OF A DECEDENT WHICH HE DOES NOT
30 OTHERWISE HAVE.

1 SECTION 2192. ENTRY WITHOUT NOTICE TO DEPARTMENT.--(A) A
2 SAFE DEPOSIT BOX OF A DECEDENT MAY BE ENTERED, AND ANY OR ALL OF
3 THE CONTENTS REMOVED IN THE PRESENCE OF AN EMPLOYE OF THE
4 FINANCIAL INSTITUTION IN WHICH THE BOX IS LOCATED. THE EMPLOYE
5 SHALL MAKE, OR CAUSE TO BE MADE, A RECORD OF THE CONTENTS OF THE
6 BOX, WHICH RECORD HE SHALL ATTEST UNDER PENALTY OF PERJURY TO BE
7 CORRECT AND COMPLETE. THE FINANCIAL INSTITUTION MAY MAKE A
8 REASONABLE CHARGE FOR THE ATTENDANCE OF ITS EMPLOYE AT THE ENTRY
9 OF THE BOX AND THE LISTING OF THE CONTENTS, WHICH CHARGE SHALL
10 BE DEDUCTIBLE AS AN ADMINISTRATION EXPENSE UNDER SUBSECTION (B)
11 OF SECTION 2117.

12 (B) A SAFE DEPOSIT BOX OF A DECEDENT MAY BE ENTERED, AND ANY
13 OR ALL OF THE CONTENTS REMOVED, IN THE PRESENCE OF A
14 REPRESENTATIVE OF THE DEPARTMENT AUTHORIZED BY THE SECRETARY.
15 THE DEPARTMENT SHALL AUTHORIZE AT LEAST ONE SUCH REPRESENTATIVE
16 IN AND FOR EACH COUNTY OF THIS COMMONWEALTH. THE REPRESENTATIVE
17 PRESENT AT THE TIME OF ENTRY INTO THE BOX SHALL MAKE OR CAUSE TO
18 BE MADE A RECORD OF THE CONTENTS OF THE BOX.

19 (C) THE COURT FOR CAUSE SHOWN MAY ORDER THAT A DESIGNATED
20 PERSON OR PERSONS BE PERMITTED TO ENTER A SAFE DEPOSIT BOX OF A
21 DECEDENT AND REMOVE THE CONTENTS DESCRIBED IN THE ORDER, UNDER
22 SUPERVISION AS THE COURT MAY DIRECT. THE ORDER MAY ALSO REQUIRE
23 THAT A RECORD BE MADE OF THE CONTENTS OF THE BOX.

24 (D) NOTWITHSTANDING ANY OF THE PROVISIONS OF THIS PART, THE
25 DEPARTMENT, AT ANY TIME AND WITHOUT RELATION TO THE DEATH OF A
26 SPECIFIC DECEDENT, BY A CERTIFICATE ISSUED TO A FIRM WHOSE
27 BUSINESS REQUIRES READY ACCESS TO SAFE DEPOSIT BOXES, MAY ISSUE
28 A GENERAL AUTHORIZATION FOR THE ENTRY INTO, AND REMOVAL OF THE
29 CONTENTS OF, A SAFE DEPOSIT BOX OF A DECEDENT, UNDER TERMS AND
30 CONDITIONS AS IT MAY PRESCRIBE. A FINANCIAL INSTITUTION MAY

1 PERMIT SUCH ENTRY AND REMOVAL UPON PRESENTATION TO IT OF SUCH
2 CERTIFICATES ISSUED BY THE DEPARTMENT.

3 (E) NOTHING IN THIS PART SHALL PROHIBIT A FINANCIAL
4 INSTITUTION FROM PERMITTING ENTRY INTO A SAFE DEPOSIT BOX OF A
5 DECEDENT FOR THE SOLE PURPOSE OF REMOVING THE DECEDENT'S WILL
6 AND EVIDENCE OF OWNERSHIP OF THE BURIAL LOT IN WHICH THE
7 DECEDENT IS TO BE INTERRED. AN EMPLOYEE OF THE FINANCIAL
8 INSTITUTION MUST BE PRESENT AT THE OPENING OF THE BOX AND MAKE
9 OR CAUSE TO BE MADE A RECORD OF THE DOCUMENTS REMOVED FROM THE
10 SAFE DEPOSIT BOX DURING THE ENTRY AND ATTEST THE RECORD TO BE
11 CORRECT AND COMPLETE UNDER PENALTY OF PERJURY.

