

## AMENDMENTS TO HOUSE BILL NO. 1059

Sponsor: REPRESENTATIVE RYAN

Printer's No. 1093

1 Amend Bill, page 1, lines 10 and 11, by striking out "in  
2 personal income tax, further providing for" in line 10 and all  
3 of line 11 and inserting  
4 in personal income tax, further providing for withholding tax  
5 requirement for nonemployer payors, for information statement  
6 for nonemployer payors, for information statement for payees  
7 and for declarations of estimated tax, providing for  
8 electronic payment and further providing for requirements  
9 concerning returns, notices, records and statements and for  
10 additions, penalties and fees.

11 Amend Bill, page 1, lines 14 through 16, by striking out all  
12 of said lines and inserting

13 Section 1. Sections 316.2(a), 317.1, 317.2 and 325(d) of the  
14 act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code  
15 of 1971, are amended to read:

16 Section 316.2. Withholding Tax Requirement for Nonemployer  
17 Payors.--(a) To the extent not already required to withhold tax  
18 on payments under section 316.1, a person that:

19 (1) makes payments of income from sources within this  
20 Commonwealth described in section 303(a)(1) or (2) to either a  
21 nonresident individual or an entity that is disregarded under  
22 section 307.21 that has a nonresident member; and

23 (2) is required under section 335(f)(1) to file a copy of  
24 form [1099-MISC] 1099-NEC with the department regarding the  
25 payments;

26 shall deduct and withhold from the payments an amount equal to  
27 the net amount of the payments multiplied by the tax rate  
28 specified under section 302(b).

29 \* \* \*

30 Section 317.1. Information Statement for Nonemployer  
31 Payors.--Every payor required to deduct and withhold tax under  
32 section 316.2 shall furnish to a payee to whom the payor has  
33 paid income from sources within this Commonwealth during the  
34 calendar year a copy of form [1099-MISC] 1099-NEC required under  
35 section 335(f)(1). The copy of form [1099-MISC] 1099-NEC

1 required by this section for each calendar year shall be  
2 forwarded to the payee on or before March 1 of the year  
3 succeeding the calendar year.

4 Section 317.2. Information Statement for Payees.--Every  
5 payee receiving a copy of form [1099-MISC] 1099-NEC from a payor  
6 under section 317.1 shall file a duplicate of such information  
7 return with the payee's State income tax return.

8 Amend Bill, page 2, lines 16 through 19, by striking out all  
9 of said lines and inserting

10 Section 2. The act is amended by adding a section to read:

11 Section 332.1. Electronic Payment.--Any payment in the  
12 amount of \$5,000 or more remitted to the department for the tax  
13 imposed under this article shall be remitted electronically as  
14 prescribed by the department. This section shall not apply to  
15 employer withholding payments under Part VII of this article and  
16 section 9 of the act of April 9, 1929 (P.L.343, No.176), known  
17 as The Fiscal Code, shall continue to apply to employer  
18 withholding payments.

19 Section 3. Sections 335(f)(1) and (2) of the act are amended  
20 to read:

21 Section 335. Requirements Concerning Returns, Notices,  
22 Records and Statements.--\* \* \*

23 (f) The following apply:

24 (1) Any person who:

25 (i) makes payments of Pennsylvania source income that fall  
26 within any of the eight classes of income enumerated in section  
27 303(a);

28 (ii) makes such payments to an individual, an entity treated  
29 as a partnership for tax purposes or a single member limited  
30 liability company; and

31 (iii) is required to make a form [1099-MISC] 1099-NEC return  
32 to the Secretary of the Treasury of the United States with  
33 respect to such payments, shall file a copy of such form [1099-  
34 MISC] 1099-NEC with the department [and send a copy of such form  
35 1099-MISC to the payee by March 1 of each year or, if filed  
36 electronically, by March 31 of each year] on the due date of the  
37 form 1099-NEC. If the form [1099-MISC] 1099-NEC filed by a payor  
38 with the Secretary of the Treasury of the United States [is not  
39 completed in such a manner that] does not include the State  
40 income and State tax withheld [information, currently boxes 16  
41 through 18 on Federal form 1099-MISC, is reflected thereon] as  
42 required under section 316.2, the payor shall update the copies  
43 of form [1099-MISC] 1099-NEC to be provided pursuant to this  
44 section to reflect such information prior to filing it with the  
45 department and sending it to the payee.

46 (2) If the payor is required to perform electronic filing  
47 for Pennsylvania employer withholding purposes, the form [1099-  
48 MISC] 1099-NEC shall be filed electronically with the  
49 department.

1       \* \* \*

2       Section 4. Section 352(f)(4) and (5) of the act are amended  
3 and the section is amended by adding a subsection to read:

4       Section 352. Additions, Penalties and Fees.--\* \* \*

5       (f) \* \* \*

6       (4) Any person required to file a copy of form [1099-MISC]  
7 1099-NEC with the department under the provisions of section  
8 335(f) who wilfully furnishes a false or fraudulent form or who  
9 wilfully fails to file the form in the manner, at the time and  
10 showing the information required under section 335(f) shall, for  
11 each such failure, be subject to a penalty of fifty dollars  
12 (\$50).

13       (5) Any person required under the provisions of section  
14 335(f) to furnish a copy of form [1099-MISC] 1099-NEC to a payee  
15 who wilfully furnishes a false or fraudulent form or who  
16 wilfully fails to furnish a form in the manner, at the time and  
17 showing the information required by section 335(f) shall, for  
18 each such failure, be subject to a penalty of fifty dollars  
19 (\$50).

20       \* \* \*

21       (k) If a tax payment is made and the payment does not comply  
22 with section 332.1 when required, the taxpayer who is liable for  
23 the tax shall, in addition to any other penalty, interest or  
24 addition provided by law, be liable for a penalty of three per  
25 cent of the payment remitted not to exceed five hundred dollars  
26 (\$500).

27       Section 5. The amendment of section 325(d) of the act shall  
28 apply to taxable years beginning after December 31, 2021.

29       Section 6. This act shall take effect immediately.