
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 190

Session of
1971

INTRODUCED BY MESSRS. FINEMAN, IRVIS, ENGLEHART,
PRENDERGAST, MRS. ANDERSON, MESSRS. E. B. DAVIS AND
KAUFMAN, FEBRUARY 2, 1971

SENATOR CIANFRANI, FINANCE, RE-REPORTED AS AMENDED,
MARCH 2, 1971

AN ACT

1 Relating to tax reform and State taxation by codifying and
2 enumerating certain subjects of taxation and imposing taxes
3 thereon; providing procedures for the payment, collection,
4 administration and enforcement thereof; providing for tax
5 credits in certain cases; conferring powers and imposing
6 duties upon the Department of Revenue, certain employers,
7 fiduciaries, individuals, persons, corporations and other
8 entities; prescribing crimes, offenses and penalties.

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

11 ARTICLE I

12 SHORT TITLE

13 Section 101. Short Title.--This act shall be known and may
14 be cited as the "Tax Reform Code of 1971."

15 ARTICLE II

16 TAX FOR EDUCATION

17 PART I

18 DEFINITIONS

19 Section 201. Definitions.--The following words, terms and

1 phrases when used in this Article II shall have the meaning
2 ascribed to them in this section, except where the context
3 clearly indicates a different meaning:

4 (a) "Soft drinks." All nonalcoholic beverages, whether
5 carbonated or not, such as soda water, ginger ale, coca cola,
6 lime cola, pepsi cola, Dr. Pepper, fruit juice when plain or
7 carbonated water, flavoring or syrup is added, carbonated water,
8 orangeade, lemonade, root beer or any and all preparations,
9 commonly referred to as "soft drinks," of whatsoever kind, and
10 are further described as including any and all beverages,
11 commonly referred to as "soft drinks," which are made with or
12 without the use of any syrup. The term "soft drinks" shall not
13 include natural fruit or vegetable juices or their concentrates,
14 or non-carbonated fruit juice drinks containing not less than
15 twenty-five per cent by volume of natural fruit juices or of
16 fruit juice which has been reconstituted to its original state,
17 or natural concentrated fruit or vegetable juices reconstituted
18 to their original state, whether any of the foregoing natural
19 juices are frozen or unfrozen, sweetened or unsweetened,
20 seasoned with salt or spice or unseasoned, nor shall the term
21 "soft drinks" include coffee, coffee substitutes, tea, cocoa,
22 natural fluid milk or non-carbonated drinks made from milk
23 derivatives.

24 (b) "Maintaining a place of business in this Commonwealth."

25 (1) Having or maintaining within this Commonwealth, directly
26 or by a subsidiary, an office, distribution house, sales house,
27 warehouse, service enterprise or other place of business, or any
28 agent of general or restricted authority irrespective of whether
29 the place of business or agent is located here permanently or
30 temporarily or whether the person or subsidiary maintaining such

1 place of business or agent is authorized to do business within
2 this Commonwealth; or

3 (2) The engaging in any activity as a business within this
4 Commonwealth by any person, directly or by a subsidiary, in
5 connection with the lease, sale or delivery of tangible personal
6 property or the performance of services thereon for use, storage
7 or consumption including, but not limited to, having,
8 maintaining or using any office, distribution house, sales
9 house, warehouse or other place of business, any stock of goods
10 or any solicitor, salesman, agent or representative under its
11 authority, at its direction or with its permission, regardless
12 of whether the person or subsidiary is authorized to do business
13 in this Commonwealth.

14 (3) Regularly or substantially soliciting orders within this
15 Commonwealth in connection with the lease, sale or delivery of
16 tangible personal property to or the performance thereon of
17 services for residents of this Commonwealth by means of
18 catalogues or other advertising, whether such orders are
19 accepted within or without this Commonwealth.

20 (c) "Manufacture." The performance of manufacturing,
21 fabricating, compounding, processing or other operations,
22 engaged in as a business, which place any personal property in a
23 form, composition or character different from that in which it
24 is acquired whether for sale or use by the manufacturer, and
25 shall include, but not limited to--

26 (1) Every operation commencing with the first production
27 stage and ending with the completion of personal property having
28 the physical qualities (including packaging, if any, passing to
29 the ultimate consumer) which it has when transferred by the
30 manufacturer to another;

1 (2) The publishing of books, newspapers, magazines and other
2 periodicals and printing;

3 (3) Refining, exploring, mining and quarrying for, or
4 otherwise extracting from the earth any natural resources,
5 minerals and mineral aggregates;

6 (4) Building, rebuilding, repairing and making additions to,
7 or replacements in or upon vessels designed for commercial use
8 of registered tonnage of fifty tons or more when produced upon
9 special order of the purchaser, or when rebuilt, repaired or
10 enlarged, or when replacements are made upon order of, or for
11 the account of the owner;

12 (5) Research having as its objective the production of a new
13 or an improved (i) product or utility service, or (ii) method of
14 producing a product or utility service, but in either case not
15 including market research or research having as its objective
16 the improvement of administrative efficiency.

17 The term "manufacture," shall not include constructing,
18 altering, servicing, repairing or improving real estate or
19 repairing, servicing or installing personal property.

20 (d) "Processing." The performance of the following
21 activities when engaged in as a business enterprise:

22 (1) The cooking or freezing of fruits, vegetables,
23 mushrooms, fish, seafood, meats or poultry, when the person
24 engaged in such business packages such property in sealed
25 containers for wholesale distribution.

26 (2) The scouring, carbonizing, cording, combing, throwing,
27 twisting or winding of natural or synthetic fibers, or the
28 spinning, bleaching, dyeing, printing or finishing of yarns or
29 fabrics, when such activities are performed prior to sale to the
30 ultimate consumer.

1 (3) The electroplating, galvanizing, enameling, anodizing,
2 coloring, finishing, impregnating or heat treating of metals or
3 plastics for sale or in the process of manufacturing.

4 (4) The rolling, drawing or extruding of ferrous and non-
5 ferrous metals.

6 (5) The fabrication for sale of ornamental or structural
7 metal or of metal stairs, staircases, gratings, fire escapes or
8 railings (not including fabrication work done at the
9 construction site).

10 (6) The preparation of animal feed or poultry feed for sale.

11 (7) The production, processing and bottling of non-alcoholic
12 beverages for wholesale distribution.

13 (8) The operation of a saw mill or planing mill for the
14 production of lumber or lumber products for sale.

15 (9) The milling for sale of flour or meal from grains.

16 (10) The slaughtering and dressing of animals for meat to be
17 sold or to be used in preparing meat products for sale, and the
18 preparation of meat products including lard, tallow, grease,
19 cooking and inedible oils for wholesale distribution.

20 (11) The processing of used lubricating oils.

21 (12) The broadcasting of radio and television programs of
22 licensed commercial or educational stations.

23 (e) "Person." Any natural person, association, fiduciary,
24 partnership, corporation or other entity, including the
25 Commonwealth of Pennsylvania, its political subdivisions and
26 instrumentalities and public authorities. Whenever used in any
27 clause prescribing and imposing a penalty or imposing a fine or
28 imprisonment, or both, the term "person," as applied to an
29 association, shall include the members thereof and, as applied
30 to a corporation, the officers thereof.

1 (f) "Purchase at retail."

2 (1) The acquisition for a consideration of the ownership,
3 custody or possession of tangible personal property other than
4 for resale by the person acquiring the same when such
5 acquisition is made for the purpose of consumption or use,
6 whether such acquisition shall be absolute or conditional, and
7 by whatsoever means the same shall have been effected.

8 (2) The acquisition of a license to use or consume, and the
9 rental or lease of tangible personal property, other than for
10 resale regardless of the period of time the lessee has
11 possession or custody of the property.

12 (3) The obtaining for a consideration of those services
13 described in subclauses (2), (3) and (4) of clause (k) of this
14 section other than for resale.

15 (4) A retention after March 7, 1956, of possession, custody
16 or a license to use or consume pursuant to a rental contract or
17 other lease arrangement (other than as security), other than for
18 resale.

19 The term "purchase at retail" with respect to "liquor" and
20 "malt or brewed beverages" shall include the purchase of
21 "liquor" from any "Pennsylvania Liquor Store" by any person for
22 any purpose, and the purchase of "malt or brewed beverages" from
23 a "manufacturer of malt or brewed beverages," "distributor" or
24 "importing distributor" by any person for any purpose, except
25 purchases from a "manufacturer of malt or brewed beverages" by a
26 "distributor" or "importing distributor" or purchases from an
27 "importing distributor" by a "distributor" within the meaning of
28 the "Liquor Code." The term "purchase at retail" shall not
29 include any purchase of "malt or brewed beverages" from a
30 "retail dispenser" or any purchase of "liquor" or "malt or

1 brewed beverages" from a person holding a "retail liquor
2 license" within the meaning of and pursuant to the provisions of
3 the "Liquor Code," but shall include any purchase or acquisition
4 of "liquor" or "malt or brewed beverages" other than pursuant to
5 the provisions of the "Liquor Code."

6 (g) "Purchase price."

7 (1) The total value of anything paid or delivered, or
8 promised to be paid or delivered, whether it be money or
9 otherwise, in complete performance of a sale at retail or
10 purchase at retail, as herein defined, without any deduction on
11 account of the cost or value of the property sold, cost or value
12 of transportation, cost or value of labor or service, interest
13 or discount paid or allowed after the sale is consummated, any
14 other taxes imposed by the Commonwealth of Pennsylvania or any
15 other expense except that there shall be excluded any separately
16 stated deposit charge for returnable containers.

17 (2) There shall be deducted from the purchase price the
18 value of any personal property actually taken in trade or
19 exchange within this Commonwealth in lieu of the whole or any
20 part of the purchase price. For the purpose of this subsection,
21 the amount allowed by reason of personal property actually taken
22 in trade or exchange shall be considered the value of such
23 property.

24 (3) In determining the purchase price on the sale or use of
25 taxable tangible personal property where, because of affiliation
26 of interests between the vendor and purchaser, or irrespective
27 of any such affiliation, if for any other reason the purchase
28 price declared by the vendor or taxpayer on the taxable sale or
29 use of such tangible personal property is, in the opinion of the
30 department, not indicative of the true value of the article or

1 the fair price thereof, the department shall, pursuant to
2 uniform and equitable rules, determine the amount of
3 constructive purchase price upon the basis of which the tax
4 shall be computed and levied. Such rules shall provide for a
5 constructive amount of purchase price for each such sale or use
6 which would naturally and fairly be charged in an arms-length
7 transaction in which the element of common interest between the
8 vendor or purchaser is absent or if no common interest exists,
9 any other element causing a distortion of the price or value is
10 likewise absent. For the purpose of this clause where a taxable
11 sale or purchase at retail transaction occurs between a parent
12 and a subsidiary, affiliate or controlled corporation of such
13 parent corporation, there shall be a rebuttable presumption,
14 that because of such common interest such transaction was not at
15 arms-length.

16 (4) Where there is a transfer or retention of possession or
17 custody, whether it be termed a rental, lease, service or
18 otherwise, of tangible personal property including, but not
19 limited to linens, aprons, motor vehicles, trailers, tires,
20 industrial office and construction equipment, and business
21 machines the full consideration paid or delivered to the vendor
22 or lessor shall be considered the purchase price, even though
23 such consideration be separately stated and be designated as
24 payment for processing, laundering, service, maintenance,
25 insurance, repairs, depreciation or otherwise. Where the vendor
26 or lessor supplies or provides an employee to operate such
27 tangible personal property, the value of the labor thus supplied
28 may be excluded and shall not be considered as part of the
29 purchase price if separately stated. There shall also be
30 included as part of the purchase price the value of anything

1 paid or delivered, or promised to be paid or delivered by a
2 lessee, whether it be money or otherwise, to any person other
3 than the vendor or lessor by reason of the maintenance,
4 insurance or repair of the tangible personal property which a
5 lessee has the possession or custody of under a rental contract
6 or lease arrangement.

7 (5) With respect to the tax imposed by subsection (b) of
8 section 202 upon any tangible personal property originally
9 purchased by the user of such property six months or longer
10 prior to the first taxable use of such property within the
11 Commonwealth, such user may elect to pay tax on a substituted
12 base determined by considering the purchase price of such
13 property for tax purposes to be equal to the prevailing market
14 price of similar personal property at the time and place of such
15 first use within the Commonwealth. Such election must be made by
16 filing a notice thereof in the form specified by the department
17 and reporting such tax liability and paying the proper tax due
18 plus all accrued penalties and interest, if there be any, within
19 one year of the due date of such report and payment, as provided
20 for by subsections (a) and (c) of section 217 of this article.

21 (h) "Purchaser." Any person who acquires, for a
22 consideration, the ownership, custody or possession by sale,
23 lease or otherwise, of tangible personal property, or who
24 obtains services in exchange for a purchase price but not
25 including an employer who obtains services from his employes in
26 exchange for wages or salaries when such services are rendered
27 in the ordinary scope of their employment.

28 (i) "Resale."

29 (1) Any transfer of ownership, custody or possession of
30 tangible personal property for a consideration, including the

1 grant of a license to use or consume and transactions where the
2 possession of such property is transferred but where the
3 transferor retains title only as security for payment of the
4 selling price whether such transaction be designated as bailment
5 lease, conditional sale or otherwise.

6 (2) The physical incorporation of personal property as an
7 ingredient or constituent into other personal property, which is
8 to be sold in the regular course of business or the performance
9 of those services described in subclauses (2), (3) and (4) of
10 clause (k) of this section upon personal property which is to be
11 sold in the regular course of business.

12 The term "resale" shall not include any sale of "malt or
13 brewed beverages" by a "retail dispenser," or any sale of
14 "liquor" or "malt or brewed beverages" by a person holding a
15 "retail liquor license" within the meaning of the "Liquor Code."

16 (j) "Resident."

17 (1) Any natural person (i) who is domiciled in the
18 Commonwealth, or (ii) who maintains a permanent place of abode
19 within the Commonwealth and spends in the aggregate more than
20 sixty days of the year within the Commonwealth.

21 (2) Any corporation (i) incorporated under the laws of this
22 Commonwealth, or (ii) authorized to do business or doing
23 business within this Commonwealth, or (iii) maintaining a place
24 of business within this Commonwealth.

25 (3) Any association, fiduciary, partnership or other entity
26 (i) domiciled in this Commonwealth, or (ii) authorized to do
27 business or doing business within this Commonwealth, or (iii)
28 maintaining a place of business within this Commonwealth.

29 (k) "Sale at retail."

30 (1) Any transfer, for a consideration, of the ownership,

1 custody or possession of tangible personal property, including
2 the grant of a license to use or consume whether such transfer
3 be absolute or conditional and by whatsoever means the same
4 shall have been effected.

5 (2) The rendition of the service of printing or imprinting
6 of tangible personal property for a consideration for persons
7 who furnish, either directly or indirectly the materials used in
8 the printing or imprinting.