12 SECTION 2193. ENTRY UPON NOTICE TO DEPARTMENT.--(A) WHEN
13 ENTRY INTO A SAFE DEPOSIT BOX OF A DECEDENT IS NOT, OR CANNOT BE
14 MADE UNDER THE PROVISIONS OF SUBSECTION (A), (B), (C) OR (D) OF
15 SECTION 2192, A SAFE DEPOSIT BOX OF A DECEDENT MAY BE ENTERED AT
16 THE TIME FIXED IN A NOTICE MAILED TO THE DEPARTMENT OF REVENUE,
17 HARRISBURG, PENNSYLVANIA, AND TO THE FINANCIAL INSTITUTION IN
18 WHICH THE BOX IS LOCATED, IN THE MANNER SPECIFIED IN THIS
19 SECTION. THE DATE FIXED FOR ENTRY AND CONTAINED IN THE NOTICE
20 SHALL NOT BE LESS THAN SEVEN DAYS AFTER THE DATE OF NOTICE IS
21 MAILED. A REPRESENTATIVE OF THE DEPARTMENT MAY BE PRESENT AT THE
22 TIME FIXED FOR ENTRY AND MAY MAKE OR CAUSE TO BE MADE A RECORD
23 OF THE CONTENTS OF THE BOX.

24 (B) THE NOTICE REQUIRED UNDER SUBSECTION (A) SHALL BE
25 DELIVERED TO THE UNITED STATES POSTAL SERVICE FOR MAILING IN A
26 MANNER THAT WILL PROVIDE FOR A RECORD OF THE MAILING BEING MADE
27 BY THE UNITED STATES POSTAL SERVICE AND A RECEIPT BEING
28 FURNISHED TO THE SENDER. AN EXACT COPY OF THE NOTICE SHALL BE
29 TRANSMITTED TO THE FINANCIAL INSTITUTION IN WHICH THE BOX IS
30 LOCATED.

1 (C) AT THE TIME FIXED IN THE NOTICE REQUIRED BY SUBSECTION
2 (A), ALTHOUGH NO REPRESENTATIVE OF THE DEPARTMENT IS PRESENT, IT
3 SHALL BE LAWFUL FOR A FINANCIAL INSTITUTION IN WHICH A SAFE
4 DEPOSIT BOX OF A DECEDENT IS LOCATED TO PERMIT, AND IT SHALL
5 PERMIT, ENTRY INTO THE BOX AND REMOVAL OF ITS CONTENTS BY A
6 PERSON WHO FURNISHES A SIGNED STATEMENT UNDER PENALTY OF PERJURY
7 THAT HE OR SOMEONE IN HIS BEHALF HAS GIVEN SUCH NOTICE.

8 SECTION 2194. SUBSEQUENT ENTRIES.--NOTHING IN THIS PART
9 SHALL BE CONSTRUED TO IMPOSE ANY RESTRICTION UPON REENTRY INTO A
10 SAFE DEPOSIT BOX OF A DECEDENT AT ANY TIME SUBSEQUENT TO AN
11 ENTRY MADE IN ACCORDANCE WITH ANY OF THE PROVISIONS OF THIS PART
12 OTHER THAN SUBSECTION (E) OF SECTION 2192.

