

TAX REFORM CODE OF 1971 - DEFINITIONS

Act of Oct. 24, 2018, P.L. 802, No. 131

Cl. 72

Session of 2018

No. 2018-131

SB 627

AN ACT

Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An act relating to tax reform and State taxation by codifying and enumerating certain subjects of taxation and imposing taxes thereon; providing procedures for the payment, collection, administration and enforcement thereof; providing for tax credits in certain cases; conferring powers and imposing duties upon the Department of Revenue, certain employers, fiduciaries, individuals, persons, corporations and other entities; prescribing crimes, offenses and penalties," in corporate net income tax, further providing for definitions.

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

Section 1. Section 401(3)2(b) of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, is amended to read:

Section 401. Definitions.--The following words, terms, and phrases, when used in this article, shall have the meaning ascribed to them in this section, except where the context clearly indicates a different meaning:

\* \* \*

(3) "Taxable income." \* \* \*

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 1986, 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:

\* \* \*

(b) Railroad, Truck, Bus [or], Airline **or Qualified Air Freight Forwarding** Companies.

(1) All business income of railroad, truck, bus [or], airline **and qualified air freight forwarding** companies shall be apportioned to this Commonwealth by multiplying the income by a fraction, the numerator of which is the taxpayer's total revenue miles within this Commonwealth during the tax period and the denominator of which is the total revenue miles of the taxpayer everywhere during the tax period. For purposes of this paragraph revenue mile shall mean the average receipts derived from the transportation by the taxpayer of persons or property one mile. Where revenue miles are derived from the transportation of both persons and property, the revenue mile fractions attributable to each such class of transportation shall be computed separately, and the average of the two fractions, weighted in accordance with the ratio of total receipts from each such class of transportation everywhere to total receipts from both such classes of transportation everywhere, shall be used in apportioning income to this Commonwealth.

(2) Nonbusiness income of railroad, truck, bus [or], airline **and qualified air freight forwarding** companies shall be allocated as provided in paragraphs (5) through (8) of phrase (a) of subclause 2 of the definition of taxable income.

(3) **As used in this phrase, "qualified air freight forwarding company" shall mean a company that:**

(A) **is engaged in the air freight forwarding business;**

(B) **primarily uses an airline with which it has common ownership and control; and**

(C) **will use the revenue miles of the airline under subparagraph (B).**

\* \* \*

Section 2. The amendment of section 401(3)2(b) of the act shall apply to taxable years beginning after December 31, 2016.

Section 3. This act shall take effect immediately.

APPROVED--The 24th day of October, A.D. 2018.

TOM WOLF