9 (3) The rendition for a consideration of the service of--

10 (i) Washing, cleaning, waxing, polishing or lubricating of
11 motor vehicles of another, whether or not any tangible personal
12 property is transferred in conjunction therewith; and

13 (ii) Inspecting motor vehicles pursuant to the mandatory
14 requirements of "The Vehicle Code."

15 (4) The rendition for a consideration of the service of
16 repairing, altering, mending, pressing, fitting, dyeing,
17 laundering, drycleaning or cleaning tangible personal property
18 other than wearing apparel or shoes, or applying or installing
19 tangible personal property as a repair or replacement part of
20 other personal property except wearing apparel or shoes for a
21 consideration, whether or not the services are performed
22 directly or by any means other than by coin-operated equipment
23 and whether or not any tangible personal property is transferred
24 in conjunction therewith, except such services as are rendered
25 in the construction, reconstruction, remodeling, repair or
26 maintenance of real estate: Provided, however, That this
27 subclause shall not be deemed to impose tax upon such services
28 in the preparation for sale of new items which are excluded from
29 the tax under clause (26) of section 204, or upon diaper
30 service.

1 (5) Any retention after March 7, 1956, of possession,
2 custody or a license to use or consume pursuant to a rental
3 contract or other lease arrangement (other than as security).

4 (6) Any retention of possession, custody or a license to use
5 or consume tangible personal property or any further obtaining
6 of services described in subclauses (2), (3) and (4) of this
7 clause after April 15, 1959, pursuant to a rental or service
8 contract or other arrangement (other than as security).

9 (7) Any retention of possession, custody or a license to use
10 or consume tangible personal property or any further obtaining
11 of services described in subclauses (2), (3) and (4) of this
12 clause after August 20, 1959, pursuant to a rental or service
13 contract or other arrangement (other than as security).

14 (8) Any retention of possession, custody or a license to use
15 or consume tangible personal property or any further obtaining
16 of services described in subclauses (2), (3) and (4) of this
17 clause pursuant to a rental or service contract or other
18 arrangement (other than as security).

19 The term "sale at retail" shall not include (i) any such
20 transfer of tangible personal property or rendition of services
21 for the purpose of resale, or (ii) such rendition of services or
22 the transfer of tangible personal property including, but not
23 limited to, machinery and equipment and parts therefor and
24 supplies to be used or consumed by the purchaser directly in any
25 of the operations of--

26 (A) The manufacture of personal property;

27 (B) Farming, dairying, agriculture, horticulture or
28 floriculture when engaged in as a business enterprise. The term
29 "farming" shall include the propagation and raising of ranch
30 raised fur-bearing animals.

1 (C) The producing, delivering or rendering of a public
2 utility service, or in constructing, reconstructing, remodeling,
3 repairing or maintaining the facilities used in such service,
4 whether or not such facilities constitute real estate: Provided,
5 however, "real estate" shall not include buildings;

6 (D) The processing of personal property as defined in clause
7 (d) of this section.

8 The exclusions provided in paragraphs (A), (B), (C) and (D)
9 shall not apply to any vehicle required to be registered under
10 The Vehicle Code, except those vehicles used directly by a
11 public utility engaged in business as a common carrier, or to
12 maintenance facilities or to materials or supplies to be used or
13 consumed in any construction, reconstruction, remodeling, repair
14 or maintenance of real estate.

15 The exclusions provided in paragraphs (A), (B), (C) and (D)
16 shall not apply to tangible personal property or services to be
17 used or consumed in managerial sales or other nonoperational
18 activities, nor to the purchase or use of tangible personal
19 property or services by any person other than the person
20 directly using the same in the operations described in
21 paragraphs (A), (B), (C) and (D) herein.

22 The exclusion provided in paragraph (C) shall not apply to
23 (i) construction materials used to construct, reconstruct,
24 remodel, repair or maintain facilities not used directly by the
25 purchaser in the production, delivering or rendition of public
26 utility service, or (ii) tools and equipment used but not
27 installed in the maintenance of facilities used in the
28 production, delivering or rendition of a public utility service.

29 (9) Where tangible personal property or services are
30 utilized for purposes constituting a "sale at retail" and for

1 purposes excluded from the definition of "sale at retail," it
2 shall be presumed that said property is subject to tax, unless
3 the user prove that the purposes which constitute a "sale at
4 retail" are minimal.

5 (10) The term "sale at retail" with respect to "liquor" and
6 "malt or brewed beverages" shall include the sale of "liquor" by
7 any "Pennsylvania liquor store" to any person for any purpose,
8 and the sale of "malt or brewed beverages" by a "manufacturer of
9 malt or brewed beverages," "distributor" or "importing
10 distributor" to any person for any purpose, except sales by a
11 "manufacturer of malt or brewed beverages" to a "distributor" or
12 "importing distributor" or sales by an "importing distributor"
13 to a "distributor" within the meaning of the "Liquor Code." The
14 term "sale at retail" shall not include any sale of "malt or
15 brewed beverages" by a "retail dispenser" or any sale of
16 "liquor" or "malt or brewed beverages" by a person holding a
17 "retail liquor license" within the meaning of and pursuant to
18 the provisions of the "Liquor Code," but shall include any sale
19 of "liquor" or "malt or brewed beverages" other than pursuant to
20 the provisions of the "Liquor Code."

21 (1) "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.

25 (m) "Tangible personal property." Corporeal personal
26 property including, but not limited to, goods, wares,
27 merchandise, steam and natural and manufactured and bottled gas
28 for non-residential use, electricity for non-residential use,
29 intrastate telephone and telegraph service for non-residential
30 use, spirituous or vinous liquor and malt or brewed beverages

1 and soft drinks; but the term shall not include household
2 supplies purchased at retail establishments for residential
3 consumption, including but not limited to, soaps, detergents,
4 cleaning and polishing preparations, paper goods, household
5 wrapping supplies and items of similar nature, or sanitary
6 napkins, tampons or similar items used for feminine hygiene. Nor
7 shall said term include steam, natural and manufactured and
8 bottled gas, fuel oil, electricity or intrastate telephone or
9 telegraph service when purchased solely for residential use.

10 (n) "Taxpayer." Any person required to pay or collect the
11 tax imposed by this article.

12 (o) "Use."

13 (1) The exercise of any right or power incidental to the
14 ownership, custody or possession of tangible personal property
15 and shall include, but not be limited to transportation, storage
16 or consumption.

17 (2) The obtaining by a purchaser of the service of printing
18 or imprinting of tangible personal property when such purchaser
19 furnishes, either directly or indirectly, the articles used in
20 the printing or imprinting.

21 (3) The obtaining by a purchaser of the services of (i)
22 washing, cleaning, waxing, polishing or lubricating of motor
23 vehicles whether or not any tangible personal property is
24 transferred to the purchaser in conjunction with such services,
25 and (ii) inspecting motor vehicles pursuant to the mandatory
26 requirements of "The Vehicle Code."

27 (4) The obtaining by a purchaser of the service of
28 repairing, altering, mending, pressing, fitting, dyeing,
29 laundering, drycleaning or cleaning tangible personal property
30 other than wearing apparel or shoes or applying or installing

1 tangible personal property as a repair or replacement part of
2 other personal property other than wearing apparel or shoes,
3 whether or not the services are performed directly or by any
4 means other than by means of coin-operated equipment, and
5 whether or not any tangible personal property is transferred to
6 the purchaser in conjunction therewith, except such services as
7 are obtained in the construction, reconstruction, remodeling,
8 repair or maintenance of real estate: Provided, however, That
9 this subclause shall not be deemed to impose tax upon such
10 services in the preparation for sale of new items which are
11 excluded from the tax under clause (26) of section 204, or upon
12 diaper service: And provided further, That the term "use" shall
13 not include--

14 (A) Any tangible personal property acquired and kept,
15 retained or over which power is exercised within this
16 Commonwealth on which the taxing of the storage, use or other
17 consumption thereof is expressly prohibited by the Constitution
18 of the United States or which is excluded from tax under other
19 provisions of this article.

20 (B) The use or consumption of tangible personal property,
21 including but not limited to machinery and equipment and parts
22 therefor, and supplies or the obtaining of the services
23 described in subclauses (2), (3) and (4) of this clause directly
24 in any of the operations of--

25 (i) The manufacture of personal property;

26 (ii) Farming, dairying, agriculture, horticulture or
27 floriculture when engaged in as a business enterprise;

28 (iii) The producing, delivering or rendering of a public
29 utility service, or in constructing, reconstructing, remodeling,
30 repairing or maintaining the facilities used in such service,

1 whether or not such facilities constitute real estate: Provided,
2 however, "real estate" shall not include buildings;

3 (iv) The processing of personal property as defined in
4 subclause (d) of this section.

5 The exclusions provided in subparagraphs (i), (ii), (iii) and
6 (iv) shall not apply to any vehicle required to be registered
7 under The Vehicle Code except vehicles directly used by a public
8 utility engaged in the business as a common carrier or
9 maintenance facilities, or to materials or supplies to be used
10 or consumed in any construction, reconstruction, remodeling,
11 repair or maintenance of real estate. The exclusions provided in
12 subparagraphs (i), (ii), (iii) and (iv) shall not apply to
13 tangible personal property or services to be used or consumed in
14 managerial sales or other nonoperational activities, nor to the
15 purchase or use of tangible personal property by any person
16 other than the person directly using the same in the aforesaid
17 operations.

18 The exclusion provided in subparagraph (iii) shall not apply
19 to (A) construction materials used to construct, reconstruct,
20 remodel, repair or maintain facilities not used directly in the
21 production, delivering or rendition of public utility service,
22 or (B) tools and equipment used but not installed in the
23 maintenance of facilities used directly in the production,
24 delivering or rendition of a public utility service.

25 (5) Where tangible personal property or services are
26 utilized for purposes constituting a "use," as herein defined,
27 and for purposes excluded from the definition of "use," it shall
28 be presumed that said property is subject to tax unless the user
29 prove that the purposes which constitute a "use" as herein
30 defined are minimal.

1 (6) The term "use" with respect to "liquor" and "malt or
2 brewed beverages" shall include the purchase of "liquor" from
3 any "Pennsylvania liquor store" by any person for any purpose
4 and the purchase of "malt or brewed beverages" from a
5 "manufacturer of malt or brewed beverages," "distributor" or
6 "importing distributor" by any person for any purpose, except
7 purchases from a "manufacturer of malt or brewed beverages" by a
8 "distributor" or "importing distributor," or purchases from an
9 "importing distributor" by a "distributor" within the meaning of
10 the "Liquor Code." The term "use" shall not include any purchase
11 of "malt or brewed beverages" from a "retail dispenser" or any
12 purchase of "liquor" or "malt or brewed beverages" from a person
13 holding a "retail liquor license" within the meaning of and
14 pursuant to the provisions of the "Liquor Code," but shall
15 include the exercise of any right or power incidental to the
16 ownership, custody or possession of "liquor" or "malt or brewed
17 beverages" obtained by the person exercising such right or power
18 in any manner other than pursuant to the provisions of the
19 "Liquor Code."

20 (7) The use of tangible personal property purchased at
21 retail upon which the services described in subclauses (2), (3)
22 and (4) of this clause have been performed shall be deemed to be
23 a use of said services by the person using said property.

24 (p) "Vendor." Any person maintaining a place of business in
25 this Commonwealth, selling or leasing tangible personal
26 property, or rendering services, the sale or use of which is
27 subject to the tax imposed by this article.

28 (q) "Department." The Department of Revenue of the
29 Commonwealth of Pennsylvania.

1 IMPOSITION OF TAX

2 Section 202. Imposition of Tax.--(a) There is hereby imposed
3 upon each separate sale at retail of tangible personal property
4 or services, as defined herein, within this Commonwealth a tax
5 of six per cent of the purchase price, which tax shall be
6 collected by the vendor from the purchaser, and shall be paid
7 over to the Commonwealth as herein provided.

8 (b) There is hereby imposed upon the use, on and after the
9 effective date of this act, within this Commonwealth of tangible
10 personal property purchased at retail on or after March 7, 1956,
11 and on those services described herein purchased at retail on
12 and after April 15, 1959, a tax of six per cent of the purchase
13 price, which tax shall be paid to the Commonwealth by the person
14 who makes such use as herein provided, except that such tax
15 shall not be paid to the Commonwealth by such person where he
16 has paid the tax imposed by subsection (a) of this section or
17 has paid the tax imposed by this subsection (b) to the vendor
18 with respect to such use. The tax at the rate of six per cent
19 imposed by this subsection shall not be deemed applicable where
20 the tax has been incurred at the rate of three per cent or three
21 and one-half per cent or four per cent or five per cent under
22 the provisions of "The Tax Act of 1963 for Education."

23 (c) Notwithstanding any other provisions of this article,
24 the tax with respect to non-residential intrastate telephone
25 service and intrastate telegraph service within the meaning of
26 clause (m) of section 201 of this article shall, except for
27 telegrams paid for in cash at telegraph offices, be computed at
28 the rate of six per cent upon the total amount billed to
29 customers periodically for such services, irrespective of
30 whether such billing is based upon a flat rate or upon a message

1 unit charge.

2 Section 203. Computation of Tax.--The amount of tax imposed
3 by section 202 of this article shall be computed as follows:

4 (a) If the purchase price is ten cents (10¢) or less, no tax
5 shall be collected.

6 (b) If the purchase price is eleven cents (11¢) or more but
7 less than eighteen cents (18¢), one cent (1¢) shall be
8 collected.

9 (c) If the purchase price is eighteen cents (18¢) or more
10 but less than thirty-five cents (35¢), two cents (2¢) shall be
11 collected.

12 (d) If the purchase price is thirty-five cents (35¢) or more
13 but less than fifty-one cents (51¢), three cents (3¢) shall be
14 collected.

15 (e) If the purchase price is fifty-one cents (51¢) or more
16 but less than sixty-eight cents (68¢), four cents (4¢) shall be
17 collected.

18 (f) If the purchase price is sixty-eight cents (68¢) or more
19 but less than eighty-five cents (85¢), five cents (5¢) shall be
20 collected.

21 (g) If the purchase price is eighty-five cents (85¢) or more
22 but less than one dollar and one cent (\$1.01), six cents (6¢)
23 shall be collected.

24 (h) If the purchase price is more than one dollar (\$1.00),
25 six per centum of each dollar of purchase price plus the above
26 bracket charges upon any fractional part of a dollar in excess
27 of even dollars shall be collected.

28 PART III

29 EXCLUSIONS FROM TAX

30 Section 204. Exclusions from Tax.--The tax imposed by

1 section 202 shall not be imposed upon

2 (1) The sale at retail or use of tangible personal property
3 (other than motor vehicles, trailers, semi-trailers, motor
4 boats, aircraft or other similar tangible personal property
5 required under either Federal law or laws of this Commonwealth
6 to be registered or licensed) or services sold by or purchased
7 from a person not a vendor in an isolated transaction or sold by
8 or purchased from a person who is a vendor but is not a vendor
9 with respect to the tangible personal property or services sold
10 or purchased in such transaction: Provided, That inventory and
11 stock in trade so sold or purchased, shall not be excluded from
12 the tax by the provisions of this subsection.

