

LOCAL TAX ENABLING ACT, THE - APPLICABILITY OF 2002 AMENDMENTS
RELATING TO DEFINITIONS REGARDING EARNED INCOME TAX

Act of Apr. 5, 2004, P.L. 208, No. 24

Cl. 53

Session of 2004

No. 2004-24

HB 1206

AN ACT

Amending the act of December 31, 1965 (P.L.1257, No.511), entitled "An act empowering cities of the second class, cities of the second class A, cities of the third class, boroughs, towns, townships of the first class, townships of the second class, school districts of the second class, school districts of the third class and school districts of the fourth class including independent school districts, to levy, assess, collect or to provide for the levying, assessment and collection of certain taxes subject to maximum limitations for general revenue purposes; authorizing the establishment of bureaus and the appointment and compensation of officers, agencies and employees to assess and collect such taxes; providing for joint collection of certain taxes, prescribing certain definitions and other provisions for taxes levied and assessed upon earned income, providing for annual audits and for collection of delinquent taxes, and permitting and requiring penalties to be imposed and enforced, including penalties for disclosure of confidential information, providing an appeal from the ordinance or resolution levying such taxes to the court of quarter sessions and to the Supreme Court and Superior Court," further providing for definitions; and providing for the applicability of 2002 amendments relating to definitions regarding earned income tax.

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

Section 1. The definition of "earned income" in section 13 I of the act of December 31, 1965 (P.L.1257, No.511), known as The Local Tax Enabling Act, amended December 9, 2002 (P.L.1364, No.166), is amended to read:

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

I. Definitions

* * *

"Earned income." Compensation as determined under section 303 of the act of March 4, 1971 (P.L.6, No.2), known as the "Tax Reform Code of 1971," and regulations in 61 Pa. Code Pt. I Subpt. B Art. V (relating to personal income tax), **not including, however, wages or compensation paid to individuals on active military service.** Employee business expenses are allowable deductions as determined under Article III of the "Tax Reform Code of 1971." The amount of any housing allowance

provided to a member of the clergy shall not be taxable as earned income.

* * *

Section 2. The following provisions shall apply to taxable years beginning after December 31, 2002:

(1) The amendment of the definitions of "earned income" and "net profits" in section 13 I of the act in section 2 of the act of December 9, 2002 (P.L.1364, No.166), entitled "An act amending the act of December 31, 1965 (P.L.1257, No.511), entitled 'An act empowering cities of the second class, cities of the second class A, cities of the third class, boroughs, towns, townships of the first class, townships of the second class, school districts of the second class, school districts of the third class and school districts of the fourth class including independent school districts, to levy, assess, collect or to provide for the levying, assessment and collection of certain taxes subject to maximum limitations for general revenue purposes; authorizing the establishment of bureaus and the appointment and compensation of officers, agencies and employes to assess and collect such taxes; providing for joint collection of certain taxes, prescribing certain definitions and other provisions for taxes levied and assessed upon earned income, providing for annual audits and for collection of delinquent taxes, and permitting and requiring penalties to be imposed and enforced, including penalties for disclosure of confidential information, providing an appeal from the ordinance or resolution levying such taxes to the court of quarter sessions and to the Supreme Court and Superior Court,' further providing for delegation of taxing powers and restrictions and for definitions."

(2) The amendment of the definition of "earned income" in section 13 I of the act in section 1 of this act.

Section 3. This act shall take effect immediately.

APPROVED--The 5th day of April, A. D. 2004.

EDWARD G. RENDELL