13 SECTION 2195. CONFIDENTIAL NATURE OF CONTENTS.--ANY
14 INFORMATION GAINED FROM THE CONTENTS OF A SAFE DEPOSIT BOX OF A
15 DECEDENT BY A PERSON WHOSE ATTENDANCE AT THE ENTRY INTO THE BOX
16 WAS REQUIRED BY THIS PART SHALL BE CONFIDENTIAL AND SHALL NOT BE
17 DISCLOSED FOR OTHER THAN OFFICIAL PURPOSES TO COLLECT THE TAXES
18 IMPOSED BY THIS ARTICLE.

19 SECTION 2196. PENALTIES.--(A) ANY EMPLOYE OF A FINANCIAL
20 INSTITUTION IN WHICH THE SAFE DEPOSIT BOX OF A DECEDENT IS
21 LOCATED WHO, HAVING ACTUAL KNOWLEDGE OF THE DEATH OF THE
22 DECEDENT, ENTERS OR PERMITS THE ENTRY BY ANY PERSON INTO A SAFE
23 DEPOSIT BOX OF THE DECEDENT IN VIOLATION OF THE PROVISIONS OF
24 THIS PART COMMITS A MISDEMEANOR OF THE THIRD DEGREE.

25 (B) ANY PERSON, OTHER THAN AN EMPLOYE OF A FINANCIAL
26 INSTITUTION IN WHICH THE SAFE DEPOSIT BOX OF A DECEDENT IS
27 LOCATED, WHO, HAVING ACTUAL KNOWLEDGE OF THE DEATH OF A
28 DECEDENT, ENTERS A SAFE DEPOSIT BOX OF THE DECEDENT IN VIOLATION
29 OF THE PROVISIONS OF THIS PART COMMITS A MISDEMEANOR OF THE
30 THIRD DEGREE.

1 (C) ANY PERSON WHO VIOLATES THE PROVISIONS OF SECTION 2195
2 COMMITTS A MISDEMEANOR OF THE THIRD DEGREE.

3 SECTION 32. SECTION 3003.3(D) OF THE ACT, AMENDED OCTOBER
4 14, 1988 (P.L.737, NO.106), IS AMENDED AND THE SECTION IS
5 AMENDED BY ADDING A SUBSECTION TO READ:

6 SECTION 3003.3. UNDERPAYMENT OF ESTIMATED TAX.--* * *

7 (D) NOTWITHSTANDING THE PROVISIONS OF THE PRECEDING
8 SUBSECTIONS, THE ADDITION TO THE TAX WITH RESPECT TO ANY
9 UNDERPAYMENT OF ANY INSTALLMENT OF ESTIMATED TAX SHALL NOT BE
10 IMPOSED IF THE TOTAL AMOUNT OF ALL PAYMENTS OF ESTIMATED TAX
11 MADE ON OR BEFORE THE LAST DATE PRESCRIBED FOR THE PAYMENT OF
12 SUCH INSTALLMENT EQUALS OR EXCEEDS THE AMOUNT WHICH WOULD HAVE
13 BEEN REQUIRED TO BE PAID ON OR BEFORE SUCH DATE IF THE ESTIMATED
14 TAX WERE AN AMOUNT EQUAL TO THE TAX COMPUTED AT THE RATES
15 APPLICABLE TO THE TAXABLE YEAR, INCLUDING ANY MINIMUM TAX
16 IMPOSED, BUT OTHERWISE ON THE BASIS OF THE FACTS SHOWN ON THE
17 REPORT OF THE TAXPAYER FOR, AND THE LAW APPLICABLE TO, THE
18 SECOND PRECEDING TAXABLE YEAR, ADJUSTED FOR ANY CHANGES TO
19 SECTIONS 401, 601 AND 602 ENACTED FOR TAX YEARS BEGINNING ON OR
20 AFTER JANUARY 1, 1991, IF A REPORT SHOWING A LIABILITY FOR TAX
21 WAS FILED BY THE TAXPAYER FOR THE SECOND PRECEDING TAXABLE YEAR
22 AND SUCH SECOND PRECEDING YEAR WAS A TAXABLE YEAR OF TWELVE
23 MONTHS. IF THE TOTAL AMOUNT OF ALL PAYMENTS OF ESTIMATED TAX
24 MADE ON OR BEFORE THE LAST DATE PRESCRIBED FOR THE PAYMENT OF
25 SUCH INSTALLMENT DOES NOT EQUAL OR EXCEED THE AMOUNT REQUIRED TO
26 BE PAID PER THE PRECEDING SENTENCE, BUT SUCH AMOUNT IS PAID
27 AFTER THE DATE THE INSTALLMENT WAS REQUIRED TO BE PAID, THEN THE
28 PERIOD OF UNDERPAYMENT SHALL RUN FROM THE DATE THE INSTALLMENT
29 WAS REQUIRED TO BE PAID TO THE DATE THE AMOUNT REQUIRED TO BE
30 PAID PER THE PRECEDING SENTENCE WAS PAID. FOR TAXPAYERS THAT