13 (2) The use of tangible personal property purchased by a
14 nonresident person outside of, and brought into this
15 Commonwealth for use therein for a period not to exceed seven
16 days, or for any period of time when such nonresident is a
17 tourist or vacationer and, in either case not consumed within
18 the Commonwealth.

19 (3) The use of tangible personal property purchased outside
20 this Commonwealth for use outside this Commonwealth by a then
21 nonresident natural person or a business entity not actually
22 doing business within this Commonwealth, who later brings such
23 tangible personal property into this Commonwealth in connection
24 with his establishment of a permanent business or residence in
25 this Commonwealth: Provided, That such property was purchased
26 more than six months prior to the date it was first brought into
27 this Commonwealth or prior to the establishment of such business
28 or residence, whichever first occurs. This exclusion shall not
29 apply to tangible personal property temporarily brought into
30 Pennsylvania for the performance of contracts for the

1 construction, reconstruction, remodeling, repairing and
2 maintenance of real estate.

3 (4) The sale at retail or use of supplies and materials to
4 be used in the fulfillment of contracts for the construction,
5 reconstruction, remodeling, repairing, maintenance or sale of
6 real estate when such contract was entered into

7 (i) Prior to March 7, 1956, and is at a fixed price not
8 subject to change or modification by reason of the tax imposed
9 by this act; or

10 (ii) Pursuant to the obligation of a bid or bids submitted
11 prior to March 7, 1956, which bid or bids could not be altered
12 or withdrawn on or after that date and which bid or bids and
13 contract entered into pursuant thereto are at a fixed price not
14 subject to change or modification by reason of the tax imposed
15 by the act in effect prior to this article.

16 Provided, however, That notice of such contract or bid by
17 reason of which an exclusion is claimed under this subsection
18 (4) must be given by the taxpayer to the department on or before
19 June 15, 1956.

20 (5) The sale at retail or use of materials to be
21 incorporated into and made a part of real estate pursuant to a
22 contract for the construction, reconstruction, remodeling,
23 repairing, maintenance or sale of such real estate, when the
24 contract is, either at a fixed price not subject to change or
25 modification, or entered into pursuant to the obligation of a
26 formal written bid which cannot be altered or withdrawn, and, in
27 either case, such contract was entered into or such bid made on
28 or after March 7, 1956, but prior to April 15, 1959, shall be
29 exempt from the additional one-half of one per cent of tax
30 imposed by section 201 of the Tax Act of 1963 for Education as

1 amended April 15, 1959 (P.L.20), and from the additional one-
2 half of one per cent of tax imposed by section 201 of the Tax
3 Act of 1963 for Education as amended August 20, 1959 (P.L.729),
4 and from the additional one per cent of tax imposed by section
5 201 of the Tax Act of 1963 for Education as amended May 29, 1963
6 (P.L.49) and from the additional one per cent of tax imposed by
7 section 201 of the Tax Act of 1963 for Education as amended
8 January 1, 1968 (P.L.918): Provided, however, That the exemption
9 granted by this clause shall not be claimed by the purchaser
10 from any vendor but shall be claimed only by the filing of a
11 refund petition with the department.

12 (6) The sale at retail or use of materials to be
13 incorporated into and made a part of real estate pursuant to a
14 contract for the construction, reconstruction, remodeling,
15 repairing, maintenance or sale of such real estate when the
16 contract is, either at a fixed price not subject to change or
17 modification, or entered into pursuant to the obligation of a
18 formal written bid which cannot be altered or withdrawn, and, in
19 either case, such contract was entered into or such bid made on
20 or after April 15, 1959, but prior to August 20, 1959, shall be
21 exempt from the additional one-half of one per cent of tax
22 imposed by section 201 of the Tax Act of 1963 for Education as
23 amended August 20, 1959 (P.L.729), and from the additional one
24 per cent of tax imposed by section 201 of the Tax Act of 1963
25 for Education as amended May 29, 1963 (P.L.49) and from the
26 additional one per cent of tax imposed by section 201 of the Tax
27 Act of 1963 for Education as amended January 1, 1968 (P.L.918):
28 Provided, however, That the exemption granted by this clause
29 shall not be claimed by the purchaser from any vendor but shall
30 be claimed only by the filing of a refund petition with the

1 department.

2 (7) The sale at retail or use of materials to be
3 incorporated into and made a part of real estate pursuant to a
4 contract for the construction, reconstruction, remodeling,
5 repairing, maintenance or sale of such real estate when the
6 contract is, either at a fixed price not subject to change or
7 modification, or entered into pursuant to the obligation of a
8 formal written bid which cannot be altered or withdrawn, and, in
9 either case, such contract was entered into or such bid made on
10 or after August 20, 1959, but prior to June 1, 1963 shall be
11 exempt from the additional one per cent of tax imposed by
12 section 201 of the Tax Act of 1963 for Education as amended May
13 29, 1963 (P.L.49) and from the additional one per cent of the
14 tax imposed by section 201 of the Tax Act of 1963 for Education
15 as amended January 1, 1968 (P.L.918): Provided, however, That
16 the exemption granted by this clause shall not be claimed by the
17 purchaser, from any vendor but shall be claimed only by the
18 filing of a refund petition with the department.

19 (8) 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, maintenance or sale of such real estate when the
23 contract is, either at a fixed price not subject to change or
24 modification, or entered into pursuant to the obligation of a
25 formal written bid which cannot be altered or withdrawn, and, in
26 either case, such contract was entered into or such bid made on
27 or after June 1, 1963, but prior to January 1, 1968, shall be
28 exempt from the additional one per cent of tax imposed by
29 section 201 of the Tax Act of 1963 for Education as amended
30 January 1, 1968 (P.L.918): Provided, however, That the exemption

1 granted by this clause shall not be claimed by the purchaser
2 from any vendor but shall be claimed only by the filing of a
3 refund petition with the department.

4 (9) The sale at retail or use of tangible personal property
5 or services subject to tax under this article, but which prior
6 to the effective date of this article were excluded from tax
7 under the provisions of the "Tax Act of 1963 for Education"
8 shall be excluded from the tax imposed by this article, provided
9 such sale at retail or use occurred pursuant to and in
10 fulfillment of a written fixed price sales or construction
11 contract or formal bid entered into on or after January 1, 1968,
12 but prior to the effective date of this article by the person
13 who otherwise would be subject to tax under this article and
14 another, and which contract or bid cannot be altered, modified
15 or withdrawn by the parties. The exclusion from tax provided
16 herein shall not be claimed by any person from a vendor but
17 shall be claimed only by the filing of a refund petition with
18 the department as provided in this article.

19 (10) The sale at retail to or use by (i) any charitable
20 organization, volunteer firemen's organization or nonprofit
21 educational institution, or (ii) a religious organization for
22 religious purposes of tangible personal property or services:
23 Provided, however, That the exclusion of this clause shall not
24 apply with respect to any tangible personal property or services
25 used in any unrelated trade or business carried on by such
26 organization or institution or with respect to any materials,
27 supplies and equipment used in the construction, reconstruction,
28 remodeling, repairs and maintenance of any real estate, except
29 materials and supplies when purchased by such organizations or
30 institutions for routine maintenance and repairs.

1 (11) The sale at retail, or use of gasoline and other motor
2 fuels, the sales of which are otherwise subject to excise taxes
3 under the act of May 21, 1931 (P.L.194), known as the "Liquid
4 Fuels Tax Act," and the act of January 14, 1952 (P.L.1965),
5 known as the "Fuel Use Tax Act."

6 (12) The sale at retail to, or use by the United States,
7 this Commonwealth or its instrumentalities or political
8 subdivisions of tangible personal property or services.

9 (13) The sale at retail, or use of wrapping paper, wrapping
10 twine, bags, cartons, tape, rope, labels, nonreturnable
11 containers and all other wrapping supplies, when such use is
12 incidental to the delivery of any personal property, except that
13 any charge for wrapping or packaging shall be subject to tax at
14 the rate imposed by section 202.

15 (14) Sale at retail or use of vessels designed for
16 commercial use of registered tonnage of fifty tons or more when
17 produced by the builders thereof upon special order of the
18 purchaser;

19 (15) Sale at retail of tangible personal property or
20 services used or consumed in building, rebuilding, repairing and
21 making additions to or replacements in and upon vessels designed
22 for commercial use of registered tonnage of fifty tons or more
23 upon special order of the purchaser, or when rebuilt, repaired
24 or enlarged, or when replacements are made upon order of or for
25 the account of the owner.

26 (16) The sale at retail or use of tangible personal property
27 or services to be used or consumed for ship cleaning or
28 maintenance or as fuel, supplies, ships' equipment, ships'
29 stores or sea stores on vessels to be operated principally
30 outside the limits of the Commonwealth.

1 (17) The sale at retail or use of prescription or non-
2 prescription medicines, drugs or medical supplies, crutches and
3 wheelchairs for the use of cripples and invalids, artificial
4 limbs, artificial eyes and artificial hearing devices when
5 designed to be worn on the person of the purchaser or user,
6 false teeth and materials used by a dentist in dental treatment,
7 eyeglasses when especially designed or prescribed by an
8 ophthalmologist, oculist or optometrist for the personal use of
9 the owner or purchaser and artificial braces and supports
10 designed solely for the use of crippled persons.

11 (18) The sale at retail or use of coal.

12 (19) The sale at retail or use of supplies and materials to
13 be used exclusively in the fulfillment of a contract for the
14 construction, reconstruction, remodeling, repairing or
15 maintenance of real estate, when such contract was entered into
16 prior to March 7, 1956, between the person who would otherwise
17 be subject to the tax and a municipal authority, incorporated
18 under the "Municipality Authorities Act of 1945": Provided, That
19 notice of a claim of exemption under this clause is received by
20 the department within fifteen days after the effective date of
21 this clause.

22 (20) The sale at retail or use of materials to be
23 incorporated into and made a part of real estate pursuant to a
24 contract for the construction, reconstruction, remodeling,
25 repairing or maintenance of such real estate, when the contract
26 was entered into on or after March 7, 1956, but prior to April
27 15, 1959, between the person who would otherwise be subject to
28 the tax and a municipal authority, incorporated under the
29 "Municipality Authorities Act of 1945," shall be exempt from the
30 additional one-half of one per cent of tax imposed by section

1 201 of the Tax Act of 1963 for Education as amended April 15,
2 1959 (P.L.20), and from the additional one-half of one per cent
3 of tax imposed by section 201 of the Tax Act of 1963 for
4 Education as amended August 20, 1959 (P.L.729), and from the
5 additional one per cent of tax imposed by section 201 of the Tax
6 Act of 1963 for Education, as amended May 29, 1963 (P.L.49) and
7 from the additional one per cent of tax imposed by section 201
8 of the Tax Act of 1963 for Education as amended January 1, 1968
9 (P.L.918): Provided, however, That the exemption granted by this
10 clause shall not be claimed by the purchaser from any vendor but
11 shall be claimed only by the filing of a refund petition with
12 the department.

13 (21) The sale at retail or use of materials to be
14 incorporated into and made a part of real estate pursuant to a
15 contract for the construction, reconstruction, remodeling,
16 repairing or maintenance of such real estate, when the contract
17 was entered into on or after April 15, 1959, but prior to August
18 20, 1959, between the person who would otherwise be subject to
19 the tax and a municipal authority, incorporated under the
20 "Municipality Authorities Act of 1945," shall be exempt from the
21 additional one-half of one per cent of tax imposed by section
22 201 of the Tax Act of 1963 for Education as amended August 20,
23 1959 (P.L.729), and from the additional one per cent of tax
24 imposed by section 201 of the Tax Act of 1963 for Education, as
25 amended May 29, 1963 (P.L.49) and from the additional one per
26 cent of tax imposed by section 201 of the Tax Act of 1963 for
27 Education as amended January 1, 1968 (P.L.918): Provided,
28 however, That the exemption granted by this clause shall not be
29 claimed by the purchaser from any vendor but shall be claimed
30 only by the filing of a refund petition with the department.

1 (22) 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 or maintenance of such real estate when the contract
5 was entered into on or after August 20, 1959, but prior to June
6 1, 1963, between the person who would otherwise be subject to
7 the tax and a municipal authority, incorporated under the
8 "Municipality Authorities Act of 1945," shall be exempt from the
9 additional one per cent of tax imposed by section 201 of the Tax
10 Act of 1963 for Education as amended May 29, 1963 (P.L.49) and
11 from the additional one per cent of the tax imposed by section
12 201 of the Tax Act of 1963 for Education, as amended January 1,
13 1968 (P.L.918): Provided, however, That the exemption granted by
14 this clause shall not be claimed by the purchaser from any
15 vendor but shall be claimed only by the filing of a refund
16 petition with the department.

17 (23) The sale at retail or use of materials to be
18 incorporated into and made a part of real estate pursuant to a
19 contract for the construction, reconstruction, remodeling,
20 repairing or maintenance of such real estate, when the contract
21 was entered into on or after June 1, 1963, but prior to January
22 1, 1968, between the person who would otherwise be subject to
23 the tax and a municipal authority incorporated under the
24 "Municipality Authorities Act of 1945," shall be exempt from the
25 additional one per cent of tax imposed by section 201 of the Tax
26 Act of 1963 for Education, as amended January 1, 1968 (P.L.918):
27 Provided, however, That the exemption granted by this clause
28 shall not be claimed by the purchaser from any vendor but shall
29 be claimed only by the filing of a refund petition with the
30 department.

1 (24) The sale at retail or use of motor vehicles, trailers
2 and semi-trailers, or bodies attached to the chassis thereof,
3 sold to a nonresident of Pennsylvania to be used outside of
4 Pennsylvania and which are registered in a state other than
5 Pennsylvania within twenty days after delivery to the vendee.

6 (25) The sale at retail or use of water.

7 (26) The sale at retail or use of all vesture, wearing
8 apparel, raiments, garments, footwear and other articles of
9 clothing worn or carried on or about the human body but all
10 accessories, ornamental wear, formal day or evening apparel, and
11 articles made of fur on the hide or pelt or any material
12 imitative of fur and articles of which such fur, real, imitation
13 or synthetic, is the component material of chief value, but only
14 if such value is more than three times the value of the next
15 most valuable component material, and sporting goods and
16 clothing not normally used or worn when not engaged in sports
17 shall not be excluded from the tax.

18 (27) The sale at retail or use of cigarettes.

19 (28) The sale at retail or use of religious publications
20 sold by religious groups and Bibles and religious articles.

