

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2563 Session of  
1996

INTRODUCED BY S. H. SMITH, TRELLO, LYNCH, E. Z. TAYLOR, GEIST,  
WALKO, BELARDI, GANNON, CLARK, MCGILL AND SAINATO,  
APRIL 15, 1996

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, APRIL 15, 1996

AN ACT

1 Amending the act of December 31, 1965 (P.L.1257, No.511),  
2 entitled "An act empowering cities of the second class,  
3 cities of the second class A, cities of the third class,  
4 boroughs, towns, townships of the first class, townships of  
5 the second class, school districts of the second class,  
6 school districts of the third class and school districts of  
7 the fourth class including independent school districts, to  
8 levy, assess, collect or to provide for the levying,  
9 assessment and collection of certain taxes subject to maximum  
10 limitations for general revenue purposes; authorizing the  
11 establishment of bureaus and the appointment and compensation  
12 of officers, agencies and employes to assess and collect such  
13 taxes; providing for joint collection of certain taxes,  
14 prescribing certain definitions and other provisions for  
15 taxes levied and assessed upon earned income, providing for  
16 annual audits and for collection of delinquent taxes, and  
17 permitting and requiring penalties to be imposed and  
18 enforced, including penalties for disclosure of confidential  
19 information, providing an appeal from the ordinance or  
20 resolution levying such taxes to the court of quarter  
21 sessions and to the Supreme Court and Superior Court,"  
22 providing for the payment of interest and a penalty where a  
23 refund of the earned income tax is not timely made; and  
24 further providing for suits for the recovery of unpaid earned  
25 income tax.

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

28 Section 1. Division V of section 13 of the act of December  
29 31, 1965 (P.L.1257, No.511), known as The Local Tax Enabling

1 Act, is amended by adding a subsection and subsection (b) of  
2 Division VII of section 13 are amended to read:

3 Section 13. Earned Income Taxes.--On and after the effective  
4 date of this act the remaining provisions of this section shall  
5 be included in or construed to be a part of each tax levied and  
6 assessed upon earned income by any political subdivision levying  
7 and assessing such tax pursuant to this act. The definitions  
8 contained in this section shall be exclusive for any tax upon  
9 earned income and net profits levied and assessed pursuant to  
10 this act, and shall not be altered or changed by any political  
11 subdivision levying and assessing such tax.

12 V. Powers and Duties of Officer

13 \* \* \*

14 (d.1) Refunds shall be made within thirty days of the  
15 deadline to file a return. If for any reason a refund is not  
16 timely made, interest at the rate of six percent per annum on  
17 the amount due the taxpayer and an additional penalty of one-  
18 half of one percent of the amount for each month or fraction of  
19 a month during which the refund remains unpaid shall be added to  
20 the amount due the taxpayer.

21 \* \* \*

22 VII. Suit for Collection of Tax

23 \* \* \*

24 (b) Any suit brought to recover the tax imposed by the  
25 ordinance or resolution shall be begun within three years after  
26 such tax is due, or within three years after the declaration or  
27 return has been filed, whichever date is later: Provided,  
28 however, That this limitation shall not prevent the institution  
29 of a suit for the collection of any tax due or determined to be  
30 due in the following cases:

1       (1) Where no declaration or return was filed by any person  
2 although a declaration or return was required to be filed by him  
3 under provisions of the ordinance or resolution, [there shall be  
4 no limitation] or where the taxing district has no record of the  
5 filing of a return or declaration, suit shall be begun within  
6 five years.

7       (2) Where an examination of the declaration or return filed  
8 by any person, or of other evidence relating to such declaration  
9 or return in the possession of the officer, reveals a fraudulent  
10 evasion of taxes, there shall be no limitation.

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

14       (4) Where any person has deducted taxes under the provisions  
15 of the ordinance or resolution, and has failed to pay the  
16 amounts so deducted to the officer, or where any person has  
17 wilfully failed or omitted to make the deductions required by  
18 this section, there shall be no limitation.

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

22       \* \* \*

23       Section 2. This act shall apply to tax years beginning on  
24 and after January 1, 1997.

25       Section 3. This act shall take effect in 60 days.