1 HAVE FILED ONLY ONE OR TWO PREVIOUS RETURNS, IF THE SECOND
2 PRECEDING TAXABLE YEAR IS LESS THEN TWELVE MONTHS, THEN THE
3 FIRST PRECEDING TAXABLE YEAR SHALL BE USED; OR IF THERE IS NO
4 SECOND PRECEDING TAXABLE YEAR THEN THE FIRST PRECEDING TAXABLE
5 YEAR SHALL BE USED. IF THE FIRST PRECEDING TAXABLE YEAR IS LESS
6 THAN TWELVE MONTHS, THEN THE ANNUALIZED FIRST PRECEDING TAXABLE
7 YEAR SHALL BE USED. PROVIDED, HOWEVER, THAT IF THE SETTLED TAX
8 FOR THE SECOND PRECEDING YEAR EXCEEDS THE TAX SHOWN ON SUCH
9 REPORT BY TEN PER CENT OR MORE, THE SETTLED TAX ADJUSTED TO
10 REFLECT THE CURRENT TAX RATE SHALL BE USED FOR PURPOSES OF THIS
11 SUBSECTION, EXCEPT THAT, IF THE SETTLED TAX IS SUBSEQUENTLY
12 RESETTLED, THE AMOUNT OF TAX AS RESETTLED SHALL BE UTILIZED IN
13 THE APPLICATION OF THIS SUBSECTION WITHOUT THE NECESSITY OF THE
14 FILING OF ANY PETITION BY THE DEPARTMENT OR BY THE TAXPAYER. IN
15 THE EVENT THAT THE SETTLED OR RESETTLED TAX FOR THE SECOND
16 PRECEDING YEAR EXCEEDS THE TAX SHOWN ON THE REPORT BY TEN PER
17 CENT OR MORE, AN ADDITION TO THE TAX RESULTING FROM THE
18 UTILIZATION OF SUCH SETTLED OR RESETTLED TAX IN THE APPLICATION
19 OF THE PROVISIONS OF THIS SUBSECTION SHALL NOT BE IMPOSED IF,
20 WITHIN FORTY-FIVE DAYS OF THE MAILING DATE OF SUCH SETTLEMENT OR
21 RESETTLEMENT, PAYMENTS ARE MADE SUCH THAT THE TOTAL AMOUNT OF
22 ALL PAYMENTS OF ESTIMATED TAX EQUALS OR EXCEEDS THE AMOUNT WHICH
23 WOULD HAVE BEEN REQUIRED TO BE PAID ON OR BEFORE SUCH DATE IF
24 THE ESTIMATED TAX WERE AN AMOUNT EQUAL TO SUCH SETTLED OR
25 RESETTLED TAX ADJUSTED TO REFLECT THE CURRENT TAX RATE. IN ANY
26 CASE IN WHICH THE TAXABLE YEAR FOR WHICH AN UNDERPAYMENT OF
27 ESTIMATED TAX MAY EXIST IS A SHORT TAXABLE YEAR, IN DETERMINING
28 THE TAX SHOWN ON THE REPORT OR THE SETTLED OR RESETTLED TAX FOR
29 THE SECOND PRECEDING TAXABLE YEAR, THE TAX WILL BE REDUCED BY
30 MULTIPLYING IT BY THE NUMBER OF DAYS IN THE SHORT TAXABLE YEAR