21 (29) The sale at retail or use of food and beverages for
22 human consumption including candy, gum and similar confections,
23 except that this exclusion shall not apply with respect to--

24 (i) Soft drinks;

25 (ii) Malt and brewed beverages and spirituous and vinous
26 liquors;

27 (iii) Food and beverages (except when purchased at, or from
28 a school or church in the ordinary course of activities of such
29 organization) when the purchase price of the total transaction
30 is more than ~~fifty cents (50¢)~~ TEN CENTS (10¢), when purchased

<—

1 (i) from persons engaged in the business of catering, or (ii)
2 from persons engaged in the business of operating restaurants,
3 cafes, lunch counters, private and social clubs, taverns, dining
4 cars, hotels and other eating places. For the purpose of this
5 subclause (iii), beverages shall not include malt and brewed
6 beverages and spirituous and vinous liquors, but shall include
7 soft drinks, and the price of such soft drinks shall be
8 considered together with the price of other beverages and food
9 in determining whether the purchase price of the total
10 transaction is more than ~~fifty cents (50¢)~~. TEN CENTS (10¢). ←

11 (30) The sale at retail or use of periodicals and
12 publications which are published at regular intervals not
13 exceeding three months, circulated among the general public and
14 containing matters of general interest and reports of current
15 events.

16 (31) The sale at retail or use of caskets and burial vaults
17 for human remains and markers and tombstones for human graves.

18 (32) The sale at retail or use of flags of the United States
19 of America and the Commonwealth of Pennsylvania.

20 (33) The sale at retail or use of textbooks for use in
21 schools, colleges and universities, either public or private
22 when purchased in behalf of or through such schools, colleges or
23 universities provided such institutions of learning are
24 recognized by the Department of Education.

25 Section 205. Alternate Imposition of Tax; Credits.--If any
26 person actively and principally engaged in the business of
27 selling new or used motor vehicles, trailers or semi-trailers,
28 and registered with the department in the "dealer's class,"
29 acquires a motor vehicle, trailer or semi-trailer for the
30 purpose of resale, and prior to such resale, uses the motor

1 vehicle, trailer or semi-trailer for a taxable use under this
2 act during a period not exceeding one year from the date of
3 acquisition to the date of resale, such person may, upon notice
4 to the department within ten days of the commencement of such
5 use, elect to pay a tax equal to six per cent of the fair rental
6 value of the motor vehicle, trailer or semi-trailer during such
7 use. Should such motor vehicle, trailer or semi-trailer be used
8 for a taxable use after a period of one year, the taxpayer shall
9 be liable for a tax on the fair market value of such motor
10 vehicle, trailer or semi-trailer at the time of acquisition, but
11 shall be allowed a credit equal to the tax paid pursuant to the
12 election provided for in this section. This section shall not
13 apply to the use of a vehicle as a wrecker, parts truck,
14 delivery truck or courtesy car.

15 Section 206. Credit Against Tax.--A credit against the tax
16 imposed by this act shall be granted with respect to tangible
17 personal property or services purchased for use outside the
18 Commonwealth equal to the tax paid to another state by reason of
19 the imposition by such other state of a tax similar to the tax
20 imposed by this article: Provided, however, That no such credit
21 shall be granted unless such other state grants substantially
22 similar tax relief by reason of the payment of tax under this
23 act.

24 PART IV

25 LICENSES

26 Section 208. Licenses.--(a) Every person maintaining a place
27 of business in this Commonwealth, selling or leasing services or
28 tangible personal property, the sale or use of which is subject
29 to tax and who has not hitherto obtained a license from the
30 department, shall, prior to the beginning of business

1 thereafter, make application to the department, on a form
2 prescribed by the department, for a license. If such person
3 maintains more than one place of business in this Commonwealth,
4 the license shall be issued for the principal place of business
5 in this Commonwealth.

6 (b) The department shall, after the receipt of an
7 application, issue the license applied for under subsection (a)
8 of this section. The license shall be nonassignable and of
9 permanent duration.

10 (c) Any person who, upon the expiration of sixty days after
11 the effective date of this act, shall maintain a place of
12 business in this Commonwealth for the purpose of selling or
13 leasing services or tangible personal property, the sale or use
14 of which is subject to tax, without having first been licensed
15 by the department pursuant to the provisions of this section,
16 shall be guilty of a summary offense, and upon conviction
17 thereof in a summary proceeding, shall be sentenced to pay a
18 fine of not less than one hundred dollars (\$100) nor more than
19 three hundred dollars (\$300), and in default thereof, to undergo
20 imprisonment of not less than five days nor more than thirty
21 days. The penalties imposed by this section shall be in addition
22 to any other penalties imposed by this article.

23 (d) Failure of any person to obtain a license shall not
24 relieve him of liability to pay the tax imposed by this article.

25 PART V

26 HOTEL OCCUPANCY TAX

27 Section 209. Definitions.--(a) For the purposes of this part
28 V only, the following words, terms and phrases shall have the
29 meaning ascribed to them in this subsection, except where the
30 context clearly indicates a different meaning:

1 (1) "Hotel." A building or buildings in which the public
2 may, for a consideration, obtain sleeping accommodations. The
3 term "hotel" shall not include any charitable, educational or
4 religious institution summer camp for children, hospital or
5 nursing home.

6 (2) "Occupant." A person (other than a "permanent
7 resident," as defined herein,) who, for a consideration, uses,
8 possesses or has a right to use or possess any room or rooms in
9 a hotel under any lease, concession, permit, right of access,
10 license or agreement.

11 (3) "Occupancy." The use or possession or the right to the
12 use or possession by any person (other than a "permanent
13 resident,") of any room or rooms in a hotel for any purpose or
14 the right to the use or possession of the furnishings or to the
15 services and accommodations accompanying the use and possession
16 of the room or rooms.

17 (4) "Operator." Any person operating a hotel.

18 (5) "Permanent resident." Any occupant who has occupied or
19 has the right to occupancy of any room or rooms in a hotel for
20 at least thirty consecutive days.

21 (6) "Rent." The consideration received for occupancy valued
22 in money, whether received in money or otherwise, including all
23 receipts, cash, credits and property or services of any kind or
24 nature, and also any amount for which the occupant is liable for
25 the occupancy without any deduction therefrom whatsoever.

26 (b) The following words, terms and phrases and words, terms
27 and phrases of similar import, when used in parts IV and VI of
28 this article for the purposes of those parts only, shall, in
29 addition to the meaning ascribed to them by section 201 of this
30 article, have the meaning ascribed to them in this subsection,

1 except where the context clearly indicates a different meaning:

2 (1) "Maintaining a place of business in this Commonwealth,"
3 being the operator of a hotel in this Commonwealth.

4 (2) "Purchase at retail," occupancy.

5 (3) "Purchase price," rent.

6 (4) "Purchaser," occupant.

7 (5) "Sale at retail," the providing of occupancy to an
8 occupant by an operator.

9 (6) "Tangible personal property," occupancy.

10 (7) "Vendor," operator.

11 (8) "Services," occupancy.

12 (9) "Use," occupancy.

13 Section 210. Imposition of Tax.--There is hereby imposed an
14 excise tax of six per cent of the rent upon every occupancy of a
15 room or rooms in a hotel in this Commonwealth, which tax shall
16 be collected by the operator from the occupant and paid over to
17 the Commonwealth as herein provided.

18 Section 211. Seasonal Tax Returns.--Notwithstanding any
19 other provisions in this act, the department may, by regulation,
20 waive the requirement for the filing of quarterly returns in the
21 case of any operator whose hotel is operated only during certain
22 seasons of the year, and may provide for the filing of returns
23 by such persons at times other than those provided by section
24 221.

25 PART VI

26 PROCEDURE AND ADMINISTRATION

27 CHAPTER I

28 RETURNS

29 Section 215. Persons Required to Make Returns.--Every person
30 required to pay tax to the department or collect and remit tax

1 to the department shall file returns with respect to such tax.

2 Section 216. Form of Returns.--The returns required by
3 section 215 shall be on forms prescribed by the department, and
4 shall show such information with respect to the taxes imposed by
5 this article as the department may reasonably require.

6 CHAPTER II

7 TIME AND PLACE FOR FILING RETURNS

8 Section 217. Time for Filing Returns.--(a) Monthly,
9 Bimonthly and Quarterly Returns:

10 (1) For the year in which this article becomes effective and
11 in each year thereafter a return shall be filed quarterly by
12 every licensee on or before the last day of April, July, October
13 and January for the three months ending the last day of March,
14 June, September and December, except as hereinafter provided.

15 (2) For the year in which this article becomes effective,
16 and in each year thereafter, a return shall be filed monthly
17 with respect to each month by every licensee whose total tax
18 reported, or in the event no report is filed, the total tax
19 which should have been reported, for the third calendar quarter
20 of the preceding year equals or exceeds six hundred dollars
21 (\$600). Such returns shall be filed on or before the fifteenth
22 day of the second month succeeding the month with respect to
23 which the return is made, except that the return due for the
24 month of April, of each year, shall be filed on or before the
25 twentieth day of May next following and the return due for the
26 month of May of each year shall be filed on or before the
27 twentieth day of June next following. Any licensee required to
28 file monthly returns hereunder shall be relieved from filing
29 quarterly returns.

30 (3) For the year in which this article becomes effective,

1 and for each year thereafter, every licensee required to file a
2 quarterly return for the second calendar quarter shall file a
3 single return for the months of April and May on or before the
4 fifteenth day of June next following. The filing of such return
5 shall not relieve the licensee of the duty to file a return on
6 or before the last day of July next following and to remit
7 therewith tax for the month of June.

8 (b) Annual Returns. For the calendar year 1971, and for
9 each year thereafter, no annual return shall be filed, except as
10 may be required by rules and regulations of the department
11 promulgated and published at least sixty days prior to the end
12 of the year with respect to which the returns are made. Where
13 such annual returns are required licensees shall not be required
14 to file such returns prior to the sixty-first day of the year
15 succeeding the year with respect to which the returns are made.

16 (c) Other Returns. Any person, other than a licensee, liable
17 to pay to the department any tax under this article, shall file
18 a return on or before the last day of the month succeeding the
19 month in which such person becomes liable for the tax.

20 (d) Small Taxpayers. The department, by regulation, may
21 waive the requirement for the filing of quarterly return in the
22 case of any licensee whose individual tax collections do not
23 exceed seventy-five dollars (\$75) per calendar quarter and may
24 provide for reporting on a less frequent basis in such cases.

25 Section 218. Extension of Time for Filing Returns.--The
26 department may, on written application and for good cause shown,
27 grant a reasonable extension of time for filing any return
28 required under this part. However, the time for making a return
29 shall not be extended for more than three months.

30 Section 219. Place for Filing Returns.--Returns shall be

1 filed with the department at its main office or at any branch
2 office which it may designate for filing returns.

3 CHAPTER III

4 PAYMENT OF TAX

5 Section 221. Payment.--When a return of tax is required
6 under this part, the person required to make the return shall
7 pay the tax to the department.

8 Section 222. Time of Payment.--(a) Monthly, Bimonthly and
9 Quarterly Payments. The tax imposed by this article and incurred
10 or collected by a licensee shall be due and payable by the
11 licensee on the day the return is required to be filed under the
12 provisions of section 217 and such payment must accompany the
13 return for such preceding period,

14 (b) Annual Payments. If the amount of tax due for the
15 preceding year as shown by the annual return of any taxpayer is
16 greater than the amount already paid by him in connection with
17 his monthly or quarterly returns he shall send with such annual
18 return a remittance for the unpaid amount of tax for the year.

19 (c) Other Payments. Any person other than a licensee liable
20 to pay any tax under this article shall remit the tax at the
21 time of filing the return required by this article.

22 Section 223. Other Times for Payment.--In the event that the
23 department authorizes a taxpayer to file a return at other times
24 than those specified in section 217, the tax due shall be paid
25 at the time such return is filed.

26 Section 224. Place for Payment.--The tax imposed by this
27 article shall be paid to the department at the place fixed for
28 filing the return.

29 Section 225. Tax Held in Trust for the Commonwealth.--All
30 taxes collected by any person from purchasers in accordance with

1 this article and all taxes collected by any person from
2 purchasers under color of this article which have not been
3 properly refunded by such person to the purchaser shall
4 constitute a trust fund for the Commonwealth, and such trust
5 shall be enforceable against such person, his representatives
6 and any person (other than a purchaser to whom a refund has been
7 made properly) receiving any part of such fund without
8 consideration, or knowing that the taxpayer is committing a
9 breach of trust: Provided, however, That any person receiving
10 payment of a lawful obligation of the taxpayer from such fund
11 shall be presumed to have received the same in good faith and
12 without any knowledge of the breach of trust. Any person, other
13 than a taxpayer, against whom the department makes any claim
14 under this section shall have the same right to petition and
15 appeal as is given taxpayers by any provisions of this part.

16 Section 226. Local Receivers of Use Tax.--Beginning on and
17 after the effective date of this article, in every county,
18 except in counties of the first class, the county treasurer is
19 hereby authorized to receive use tax due and payable under the
20 provisions of this article from any person other than a
21 licensee. The receiving of such taxes shall be pursuant to rules
22 and regulations promulgated by the department and upon forms
23 furnished by the department. Each county treasurer shall remit
24 to the department all use taxes received under the authority of
25 this section minus the costs of administering this provision not
26 to exceed one per cent of the amount of use taxes received,
27 which amount shall be retained in lieu of any commission
28 otherwise allowable by law for the collection of such tax.

29 Section 227. Discount.--If a return is filed by a licensee
30 and the tax shown to be due thereon less any discount is paid

1 all within the time prescribed, the licensee shall be entitled
2 to credit and apply against the tax payable by him a discount of
3 one per cent of the amount of the tax collected by him on and
4 after the effective date of this article, as compensation for
5 the expense of collecting and remitting the same and as a
6 consideration of the prompt payment thereof.

7 CHAPTER IV

8 ASSESSMENT AND COLLECTION OF TAX

9 Section 230. Assessment.--The department is authorized and
10 required to make the inquiries, determinations and assessments
11 of the tax (including interest, additions and penalties) imposed
12 by this article.

13 Section 231. Mode and Time of Assessment.--(a) Underpayment
14 of Tax. Within a reasonable time after any return is filed, the
15 department shall examine it and, if the return shows a greater
16 tax due or collected than the amount of tax remitted with the
17 return, the department shall issue an assessment for the
18 difference, together with an addition of three per cent of such
19 difference, which shall be paid to the department within ten
20 days after a notice of the assessment has been mailed to the
21 taxpayer. If such assessment is not paid within ten days, there
22 shall be added thereto and paid to the department an additional
23 three per cent of such difference for each month thereof during
24 which the assessment remains unpaid, but the total of all
25 additions shall not exceed eighteen per cent of the difference
26 shown on the assessment.

27 (b) Understatement of Tax. If the department determines that
28 any return or returns of any taxpayer understates the amount of
29 tax due, it shall determine the proper amount and shall
30 ascertain the difference between the amount of tax shown in the

1 return and the amount determined, such difference being
2 hereafter sometimes referred to as the "deficiency." A notice of
3 assessment for the deficiency and the reasons therefor shall
4 then be sent to the taxpayer. The deficiency shall be paid to
5 the department within thirty days after a notice of the
6 assessment thereof has been mailed to the taxpayer.

7 (c) Failure to File Return. In the event that any taxpayer
8 fails to file a return required by this article, the department
9 may make an estimated assessment (based on information
10 available) of the proper amount of tax owing by the taxpayer. A
11 notice of assessment in the estimated amount shall be sent to
12 the taxpayer. The tax shall be paid within thirty days after a
13 notice of such estimated assessment has been mailed to the
14 taxpayer.

15 (d) Authority to Establish Effective Rates by Business
16 Classification. The department is authorized to make the studies
17 necessary to compute effective rates by business classification,
18 based upon the ratio between the tax required to be collected
19 and taxable sales and to use such rates in arriving at the
20 apparent tax liability of a taxpayer.

21 Any assessment based upon such rates shall be prima facie
22 correct, except that such rate shall not be considered where a
23 taxpayer establishes that such rate is based on a sample
24 inapplicable to him.

25 Section 232. Reassessment.--Any taxpayer against whom an
26 assessment is made may petition the department for a
27 reassessment. Notice of an intention to file such a petition
28 shall be given to the department within thirty days of the date
29 the notice of assessment was mailed to the taxpayer, except that
30 the department for due cause may accept such notice within

1 ninety days of the date the notice of assessment was mailed. The
2 department by registered mail shall supply the taxpayer with a
3 statement setting forth in reasonable detail the basis of the
4 assessment within thirty days after receipt of the taxpayer's
5 notice of intention to file a petition for reassessment. A
6 petition for reassessment shall thereafter be filed within
7 thirty days after such basis of assessment has been mailed to
8 the taxpayer. Such petition shall set forth in reasonable detail
9 the grounds upon which the taxpayer claims that the assessment
10 is erroneous or unlawful, in whole or in part, and shall be
11 accompanied by an affidavit or affirmation that the facts
12 contained therein are true and correct and that the petition is
13 not interposed for delay. An extension of time for filing the
14 petition may be allowed for cause but in no case shall such
15 extension exceed one hundred twenty days. The department shall
16 hold such hearings as may be necessary for the purpose, at such
17 times and places as it may determine, and each taxpayer who has
18 duly filed such petition for reassessment shall be notified by
19 the department of the time when, and the place where, such
20 hearing in his case will be held.

21 It shall be the duty of the department, within six months
22 after receiving a filed petition for reassessment, to dispose of
23 the issue raised by such petition and mail notice of the
24 department's decision to the petitioner: Provided, however, That
25 the taxpayer and the department may, by stipulation, extend such
26 disposal time by not more than six additional months.

27 Section 233. Assessment to Recover Erroneous Refunds.--The
28 department may, within two years of the granting of any refund
29 or credit, or within the period in which an assessment could
30 have been filed by the department with respect to the

1 transaction pertaining to which the refund was granted,
2 whichever period shall last occur, file an assessment to recover
3 any refund or part thereof or credit or part thereof which was
4 erroneously made or allowed.

5 Section 234. Review by Board of Finance and Revenue.--Within
6 sixty days after the date of mailing of notice by the department
7 of the decision on any petition for reassessment filed with it,
8 the person against whom such assessment was made may, by
9 petition, request the Board of Finance and Revenue to review
10 such decision. The failure of the department to notify the
11 petitioner of a decision within the time provided for by section
12 232 shall act as a denial of such petition, and a petition for
13 review may be filed with the Board of Finance and Revenue within
14 one hundred twenty days of the date prior to which the
15 department should have mailed to the petitioner its notice of
16 decision. Every petition for review filed hereunder shall state
17 specifically the reasons on which the petitioner relies, or
18 shall incorporate by reference the petition for reassessment in
19 which the reasons are stated. The petition shall be supported by
20 affidavit that it is not made for the purpose of delay and that
21 the facts set forth therein are true. The Board of Finance and
22 Revenue shall act finally in disposing of petitions filed with
23 it within six months after they have been received. In the event
24 of the failure of the board to dispose of any petition within
25 six months, the action taken by the department, upon the
26 petition for reassessment, shall be sustained. The Board of
27 Finance and Revenue may sustain the action taken by the
28 department on the petition for reassessment, or it may reassess
29 the tax due on such basis as it deems according to law. The
30 board shall give notice of its action to the department and to

1 the petitioner.

2 Section 235. Appeal to Commonwealth Court.--Any person
3 aggrieved by the decision of the Board of Finance and Revenue or
4 by the board's failure to act upon a petition for review within
5 six months may, within thirty days, appeal to the Commonwealth
6 Court from the decision of the board or of the department, as
7 the case may be, in the manner now or hereafter provided by law
8 for appeals in the case of tax settlements.

9 Section 236. Burden of Proof.--In all cases of petitions for
10 reassessment, review or appeal, the burden of proof shall be
11 upon the petitioner or appellant, as the case may be.

12 Section 237. Collection of Tax.--(a) Collection by
13 Department. The department shall collect the tax in the manner
14 provided by law for the collection of taxes imposed by the laws
15 of this Commonwealth.

16 (b) Collection by Persons Maintaining a Place of Business in
17 the Commonwealth. (1) Every person maintaining a place of
18 business in this Commonwealth and selling or leasing tangible
19 personal property or services, the sale or use of which is
20 subject to tax shall collect the tax from the purchaser or
21 lessee at the time of making the sale or lease, and shall remit
22 the tax to the department.

23 (2) Any person required under this article to collect tax
24 from another person, who shall fail to collect the proper amount
25 of such tax, shall be liable for the full amount of the tax
26 which he should have collected.

27 (c) Exemption Certificates. If the tax does not apply to the
28 sale or lease of tangible personal property or services, the
29 purchaser or lessee shall furnish to the vendor a certificate
30 indicating that the sale is not legally subject to the tax. The

1 certificate shall be in substantially such form as the
2 department may, by regulation, prescribe. Where the tangible
3 personal property or service is of a type which is never subject
4 to the tax imposed or where the sale or lease is in interstate
5 commerce, such certificate need not be furnished. Where a series
6 of transactions are not subject to tax, a purchaser or user may
7 furnish the vendor with a single exemption certificate in
8 substantially such form and valid for such period of time as the
9 department may, by regulation, prescribe. An exemption
10 certificate, which is complete and regular and on its face
11 discloses a valid basis of exemption if taken in good faith,
12 shall relieve the vendor from the liability imposed by this
13 section. An exemption certificate accepted by a vendor from a
14 natural person domiciled within this Commonwealth or any
15 association, fiduciary, partnership, corporation or other
16 entity, either authorized to do business within this
17 Commonwealth or having an established place of business within
18 this Commonwealth, in the ordinary course of the vendor's
19 business, which on its face discloses a valid basis of exemption
20 consistent with the activity of the purchaser and character of
21 the property or service being purchased, shall be presumed to be
22 taken in good faith and the burden of proving otherwise shall be
23 on the Department of Revenue.

24 (d) Direct Payment Permits. The department may authorize a
25 purchaser or lessee who acquires tangible personal property or
26 services under circumstances which make it impossible at the
27 time of acquisition to determine the manner in which the
28 tangible personal property or service will be used, to pay the
29 tax directly to the department, and waive the collection of the
30 tax by the vendor. No such authority shall be granted or

1 exercised, except upon application to the department, and the
2 issuance by the department, in its discretion, of a direct
3 payment permit. If a direct payment permit is granted, its use
4 shall be subject to conditions specified by the department, and
5 the payment of tax on all acquisitions pursuant to the permit
6 shall be made directly to the department by the permit holder.

7 Section 238. Collection of Tax on Motor Vehicles, Trailers
8 and Semi-Trailers.--Notwithstanding the provisions of clause (1)
9 of subsection (b) of section 237 of this article, tax due on the
10 sale at retail or use of a motor vehicle, trailer or semi-
11 trailer required by law to be registered with the department
12 under the provisions of "The Vehicle Code" shall be paid by the
13 purchaser or user directly to the department upon application to
14 the department for an issuance of a certificate of title upon
15 such motor vehicle, trailer or semi-trailer. The department
16 shall not issue a certificate of title until the tax has been
17 paid, or evidence satisfactory to the department has been given
18 to establish that tax is not due. The department may cancel or
19 suspend any record of certificate of title or registration of a
20 motor vehicle, trailer or semi-trailer when the check received
21 in payment of the tax on such vehicle is not paid upon demand.
22 Such tax shall be considered as a first encumbrance against such
23 vehicle and the vehicle may not be transferred without first
24 payment in full of such tax and any interest additions or
25 penalties which shall accrue thereon in accordance with this
26 article.

27 Section 239. Precollection of Tax.--The department may, by
28 regulation, authorize or require particular categories of
29 vendors selling tangible personal property for resale to
30 precollect from the purchaser the tax which such purchaser will

1 collect upon making a sale at retail of such tangible personal
2 property: Provided, however, That the department, pursuant to
3 this section, may not require a vendor to precollect tax from a
4 purchaser who purchases for resale more than one thousand
5 dollars (\$1,000) worth of tangible personal property from such
6 vendor per year. In any case in which a vendor has been
7 authorized to prepay the tax to the person from whom he
8 purchased the tangible personal property for resale such vendor
9 so authorized to prepay the tax may, under the regulations of
10 the department, be relieved from his duty to secure a license if
11 such duty shall arise only by reason of his sale of the tangible
12 personal property with respect to which he is, under
13 authorization of the department, to prepay the tax. The vendor,
14 on making a sale at retail of tangible personal property with
15 respect to which he has prepaid the tax, must separately state
16 at the time of resale the proper amount of tax on the
17 transaction, and reimburse himself on account of the taxes which
18 he has previously prepaid. Should such vendor collect a greater
19 amount of tax in any reporting period than he had previously
20 prepaid upon purchase of the goods with respect to which he
21 prepaid the tax, he must file a return and remit the balance to
22 the Commonwealth at the time at which a return would otherwise
23 be due with respect to such sales.

24 Section 240. Bulk and Auction Sales.--Every person who shall
25 sell or cause to be sold at auction, or who shall sell or
26 transfer in bulk, fifty-one per centum or more of any stock of
27 goods, wares or merchandise of any kind, fixtures, machinery,
28 equipment, buildings or real estate, involved in a business for
29 which such person is licensed or required to be licensed under
30 the provisions of this article, or is liable for filing use tax

1 returns in accordance with the provisions of this article, shall
2 give the department ten days' written notice of the sale or
3 transfer prior to the completion of the transfer of such
4 property. Whenever the seller or transferor shall fail to give
5 such notice to the department, or whenever the department shall
6 upon written notice inform the purchaser or transferee that a
7 possible claim for tax imposed by this act exists, any sums of
8 money, property or choses in action or other consideration,
9 which the purchaser or transferee is thereafter required to
10 transfer over to the seller or transferor, shall be subject to a
11 first priority right and lien for any such taxes theretofore or
12 thereafter determined to be due from the seller or transferor,
13 and the purchaser or transferee is forbidden to transfer to the
14 seller or transferor any such sums of money, property or choses
15 in action to the extent of the amount of the Commonwealth's
16 claim. For failure to comply with the provisions of this
17 section, the purchaser or transferee shall be liable for the
18 payment to the Commonwealth of any such taxes theretofore or
19 thereafter determined to be due from the seller or transferor,
20 and such liability may be assessed and enforced in the same
21 manner as the liability for tax under this article: Provided,
22 That nothing contained in this provision shall apply to sales or
23 transfers made under any order of court: And provided further,
24 That the written notice required to be filed with the department
25 by this provision shall be deemed to satisfy the requirements of
26 section 1403 of "The Fiscal Code" as to taxes imposed by this
27 article.

28 Section 241. Collection upon Failure to Request
29 Reassessment, Review or Appeal.--The department may collect any
30 tax:

1 (1) If an assessment of tax is not paid within ten days or
2 thirty days as the case may be after notice thereof to the
3 taxpayer, and no petition for reassessment has been filed;

4 (2) Within sixty days from the date of reassessment, if no
5 petition for review has been filed;

6 (3) Within thirty days from the date of the decision of the
7 Board of Finance and Revenue upon a petition for review, or of
8 the expiration of the board's time for acting upon such
9 petition, if no appeal has been made; and

10 (4) In all cases of judicial sales, receiverships,
11 assignments or bankruptcies.

12 In any such case in a proceeding for the collection of such
13 taxes, the person against whom they were assessed shall not be
14 permitted to set up any ground of defense that might have been
15 determined by the department, the Board of Finance and Revenue
16 or the courts: Provided, That the defense of failure of the
17 department to mail notice of assessment or reassessment to the
18 taxpayer and the defense of payment of assessment or
19 reassessment may be raised in proceedings for collection by a
20 motion to stay the proceedings.

21 Section 242. Lien for Taxes.--(a) Lien Imposed. If any
22 person liable to pay any tax neglects or refuses to pay the same
23 after demand, the amount (including any interest, addition or
24 penalty, together with any costs that may accrue in addition
25 thereto) shall be a lien in favor of the Commonwealth upon the
26 property, both real and personal, of such person but only after
27 same has been entered and docketed of record by the prothonotary
28 of the county where such property is situated. The department
29 may, at any time, transmit, to the prothonotaries of the
30 respective counties, certified copies of all liens for taxes

1 imposed by this act and penalties and interest. It shall be the
2 duty of each prothonotary receiving the lien to enter and docket
3 the same of record in his office, which lien shall be indexed as
4 judgments are now indexed. No prothonotary shall require, as a
5 condition precedent to the entry of such liens, the payment of
6 the costs incident thereto.

7 (b) Priority of Lien and Effect on Judicial Sale; No
8 Discharge by Sale on Junior Lien. The lien imposed hereunder
9 shall have priority from the date of its recording as aforesaid,
10 and shall be fully paid and satisfied out of the proceeds of any
11 judicial sale of property subject thereto before any other
12 obligation, judgment, claim, lien or estate to which said
13 property may subsequently become subject, except costs of the
14 sale and of the writ upon which the sale was made, and real
15 estate taxes and municipal claims against such property, but
16 shall be subordinate to mortgages and other liens existing and
17 duly recorded or entered of record prior to the recording of the
18 tax lien. In the case of a judicial sale of property, subject to
19 a lien imposed hereunder, upon a lien or claim over which the
20 lien imposed hereunder has priority as aforesaid, such sale
21 shall discharge the lien imposed hereunder to the extent only
22 that the proceeds are applied to its payment, and such lien
23 shall continue in full force and effect as to the balance
24 remaining unpaid. There shall be no inquisition or condemnation
25 upon any judicial sale of real estate made by the Commonwealth
26 pursuant to the provisions hereof. The lien of the taxes,
27 interest and penalties, shall continue for five years from the
28 date of entry, and may be revived and continued in the manner
29 now or hereafter provided for renewal of judgments, or as may be
30 provided in "The Fiscal Code," and a writ of execution may

1 directly issue upon such lien without the issuance and
2 prosecution to judgment of a writ of scire facias: Provided,
3 That not less than ten days before issuance of any execution on
4 the lien, notice of the filing and the effect of the lien shall
5 be sent by registered mail to the taxpayer at his last known
6 post office address: And provided further, That the said lien
7 shall have no effect upon any stock of goods, wares or
8 merchandise regularly sold or leased in the ordinary course of
9 business by the person against whom said lien has been entered,
10 unless and until a writ of execution has been issued and a levy
11 made upon said stock of goods, wares and merchandise.