1 AND DIVIDING THE RESULTING AMOUNT BY THREE HUNDRED SIXTY-FIVE.

2 (E) (1) WHEN THE AMENDMENTS TO SECTIONS 401, 601, 602 AND
3 3003.3(D) RESULT IN AN INCREASE OF A TAXPAYER'S ESTIMATED TAXES
4 FOR 1991 AND 1992 OR THE REQUIRED SAFE HARBOR AMOUNT, THE
5 ADDITIONAL REQUIRED INSTALLMENT PAYMENTS OF ESTIMATED TAX AS
6 WELL AS THE ADDITIONAL AMOUNT OF THE REQUIRED INSTALLMENT
7 PAYMENTS TO MEET THE "SAFE HARBOR" SHALL BE TREATED AS PROVIDED
8 BY THIS SUBSECTION FOR ADDITIONAL ESTIMATED PAYMENTS, SAFE
9 HARBOR PAYMENTS AND THE RECOMPUTATION AND PRESERVATION OF THE
10 SAFE HARBOR.

11 (2) (I) FOR PURPOSES OF COMPUTING THE ESTIMATED TAX "SAFE
12 HARBOR" PURSUANT TO SECTION 3003.3(D) FOR TAX YEARS 1991 AND
13 1992, THE SECOND PRECEDING TAXABLE YEAR (BASE YEAR), FOR
14 ESTIMATED CAPITAL STOCK AND FRANCHISE TAX PURPOSES, SHALL BE
15 RECOMPUTED WITH THE AMENDED MANUFACTURING, PROCESSING OR
16 RESEARCH AND DEVELOPMENT EXEMPTIONS, AND WITH THE AMENDED
17 DEFINITION OF "CAPITAL STOCK VALUE" IN SECTION 601, AND WITH THE
18 AMENDED MINIMUM TAX; AND, FOR ESTIMATED CORPORATE NET INCOME TAX
19 PURPOSES, WITHOUT THE ADDITIONAL DEDUCTIONS FOR DIVIDENDS.

20 (II) ANY TAXPAYER WHOSE "SAFE HARBOR" IS AFFECTED BY THIS
21 SECTION MUST FILE A RECOMPUTATION OF ITS SAFE HARBOR YEAR,
22 WITHIN SIXTY DAYS OF THE EFFECTIVE DATE OF THIS ACT FOR CALENDAR
23 YEAR 1991 OR TAXABLE YEARS BEGINNING IN 1991, AND WITHIN ONE
24 HUNDRED FIVE DAYS OF THE BEGINNING OF ITS YEAR FOR CALENDAR YEAR
25 1992 OR TAXABLE YEARS BEGINNING IN 1992. THE RECOMPUTATION SHALL
26 BE ON FORMS AS PRESCRIBED BY THE DEPARTMENT OF REVENUE. ANY
27 TAXPAYER FAILING TO FILE A RECOMPUTATION AS REQUIRED SHALL BE
28 DENIED THE USE OF THE "SAFE HARBOR" PROVISIONS OF SECTION
29 3003.3(D).

30 (3) TO THE EXTENT THE AMENDMENTS TO SECTIONS 401, 601, 602

1 AND 3003.3(D) RESULT IN AN INCREASE IN THE CORPORATION'S
2 ESTIMATED TAX OR THE SAFE HARBOR AMOUNT, INSTALLMENTS DUE AFTER
3 THE EFFECTIVE DATE OF THIS ACT SHALL BE MADE PURSUANT TO
4 SECTIONS 3003.2 AND 3003.3 EXCEPT:

5 (I) ADDITIONAL AMOUNTS ASSOCIATED WITH INSTALLMENT PAYMENT
6 OF ESTIMATED TAX DUE PRIOR TO THE EFFECTIVE DATE OF THIS ACT
7 UNDER SECTION 3003.2 OR 3003.3(D) SHALL BE CONSIDERED TIMELY
8 PAID IF PAID WITHIN SIXTY DAYS OF THE EFFECTIVE DATE OF THIS ACT
9 OR ON THE DUE DATE OF THE NEXT INSTALLMENT.

10 (II) ADDITIONAL AMOUNTS ASSOCIATED WITH INSTALLMENT PAYMENT
11 OF ESTIMATED TAX DUE WITHIN SIXTY DAYS OF THE EFFECTIVE DATE OF
12 THIS ACT UNDER SECTION 3003.2 OR 3003.3(D) SHALL BE CONSIDERED
13 TIMELY PAID IF PAID WITHIN SIXTY DAYS OF THE EFFECTIVE DATE OF
14 THIS ACT OR ON THE DUE DATE OF THE NEXT INSTALLMENT.

15 SECTION 33. THE FOLLOWING ACTS AND PARTS OF ACTS ARE
16 REPEALED:

17 THE ACT OF MAY 20, 1949 (P.L.1584, NO.478), KNOWN AS THE
18 UNFAIR CIGARETTE SALES ACT.

19 72 PA.C.S. CH. 17.

20 SECTION 34. THIS ACT SHALL APPLY AS FOLLOWS:

21 (1) THE AMENDMENT OF SECTIONS 401(3)1(B) AND (B.1), 402,
22 602, 602.1, 602.3 AND 3003.3(D) OF THE ACT SHALL APPLY
23 RETROACTIVELY TO THE TAXABLE YEARS BEGINNING ON OR AFTER
24 JANUARY 1, 1991.

25 (2) THE AMENDMENT OF SECTION 1101(A) OF THE ACT SHALL
26 APPLY TO GROSS RECEIPTS REALIZED ON OR AFTER JULY 1, 1991.

27 (3) THE ADDITION OF ARTICLE XXI SHALL APPLY TO THE
28 ESTATE OF DECEDENTS DYING ON OR AFTER THE EFFECTIVE DATE OF
29 ARTICLE XXI AND TO INTER VIVOS TRANSFERS MADE BY DECEDENTS
30 DYING ON OR AFTER THE EFFECTIVE DATE OF ARTICLE XXI

1 REGARDLESS OF THE DATE OF TRANSFER.

2 SECTION 35. (A) THE AMENDMENT, ADDITION OR REPEAL OF
3 SECTIONS 301 AND 304 SHALL BE RETROACTIVE TO JANUARY 1, 1991.

4 (B) THE AMENDMENT, ADDITION OR REPEAL OF SECTIONS 302, 302.2
5 AND 402.1 SHALL BE RETROACTIVE TO JULY 1, 1991.

6 SECTION 36. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

7 (1) THE AMENDMENT OR ADDITION OF SECTIONS 324, 324.1,
8 324.2, 324.3, 325 AND 352(B), (D) AND (F) OF THE ACT SHALL
9 TAKE EFFECT JANUARY 1, 1992.

10 (2) THE ADDITION OF ARTICLE XXI AND THE REPEAL OF 72
11 PA.C.S. CH. 17 SHALL TAKE EFFECT IN 60 DAYS.

12 (3) THE AMENDMENT OR ADDITION OF SECTIONS 1206, 1206.1,
13 1221, 1222(A), 1223, 1224, 1278(C) AND 1285(C) OF THE ACT
14 SHALL TAKE EFFECT IN 15 DAYS.

15 (4) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT
16 IMMEDIATELY.