12 (c) Duty of Prothonotary. Any wilful failure of any
13 prothonotary to carry out any duty imposed upon him by this
14 section shall be a misdemeanor, and, upon conviction, he shall
15 be sentenced to pay a fine not exceeding one thousand dollars
16 (\$1,000) and costs of prosecution, or to undergo imprisonment
17 not exceeding one year, or both.

18 (d) Priority of Tax. Except as hereinbefore provided in the
19 distribution, voluntary or compulsory, in receivership,
20 bankruptcy or otherwise, of the property or estate of any
21 person, all taxes imposed by this article which are due and
22 unpaid and are not collectible under the provisions of section
23 225 hereof, shall be paid from the first money available for
24 distribution in priority to all other claims and liens, except
25 in so far as the laws of the United States may give a prior
26 claim to the Federal government. Any person charged with the
27 administration or distribution of any such property or estate,
28 who shall violate the provisions of this section, shall be
29 personally liable for any taxes imposed by this article, which
30 are accrued and unpaid and are chargeable against the person

1 whose property or estate is being administered or distributed.

2 (e) Other Remedies. Subject to the limitations contained in
3 this article as to the assessment of taxes, nothing contained in
4 this section shall be construed to restrict, prohibit or limit
5 the use by the department in collecting taxes finally due and
6 payable of any other remedy or procedure available at law or
7 equity for the collection of debts.

8 Section 243. Suit for Taxes.--(a) Commencement. At any time
9 within three years after any tax or any amount of tax shall be
10 finally due and payable, the department may commence an action
11 in the courts of this Commonwealth, of any state or of the
12 United States, in the name of the Commonwealth of Pennsylvania,
13 to collect the amount of tax due together with additions,
14 interest, penalties and costs in the manner provided at law or
15 in equity for the collection of ordinary debts.

16 (b) Procedure. The Attorney General shall prosecute the
17 action and, except as provided herein, the provisions of the
18 Rules of Civil Procedure and the provisions of the laws of this
19 Commonwealth relating to civil procedures and remedies shall, to
20 the extent that they are applicable, be available in such
21 proceedings.

22 (c) Other Remedies. The provisions of this section are in
23 addition to any process, remedy or procedure for the collection
24 of taxes provided by this article or by the laws of this
25 Commonwealth, and this section is neither limited by nor
26 intended to limit any such process, remedy or procedure.

27 Section 244. Tax Suit Comity.--The courts of this
28 Commonwealth shall recognize and enforce liabilities for sales
29 and use taxes, lawfully imposed by any other state: Provided,
30 That such other state extends a like comity to this

1 Commonwealth.

2 Section 245. Service.--Any person maintaining a place of
3 business within this Commonwealth is deemed to have appointed
4 the Secretary of the Commonwealth his agent for the acceptance
5 of service of process or notice in any proceedings for the
6 enforcement of the civil provisions of this article, and any
7 service made upon the Secretary of the Commonwealth as such
8 agent shall be of the same legal force and validity as if such
9 service had been personally made upon such person. Where service
10 cannot be made upon such person in the manner provided by other
11 laws of this Commonwealth relating to service of process,
12 service may be made upon the Secretary of the Commonwealth and,
13 in such case, a copy of the process or notice shall also be
14 personally served upon any agent or representative of such
15 person who may be found within this Commonwealth, or where no
16 such agent or representative may be found a copy of the process
17 or notice shall forthwith be sent by registered mail to such
18 person at the last known address of his principal place of
19 business, home office or residence.

20 Section 246. Collection of Tax on Credit Sales.--If any sale
21 subject to tax hereunder is wholly or partly on credit, the
22 taxpayer shall require the purchaser to pay in cash at the time
23 the sale is made, or within thirty days thereafter, the full tax
24 due on the basis of the entire purchase price.

25 Section 247. Prepayment of Tax.--Whenever a vendor is
26 forbidden by law or governmental regulation to charge and
27 collect the purchase price in advance of or at the time of
28 delivery, the vendor shall prepay the tax as required by section
29 222 of this article, but in such case if the purchaser shall
30 fail to pay to the vendor the total amount of the purchase price

1 and the tax, and such amount is written off as uncollectible by
2 the vendor, the vendor shall not be liable for such tax and
3 shall be entitled to a credit or refund of such tax paid. If the
4 purchase price is thereafter collected, in whole or in part, the
5 amount collected shall be first applied to the payment of the
6 entire tax portion of the bill, and shall be remitted to the
7 department by the vendor with the first return filed after such
8 collection. For any tax prepaid prior to the effective date of
9 this article, credit may be claimed on any returns filed for the
10 periods prior to the effective date of this article. Tax prepaid
11 after the effective date of this article shall be subject to
12 refund upon petition to the department under the provisions of
13 section 252 of this article, filed within one hundred five days
14 of the close of the fiscal year in which such accounts are
15 written off.

16 CHAPTER V

17 REFUNDS AND CREDITS

18 Section 250. Refund or Credit for Overpayment.--With respect
19 to all taxes paid to a vendor or to the Commonwealth prior to
20 April 5, 1957, in the case of any overpayment, the department,
21 within the applicable period of limitations, may credit the
22 amount of such overpayment against any liability in respect of
23 the tax imposed by this act on the part of the person who made
24 the overpayment, and shall refund any balance to such person.

25 Section 251. Restriction on Refunds.--No refund shall be
26 made under section 250 without the approval of the Board of
27 Finance and Revenue.

28 Section 252. Refunds.--The department shall, pursuant to the
29 provisions of sections 253 and 254, refund all taxes, interest
30 and penalties paid to the Commonwealth under the provisions of

1 this article and to which the Commonwealth is not rightfully
2 entitled. Such refunds shall be made to the person, his heirs,
3 successors, assigns or other personal representatives, who
4 actually paid the tax: Provided, That no refund shall be made
5 under this section with respect to any payment made by reason of
6 an assessment with respect to which a taxpayer has filed a
7 petition for reassessment pursuant to section 232 of this
8 article to the extent that said petition has been determined
9 adversely to the taxpayer by a decision which is no longer
10 subject to further review or appeal: Provided further, That
11 nothing contained herein shall be deemed to prohibit a taxpayer
12 who has filed a timely petition for reassessment from amending
13 it to a petition for refund where the petitioner has paid the
14 tax assessed.

15 Section 253. Refund Petition.--(a) Except as provided for in
16 section 256 and in subsection (b) and (d) of this section, the
17 refund or credit of tax, interest or penalty provided for by
18 section 252 shall be made only where the person who has actually
19 paid the tax files a petition for refund with the department
20 within three years of the actual payment of the tax to the
21 Commonwealth. Such petition for refund must set forth in
22 reasonable detail the grounds upon which the taxpayer claims
23 that the Commonwealth is not rightfully entitled to such tax,
24 interest or penalty, in whole or in part, and shall be
25 accompanied by an affidavit affirming that the facts contained
26 therein are true and correct. The department may hold such
27 hearings as may be necessary for the purpose at such times and
28 places as it may determine, and each person who has duly filed a
29 refund petition shall be notified by the department of the time
30 when, and the place where, such hearing in his case will be

1 held.

2 (b) A refund or credit of tax, interest or penalty, paid as
3 a result of an assessment made by the department under section
4 232, shall be made only where the person who has actually paid
5 the tax files with the department a petition for a refund with
6 the department within six months after the date the notice of
7 assessment was mailed. The filing of a petition for refund,
8 under the provisions of this subsection, shall not affect the
9 abatement of interest, additions or penalties to which the
10 person may be entitled by reason of his payment of the
11 assessment.

12 (c) It shall be the duty of the department, within six
13 months after receiving a petition for refund, to dispose of the
14 issue raised by such petition, and mail notice of the
15 department's decision to the petitioner: Provided, however, That
16 the taxpayer and the department may, by stipulation, extend such
17 disposal time by not more than six additional months.

18 (d) Notwithstanding any other provision of this section
19 where any tax, interest or penalty has been paid under a
20 provision of this article subsequently held by final judgment of
21 a court of competent jurisdiction to be unconstitutional, or
22 under an interpretation of such provision subsequently held by
23 such court to be erroneous, a petition for refund may be filed
24 either before or subsequent to final judgment, but such petition
25 must be filed within five years of the date of the payment of
26 which a refund is requested. The department shall have
27 jurisdiction to hear and determine any such petition filed prior
28 to such final judgment only if, at the time of filing of the
29 petition, proceedings are pending in a court of competent
30 jurisdiction wherein the claim of unconstitutionality or of

1 erroneous interpretation, made in the petition for refund may be
2 established, and in such case, the department shall not take
3 final action upon the petition for refund until the judgment
4 determining the question involved in such petition has become
5 final.

6 Section 254. Review by Board of Finance and Revenue.--Within
7 sixty days after the date of mailing of notice by the department
8 of the decision upon a petition for refund filed with it,
9 pursuant to section 253, the petitioner may further petition the
10 Board of Finance and Revenue to review the decision of the
11 department. The failure of the department to notify the
12 petitioner of its decision within the time provided for by
13 section 253 shall act as a denial of such petition, and a
14 petition for review may be filed with the Board of Finance and
15 Revenue within one hundred twenty days of the date prior to
16 which the department should have mailed to the petitioner its
17 notice of decision. Every petition for review filed with the
18 Board of Finance and Revenue under the provisions of this
19 section shall incorporate by reference the petition for refund.
20 The petitioner may, in his petition for review, elect to
21 withdraw one or more grounds as set out in the original refund
22 petition. The Board of Finance and Revenue shall act finally in
23 disposing of such petitions filed with it within six months
24 after they have been received. In the event of the failure of
25 the board to dispose of any petition within six months, the
26 action taken by the department upon the petition for refund
27 shall be sustained. The Board of Finance and Revenue may sustain
28 the action taken by the department on a petition for refund, or
29 it may redetermine whether a lessor or greater amount of refund
30 is proper. Under no circumstances may the Board of Finance and

1 Revenue authorize a refund greater than that originally applied
2 for by the petitioner. The board shall give notice of its action
3 to the department and to the petitioner.

4 Section 255. Appeal to the Commonwealth Court.--Any person
5 aggrieved by the decision of the Board of Finance and Revenue
6 under section 254, or by the board's failure to act upon a
7 petition for review within six months may, within thirty days,
8 appeal to the Commonwealth Court from the decision of the board
9 or of the department, as the case may be, in the manner now or
10 hereafter provided for by law for appeals in the case of tax
11 settlements.

12 Section 256. Extended Time for Filing Special Petition for
13 Refund.--Any party to a transaction who has paid tax by reason
14 of a transaction with respect to which the department is
15 assessing tax against another person may, within six months
16 after the filing by the department of the assessment against
17 such other person, file a special petition for refund,
18 notwithstanding his failure to file a regular petition within
19 three years of the payment. The provisions of sections 253, 254
20 and 255 shall be applicable to such special petition for refund,
21 except that the department need not act on such petition until
22 there is a final determination as to the propriety of the
23 assessment filed against the other party to the transaction.
24 Where a petition is filed under this provision in order to take
25 advantage of the extended period of limitations, overpayments by
26 the petitioner shall be refunded but only to the extent of the
27 actual tax (without consideration of interest and penalties)
28 paid by the other party to the transaction. The purpose of this
29 section is to avoid duplicate payment of tax where a
30 determination is made by the department that one party to a

1 transaction is subject to tax, and another party to the
2 transaction has previously paid tax with respect to such
3 transaction and, as such, this section shall be construed as
4 extending right beyond that provided for by section 253, and not
5 to limit such other section.

6 CHAPTER VI

7 LIMITATIONS

8 Section 258. Limitation on Assessment and Collection.--The
9 amount of the tax imposed by this act shall be assessed within
10 three years after the date when the return provided for by
11 subsection (a) or (c) or under subsection (e) of section 217 is
12 filed or the end of the year in which the tax liability arises
13 whichever shall last occur. Any such assessment may be made at
14 any time during such period notwithstanding that the department
15 may have made one or more previous assessments against the
16 taxpayer for the year in question, or for any part of such year.
17 In any such case, no credit shall be given for any penalty
18 previously assessed or paid.

19 Section 259. Failure to File Return.--Where no return is
20 filed, the amount of the tax due may be assessed and collected
21 at any time as to taxable transactions not reported.

22 Section 260. False or Fraudulent Return.--Where the taxpayer
23 wilfully files a false or fraudulent return with intent to evade
24 the tax imposed by this article, the amount of tax due may be
25 assessed and collected at any time.

26 Section 261. Extension of Limitation Period.--
27 Notwithstanding any of the foregoing provisions of this part,
28 where, before the expiration of the period prescribed therein
29 for the assessment of a tax, a taxpayer has consented, in
30 writing, that such period be extended, the amount of tax due may

1 be assessed at any time within such extended period. The period
2 so extended may be extended further by subsequent consents, in
3 writing, made before the expiration of the extended period.

4 CHAPTER VII

5 INTEREST, ADDITIONS, PENALTIES AND CRIMES

6 Section 265. Interest.--If any amount of tax imposed by this
7 article is not paid to the department on or before the last date
8 prescribed for payment, interest on such amount at the rate of
9 one-half of one per cent per month for each month, or fraction
10 thereof, from such date, shall be paid for the period from such
11 last date to the date paid. The last date prescribed for payment
12 shall be determined under subsection (a) or (c) of section 222
13 without regard to any extension of time for payment. In the case
14 of any amount assessed as a deficiency or as an estimated
15 assessment, the date prescribed for payment shall be thirty days
16 after notice of such assessment.

17 Section 266. Additions to Tax.--(a) Failure to File Return.
18 In the case of failure to file any return required by section
19 215 on the date prescribed therefor (determined with regard to
20 any extension of time for filing), and in the case in which a
21 return filed understates the true amount due by more than fifty
22 per cent, there shall be added to the amount of tax actually due
23 five per cent of the amount of such tax if the failure to file a
24 proper return is for not more than one month, with an additional
25 five per cent for each additional month, or fraction thereof,
26 during which such failure continues, not exceeding twenty-five
27 per cent in the aggregate. In every such case at least two
28 dollars (\$2) shall be added.

29 (b) Addition for Understatement. There shall be added to
30 every assessment under subsection (b) of section 231 an addition

1 equal to five per cent of the amount of the understatement and
2 no addition to the tax shall be paid under subsection (a) of
3 section 231.

4 (c) Interest. If the department assesses a tax according to
5 subsection (a) or (c) of section 231, there shall be added to
6 the amount of the deficiency interest at the rate of one-half of
7 one per cent per month for each month, or fraction thereof, from
8 the date prescribed by subsection (a) or (c) of section 222 of
9 this article for the payment of the tax to the date of notice of
10 the assessment.

11 (d) Uncollectible Checks. Whenever any check issued in
12 payment of any tax or for any other purpose shall be returned to
13 the department as uncollectible, the secretary shall charge a
14 fee of ten per cent of the face amount thereof plus all protest
15 fees, to the person presenting such check to him to cover the
16 cost of its collection in addition to the interest and penalties
17 otherwise provided for by this article: Provided, however, That
18 the additions imposed hereby shall not exceed two hundred
19 dollars (\$200) nor be less than ten dollars (\$10).

20 Section 267. Penalties.--(a) Penalty Assessed as Tax. The
21 penalties, additions, interest and liabilities provided by this
22 article shall be paid upon notice and demand by the department,
23 and shall be assessed and collected in the same manner as taxes.
24 Except as otherwise provided, any reference in this article to
25 "tax" imposed by this article shall be deemed also to refer to
26 the penalties, additions, interest and liabilities provided by
27 this part.

28 (b) Attempt to Evade or Defeat Tax. Any person who wilfully
29 attempts, in any manner, to evade or defeat the tax imposed by
30 this article, or the payment thereof, or to assist any other

1 person to evade or defeat the tax imposed by this article, or
2 the payment thereof, or to receive a refund improperly, shall,
3 in addition to other penalties provided by law, be liable for a
4 penalty equal to one-half of the total amount of the tax evaded.

5 In any direct proceeding arising out of a petition for
6 reassessment or refund as provided in this article, in which an
7 issue of fact is raised with respect to whether a return is
8 fraudulent or with respect to the propriety of the imposition by
9 the department of the penalty prescribed in this subsection (b),
10 the burden of proof with respect to such issue shall be upon the
11 department.

12 Section 268. Crimes.--(a) Fraudulent Return. Any person who
13 with intent to defraud the Commonwealth shall wilfully make, or
14 cause to be made, any return required by this article, which is
15 false, shall be guilty of a misdemeanor, and, upon conviction
16 thereof, shall be sentenced to pay a fine not exceeding two
17 thousand dollars (\$2000), or undergo imprisonment not exceeding
18 three years, or both.

19 (b) Other Crimes. Except as otherwise provided by subsection
20 (a) of this section, any person maintaining a place of business
21 in this Commonwealth, who advertises or holds out or states to
22 the public or to any purchaser or user, directly or indirectly,
23 that the tax or any part thereof imposed by this article will be
24 absorbed by such person, or that it will not be added to the
25 purchase price of the tangible personal property or services
26 described in subclauses (2), (3) and (4) of clause (k) of
27 section 201 of this article sold or, if added, that the tax or
28 any part thereof will be refunded, other than when such person
29 refunds the purchase price because of such property being
30 returned to the vendor, and any person maintaining a place of

1 business in this Commonwealth and selling or leasing tangible
2 personal property or said services the sale or use of which by
3 the purchaser is subject to tax hereunder, who shall wilfully
4 fail or refuse to collect the tax from the purchaser and remit
5 the same to the department, and any person who shall wilfully
6 fail, neglect or refuse to file any return or report required by
7 this article or any taxpayer who shall refuse to pay any tax,
8 penalty or interest imposed or provided for by this article, or
9 who shall wilfully fail to preserve his books, papers and
10 records as directed by the department, or any person who shall
11 refuse to permit the department or any of its authorized agents
12 to examine his books, records or papers, or who shall knowingly
13 make any incomplete, false or fraudulent return or report, or
14 who shall do, or attempt to do, anything whatever to prevent the
15 full disclosure of the amount or character of taxable sales
16 purchases or use made by himself or any other person, or shall
17 provide any person with a false statement as to the payment of
18 tax with respect to particular tangible personal property or
19 said services, or shall make, utter or issue a false or
20 fraudulent exemption certificate, shall be guilty of a
21 misdemeanor, and, upon conviction thereof, shall be sentenced to
22 pay a fine not exceeding one thousand dollars (\$1000) and costs
23 of prosecution, or undergo imprisonment not exceeding one year,
24 or both: Provided, however, That any person maintaining a place
25 of business outside this Commonwealth may absorb the tax with
26 respect to taxable sales made in the normal course of business
27 to customers present at such place of business without being
28 subject to the above penalty and fines. The penalties imposed by
29 this section shall be in addition to any other penalties imposed
30 by any provision of this article.

1 Section 269. Abatement of Additions or Penalties.--Upon the
2 filing of a petition for reassessment or a petition for refund
3 as provided under this article by a taxpayer, additions or
4 penalties imposed upon such taxpayer by this act may be waived
5 or abated, in whole or in part, where the petitioner has
6 established that he has acted in good faith, without negligence
7 and with no intent to defraud.

8 CHAPTER VIII

9 ENFORCEMENT AND EXAMINATIONS

10 Section 270. Rules and Regulations.--(a) General Provision.
11 The department is hereby charged with the enforcement of the
12 provisions of this article, and is hereby authorized and
13 empowered to prescribe, adopt, promulgate and enforce, rules and
14 regulations not inconsistent with the provisions of this
15 article, relating to any matter or thing pertaining to the
16 administration and enforcement of the provisions of this
17 article, and the collection of taxes, penalties and interest
18 imposed by this article. The department may prescribe the
19 extent, if any, to which any of such rules and regulations shall
20 be applied without retroactive effect.

21 (b) Sales between Affiliated Interests. In determining the
22 purchase price of taxable sales where, because of affiliation of
23 interests between the vendor and the purchaser or irrespective
24 of any such affiliation, if for any other reason, the purchase
25 price of such sale is in the opinion of the department not
26 indicative of the true value of the article or the fair price
27 thereof, the department shall, pursuant to uniform and equitable
28 rules, determine the amount of constructive purchase price upon
29 the basis of which the tax shall be computed and levied. Such
30 rules shall provide for a constructive amount of a purchase

1 price for each such sale, which price shall equal a price for
2 such article which would naturally and fairly be charged in an
3 arm's-length transaction in which the element of common
4 interests between vendor and purchaser, or, if no common
5 interest exists, any other element causing a distortion of the
6 price or value is absent. For the purpose of this article where
7 a taxable sale occurs between a parent corporation and a
8 subsidiary affiliate or controlled corporation of such parent,
9 there shall be a rebuttable presumption that because of such
10 common interest such transaction was not at arm's-length.

11 Section 271. Keeping of Records.--(a) General Provision.

12 Every person liable for any tax imposed by this article, or for
13 the collection thereof, shall keep the records, render such
14 statements, make the returns and comply with such rules and
15 regulations as the department may, from time to time, prescribe
16 regarding matters pertinent to his business. Whenever in the
17 judgment of the department it is necessary, it may require any
18 person, by notice served upon such person, or by regulations, to
19 make such returns, render such statements or keep such records
20 as the department deems sufficient to show whether or not such
21 person is liable to pay or collect tax under this article.

22 (b) Persons Collecting Tax from Others. Any person liable to
23 collect tax from another person under the provisions of this
24 article shall file reports, keep records, make payments and be
25 subject to interest and penalties as provided for under this
26 article, in the same manner as if he were directly subject to
27 the tax.

28 (c) Records of Non-Residents. A non-resident who does
29 business in this Commonwealth as a retail dealer shall keep
30 adequate records of such business or businesses and of the tax

1 due with respect thereto, which records shall at all times be
2 retained within this Commonwealth unless retention outside the
3 Commonwealth is authorized by the department. No taxes collected
4 from purchasers shall be sent outside the Commonwealth without
5 the written consent of, and in accordance with conditions
6 prescribed by the department. The department may require a
7 taxpayer who desires to retain records or tax collections
8 outside the Commonwealth to assume reasonable out-of-state audit
9 expenses.

10 (d) Keeping of Separate Records. Any person doing business
11 as a retail dealer who at the same time is engaged in another
12 business or businesses which do not involve the making of sales
13 taxable under this article, shall keep separate books and
14 records of his businesses so as to show the sales taxable under
15 this article separately from his sales not taxable hereunder. If
16 any such person fails to keep such separate books and records,
17 he shall be liable for tax at the rate designated in section 202
18 of this article upon the entire purchase price of sales from
19 both or all of his businesses.

20 (e) Other Methods. In those instances where a vendor gives
21 no sales memoranda or uses registers showing only total sales,
22 the vendor must adopt some method of segregating tax from sales
23 receipts and keep records showing such segregation, all in
24 accordance with proper accounting and business practices.

25 A vendor may apply to the department for permission to use a
26 collection and recording procedure which will show such
27 information as the law requires with reasonable accuracy and
28 simplicity. Such application must contain a detailed description
29 of the procedure to be adopted. Permission to use the proposed
30 procedure is not to be construed as relieving the vendor from

1 remitting the full amount of tax collected. The department may
2 revoke such permission upon thirty days' notice to the vendor.
3 Refusal of the department to grant permission in advance to use
4 such procedure shall not be construed to invalidate a procedure
5 which upon examination shows such information as the law
6 requires.

7 Section 272. Examinations.--The department or any of its
8 authorized agents is hereby authorized to examine the books,
9 papers and records of any taxpayer in order to verify the
10 accuracy and completeness of any return made or, if no return
11 was made, to ascertain and assess the tax imposed by this
12 article. The department may require the preservation of all such
13 books, papers and records for any period deemed proper by it but
14 not to exceed three years from the end of the calendar year to
15 which the records relate. Every such taxpayer is hereby required
16 to give to the department, or its agent, the means, facilities
17 and opportunity for such examinations and investigation. The
18 department is further authorized to examine any person, under
19 oath, concerning taxable sales or use by any taxpayer or
20 concerning any other matter relating to the enforcement or
21 administration of this article, and to this end may compel the
22 production of books, papers and records and the attendance of
23 all persons whether as parties or witnesses whom it believes to
24 have knowledge of such matters. The procedure for such hearings
25 or examinations shall be the same as that provided by The Fiscal
26 Code relating to inquisitorial powers of fiscal officers.

27 Section 273. Records and Examinations of Delivery Agents.--
28 Every agent for the purpose of delivery of goods shipped into
29 the Commonwealth by a nonresident including, but not limited to,
30 common carriers shall maintain adequate records of such

1 deliveries pursuant to rules and regulations adopted by the
2 department and shall make such records available to the
3 department upon request after due notice.

4 Section 274. Unauthorized Disclosure.--Any information
5 gained by the department as a result of any return, examination,
6 investigation, hearing or verification, required or authorized
7 by this article, shall be confidential, except for official
8 purposes and except in accordance with proper judicial order or
9 as otherwise provided by law, and any person unlawfully
10 divulging such information shall be guilty of a misdemeanor,
11 and, upon conviction thereof, shall be sentenced to pay a fine
12 not in excess of one thousand dollars (\$1000) and costs of
13 prosecution, or to undergo imprisonment for not more than one
14 year, or both.

15 Section 275. Cooperation with Other Governments.--
16 Notwithstanding the provisions of section 274, the department
17 may permit the Commissioner of Internal Revenue of the United
18 States, or the proper officer of any state, or the authorized
19 representative of either such officer, to inspect the tax
20 returns of any taxpayer, or may furnish to such officer or to
21 his authorized representative an abstract of the return of any
22 taxpayer, or supply him with information concerning any item
23 contained in any return or disclosed by the report of any
24 examination or investigation of the return of any taxpayer. This
25 permission shall be granted only if the statutes of the United
26 States or of such other state, as the case may be, grant
27 substantially similar privileges to the proper officer of the
28 Commonwealth charged with the administration of this article.

29 Section 276. Interstate Compacts.--The Governor, or his
30 authorized representative, is hereby vested with authority to

1 confer with the Governor and the authorized representatives of
2 other states with respect to reciprocal use tax collection
3 between Pennsylvania and such other states.

4 The Governor, or his representative, is authorized to join
5 with such authorities of other states to conduct joint
6 investigations, to exchange information, hold joint hearings and
7 enter into compacts or interstate agreements with such other
8 states to accomplish uniform reciprocal use tax collections
9 between those states who are parties to any compact or
10 interstate agreement and the Commonwealth of Pennsylvania.

11 Section 277. Bonds.--(a) Taxpayer to File Bond. Whenever
12 the department in its discretion, deems it necessary to protect
13 the revenues to be obtained under the provisions of this
14 article, it may require any nonresident natural person or any
15 foreign corporation, association, fiduciary, partnership or
16 other entity, not authorized to do business within this
17 Commonwealth or not having an established place of business
18 therein and subject to the tax imposed by section 202 of this
19 article, to file a bond issued by a surety company authorized to
20 do business in this Commonwealth and approved by the Insurance
21 Commissioner as to solvency and responsibility, in such amounts
22 as it may fix, to secure the payment of any tax or penalties
23 due, or which may become due, from such natural person or
24 corporation. In order to protect the revenues to be obtained
25 under the provisions of this article, the department shall
26 require any nonresident natural person or any foreign
27 corporation, association, fiduciary, partnership or entity, who
28 or which is a building contractor, or who or which is a supplier
29 delivering building materials for work in this Commonwealth and
30 is not authorized to do business within this Commonwealth or

1 does not have an established place of business therein and is
2 subject to the tax imposed by section 202 of this article, to
3 file a bond issued by a surety company authorized to do business
4 in this Commonwealth and approved by the Insurance Commissioner
5 as to solvency and responsibility, in such amounts as it may
6 fix, to secure the payments of any tax or penalties due, or
7 which may become due, from such natural person, corporation or
8 other entity. The department may also require such a bond of any
9 person petitioning the department for reassessment, in the case
10 of any assessment over five hundred dollars (\$500) or where it
11 is of the opinion that the ultimate collection is in jeopardy.
12 The department may, for a period of three years, require such a
13 bond of any person who has on three or more occasions within a
14 twelve month period either filed a return or made payment to the
15 department more than thirty days late. In the event that the
16 department determines that a taxpayer is to file such a bond, it
17 shall give notice to such taxpayer to that effect, specifying
18 the amount of the bond required. The taxpayer shall file such
19 bond within five days after the giving of such notice by the
20 department unless, within such five days, the taxpayer shall
21 request, in writing, a hearing before the Secretary of Revenue
22 or his representative at which hearing the necessity, propriety
23 and amount of the bond shall be determined by the secretary or
24 such representative. Such determination shall be final and shall
25 be complied with within fifteen days after notice thereof is
26 mailed to the taxpayer.

27 (b) Securities in Lieu of Bond. In lieu of the bond
28 required by this section, securities approved by the department,
29 or cash in such amount as it may prescribe, may be deposited.
30 Such securities or cash shall be kept in the custody of the

1 department, who may, at any time, without notice to the
2 depositor, apply them to any tax and/or interest or penalties
3 due, and for that purpose the securities may be sold by the
4 department, at public or private sale, upon five days written
5 notice to the depositor.

6 (c) Failure to File Bond. The department may file a lien
7 pursuant to section 242 against any taxpayer who fails to file a
8 bond when required to do so under this section. All funds
9 received upon execution of the judgment on such lien shall be
10 refunded to the taxpayer with three per cent interest should a
11 final determination be made that he does not owe any payment to
12 the department.

13 PART VII

14 REPEALER; APPROPRIATION; EFFECTIVE DATE

15 Section 280. Repeal.--The act of March 6, 1956 (P.L.1228),
16 known as the "Tax Act of 1963 for Education," is repealed
17 concurrently with the effective date of the various provisions
18 of this article.

19 Section 281. Appropriation for Refunds, etc.--So much of the
20 proceeds of the tax imposed by this article as shall be
21 necessary for the payment of refunds, enforcement, or
22 administration, under this article, is hereby appropriated for
23 such purposes.

24 Section 282. Effective Date.--The provisions of this article
25 shall take effect ~~March 1, 1971, or upon the date this article~~ <—
26 ~~is enacted into law whichever is the last to occur,~~ IMMEDIATELY, <—
27 except that clauses (k) (4), (m) and (o) (4) of section 201,
28 clause (c) of section 202, AND clause (17) of section 204 and <—
29 ~~clause (30) (iii) of section 204 in so far as it relates to the~~
30 ~~fifty cent (50¢) exclusion from purchase price on restaurant~~

1 ~~meals~~, shall take effect July 1, 1971.

2 ARTICLE III

3 PERSONAL INCOME TAX

4 PART I

5 DECLARATION OF POLICY: DEFINITIONS

6 Section 301. Declaration of Intent and Policy.--The
7 Legislature, in imposing a flat rate tax on income defined in
8 this article, hereby declares its legislative intent and policy
9 to provide a fair and practical method of taxation and to
10 effectuate an income tax which shall constitutionally conform to
11 the uniformity provisions of section 1, of Article VIII, of the
12 Constitution, by utilizing and uniformly applying in this
13 article those terms, definitions, classifications and other
14 provisions of the Federal Internal Revenue Code of 1954, as
15 amended, as they relate to the Federal Income Tax on
16 individuals, being the same code which the General Assembly has
17 heretofore employed in the Pennsylvania "Corporate Net Income
18 Tax" and "Corporation Income Tax" acts relating to the
19 imposition of income taxes on corporations.

20 Section 302. Definitions.--Any term used in this article
21 shall have the same meaning as when used in comparable context
22 in the laws of the United States relating to Federal income
23 taxes unless a different meaning is clearly required. Any
24 reference in this article to the Internal Revenue Code shall
25 include the Internal Revenue Code of 1954 and other provisions
26 of the laws of the United States relating to Federal income
27 taxes, all as amended and effective on the date such reference
28 is required by this article:

29 (a) "Compensation" means any form of remuneration as defined
30 in section 3401 (a) of the Internal Revenue Code.

1 (b) "Department" means the Department of Revenue of the
2 Commonwealth of Pennsylvania.

3 (c) "Employee" means any employe as defined in section 3401
4 (c) of the Internal Revenue Code. Any person from whose
5 compensation an employer is required to withhold Federal income
6 tax shall prima facie be deemed an employe.

7 (d) "Employer" means an employer as defined in section 3401
8 (d) of the Internal Revenue Code. Any person required to
9 withhold Federal income tax from compensation paid shall prima
10 facie be deemed an employer.

11 (e) "Fiduciary" means a guardian, trustee, executor,
12 administrator, receiver, conservator or any person acting in any
13 fiduciary capacity, whether domiciliary or ancillary.

14 (f) "Individual" means a natural person.

15 (g) "Nonresident individual" means any individual who is not
16 a resident of the Commonwealth.

17 (h) "Nonresident estate or trust" means any estate or trust
18 which is not a resident estate or trust.

19 (i) "Person" means any individual, employer, association,
20 fiduciary, partnership, corporation or other entity, estate or
21 trust, resident or nonresident, and the plural as well as the
22 singular number.

23 (j) "Resident individual" means an individual who is
24 domiciled in this Commonwealth unless he maintains no permanent
25 place of abode in this Commonwealth and does maintain a
26 permanent place of abode elsewhere and spends in the aggregate
27 not more than thirty days of the taxable year in this
28 Commonwealth; or who is not domiciled in this Commonwealth but
29 maintains a permanent place of abode in this Commonwealth and
30 spends in the aggregate more than one hundred eighty-three days

1 of the taxable year in this Commonwealth.

2 (k) "Resident estate" means the estate of a decedent who at
3 his death was a resident individual.

4 (l) "Resident trust" means a trust created by the will of a
5 decedent who at his death was a resident individual and any
6 trust created by, or consisting of property transferred to such
7 trust by a person who was a resident individual.

8 (m) "State" means any state or commonwealth of the United
9 States, the District of Columbia, the Commonwealth of Puerto
10 Rico, any territory or possession of the United States, any
11 foreign country, or any political subdivision of any of the
12 foregoing.

13 (n) "Tax" includes interest, penalties and additions to tax,
14 and further includes the tax required to be withheld by an
15 employer on compensation paid, unless a more limited meaning is
16 disclosed by the context.

17 (o) "Taxable year" means the taxable period on the basis of
18 which a taxpayer is required to file his Federal income tax
19 return pursuant to the Internal Revenue Code.

20 (p) "Taxpayer" means any person subject to the tax imposed
21 by this article or any employer required to withhold tax on
22 compensation paid.

23 (q) "Taxable income." Except as otherwise provided herein,
24 "taxable income" means the same as "taxable income" as defined
25 in the Internal Revenue Code and WILL INCLUDE THE SUM OF THE <—
26 FOLLOWING TAX PREFERENCE ITEMS AS DEFINED IN SECTION 57 OF THE
27 INTERNAL REVENUE CODE, AS AMENDED, (I) EXCESS INVESTMENT
28 INTEREST; (II) ACCELERATED DEPRECIATION ON REAL PROPERTY; (III)
29 ACCELERATED DEPRECIATION ON PERSONAL PROPERTY SUBJECT TO A NET
30 LEASE; (IV) AMORTIZATION OF CERTIFIED POLLUTION CONTROL

1 FACILITIES; (V) AMORTIZATION OF RAILROAD ROLLING STOCK; (VI)
2 STOCK OPTIONS; (VII) RESERVES FOR LOSSES ON BAD DEBTS OF
3 FINANCIAL INSTITUTIONS; (VIII) DEPLETION; AND (IX) CAPITAL GAINS
4 which is required to be returned to and ascertained by the
5 Federal Government pursuant to said code, subject to the
6 following adjustments:

7 (1) Subtraction of interest income derived from obligations
8 of the United States Government to the extent included in
9 adjusted gross income.

10 (2) Addition of interest income derived from obligations of
11 states, political subdivisions, instrumentalities and public
12 authorities thereof other than Pennsylvania or its political
13 subdivisions, instrumentalities or public authorities to the
14 extent not included in adjusted gross income.

15 (3) In the case of a nonresident individual, estate or trust
16 estate or trust "taxable income" and the adjustments required by
17 subsections (a) and (b) above shall include only income derived
18 from sources within this Commonwealth.

19 (4) The respective shares of an estate or trust and its
20 beneficiaries in the additions and subtractions to taxable
21 income shall be in proportion to their respective shares of
22 distributable net income of the estate or trust as defined in
23 the Internal Revenue Code. If the estate or trust has no
24 distributable net income for the taxable year, the share of each
25 beneficiary in the additions and subtractions shall be in
26 proportion to his share of the estate or trust income for such
27 year, under local law or the terms of the instrument, which is
28 required to be distributed currently and any other amounts of
29 such income distributed in such year. Any balance of the
30 additions and subtractions shall be allocated to the estate or

1 trust.

2 (5) In the case of a nonresident estate or trust, the
3 respective shares of the estate or trust and of its
4 beneficiaries shall be determined in the manner set forth by
5 this subsection (q); however, in determining the taxable income
6 of a nonresident estate or trust or of any nonresident
7 beneficiary thereof, there shall be taken into account only the
8 income of the estate or trust, or the beneficiary's share
9 thereof, derived from sources within this Commonwealth.

10 (r) (1) "Income from sources within this Commonwealth"
11 means all taxable income to the extent that it is earned,
12 received or acquired from sources within this Commonwealth:

13 (i) by reason of ownership or disposition of any interest in
14 real or tangible personal property in this Commonwealth; or

15 (ii) in connection with a trade, profession, occupation
16 carried on in this Commonwealth or for the rendition or personal
17 services performed in this Commonwealth; or

18 (iii) as a distributive share of the income of an
19 unincorporated business, profession, enterprise, undertaking or
20 other activity as the result of work done, services rendered or
21 other business activities conducted in this Commonwealth, except
22 as allocated to another state pursuant to regulations
23 promulgated by the department under this article.

24 (2) Income from tangible personal property shall constitute
25 income from sources within this Commonwealth only to the extent
26 that such income is from property employed in a trade,
27 profession, occupation or business carried on in this
28 Commonwealth.

29

PART II

30

IMPOSITION OF TAX

1 Section 305. Incidence and Rate.--For the privilege of
2 receiving, earning or otherwise acquiring income from any source
3 whatsoever, in the case of a resident individual, estate or
4 trust of this Commonwealth, or from sources within this
5 Commonwealth, in the case of a nonresident individual, estate or
6 trust of this Commonwealth, there is levied and imposed an
7 annual tax of ~~five~~ THREE AND FIVE-TENTHS per cent of the taxable ←
8 income of the taxpayer.

9 Section 306. Beneficiary of Grantor Trust.--The taxable
10 income of a person who is required to include income from a
11 trust in his Federal income tax return under the provisions of
12 subpart E of subchapter J of the Internal Revenue Code shall be
13 computed with reference to the income of the trust as if such
14 income were the income of the taxpayer rather than the trust.

15 PART III

16 NONRESIDENT INDIVIDUALS

17 Section 308. Nonresident Individuals; Taxable Income.--The
18 taxable income of a nonresident individual shall be that part of
19 his Federal taxable income derived from sources within this
20 Commonwealth as defined in subsection (r) of section 302 of this
21 article.

22 Section 309. Husband and Wife.--(a) Separate Federal Return.
23 If the Federal taxable income of husband or wife who are both
24 nonresidents of this Commonwealth is determined on a separate
25 Federal return, their taxable incomes from sources within this
26 Commonwealth shall be separately determined.

27 (b) Joint Federal Return. If the Federal taxable income of
28 husband and wife who are both nonresidents is determined on a
29 joint Federal return, their tax shall be determined in this
30 State on their joint taxable income.

1 (c) One Spouse a Nonresident. If either husband or wife is
2 a nonresident and the other a resident, separate taxes shall be
3 determined on their separate taxable incomes from sources within
4 this Commonwealth on such forms as the department shall
5 prescribe, unless both elect to determine their joint taxable
6 income in this Commonwealth as if both were residents. If a
7 husband and wife file a joint Federal income tax return, but
8 determine their taxable income from sources within this
9 Commonwealth separately, they shall compute their taxable
10 incomes from sources within this Commonwealth as if their
11 Federal taxable incomes had been determined separately.

12 Section 310. Allocation of Income of Nonresident.--Where a
13 nonresident taxpayer engages in a business, trade, profession or
14 occupation partly within and partly without this Commonwealth,
15 and, as a result thereof or for other reasons that portion of
16 the income derived from or connected with sources within this
17 Commonwealth cannot readily or accurately be ascertained, the
18 department shall by regulation prescribe uniform rules for
19 apportionment or allocation of so much of such taxpayer's income
20 as fairly and equitably represents income derived from sources
21 within this Commonwealth.

22 PART IV

23 CREDITS AGAINST TAX

24 Section 315. Tax Withheld.--(a) The amount withheld under
25 section 322 shall be allowed to the recipient of the
26 compensation as a credit against the tax imposed on him by this
27 article.

28 Section 316. Income Taxes Imposed by Other States.--(a) A
29 resident taxpayer shall be allowed a credit against the tax
30 otherwise due under this act for the amount of any income tax,

1 wage tax or tax on or measured by gross or net earned or
2 unearned income imposed on him by another state with respect to
3 income which is also subject to tax under this article.

4 (b) The credit provided under this section shall not exceed
5 the proportion of the tax otherwise due under this article that
6 the amount of the taxpayer's taxable income subject to tax by
7 the other jurisdiction bears to his entire taxable income.

8 Section 317. Taxes Imposed by Political Subdivisions of This
9 Commonwealth.--(a) Every resident or nonresident individual,
10 estate or trust subject to tax under this article shall be
11 allowed a credit against the tax otherwise due under this
12 article equal to thirty per cent of the amount of any local
13 taxes imposed on and paid by such individual, estate or trust to
14 any political subdivision of this Commonwealth during the
15 calendar year 1971, except that such credit shall not apply to
16 local taxes imposed on real estate, realty transfers or
17 amusements.

18 (b) For local taxes described in subsection (a) imposed and
19 paid in the taxable years beginning after December 31, 1971, the
20 amount of credit base provided in this section shall not exceed
21 thirty per cent of the total amount of the local taxes which
22 were imposed upon and paid by such individual, estate or trust
23 during the calendar year 1971 to political subdivisions of this
24 Commonwealth, except that in the case where no such local taxes
25 were imposed upon and paid by such individual, estate or trust
26 during the calendar year 1971, then the percentage rate shall be
27 applied to the total amount of such local taxes which were
28 imposed upon and paid by such individual, estate or trust during
29 the calendar year in which such taxes were first imposed and
30 paid and the amount so determined shall each year thereafter

1 constitute the base on which the tax credit rate shall be
2 applied.

3 Section 318. Tax Paid by Trust on Accumulated Income.--A
4 beneficiary of a trust whose taxable income includes all or part
5 of an accumulation distribution or a capital gain distribution
6 by a trust, as defined in section 665 of the Internal Revenue
7 Code, shall be allowed a credit against the tax otherwise due
8 under this article equal to all or a proportionate part of any
9 tax paid by the trust under this article for any preceding
10 taxable year which would not have been payable if the trust had
11 in fact made distribution to its beneficiaries at the times and
12 in the amounts specified in sections 666 and 669 of the Internal
13 Revenue Code. The credit shall not reduce the tax otherwise due
14 from the beneficiary to an amount less than would have been due
15 if the accumulation distribution or capital gain distribution
16 were excluded from taxable income.

17 Section 319. Tax Credit for Taxpayer Class.--(a) Declaration
18 of Legislative Purpose. The General Assembly, in recognition of
19 section 2 (b) (ii) of Article VIII of the Constitution of
20 Pennsylvania which provides for the establishing as a class or
21 classes of subjects of taxation, the property or privileges of
22 persons who, because of age, disability, infirmity or poverty
23 are determined to be in need of tax exemption or of special tax
24 provisions, hereby declares as its legislative intent and
25 purpose to execute its power under such constitutional provision
26 by establishing a special tax credit provision, as hereinafter
27 provided in subsections (b) and (c) of this section.

28 (b) Establishing of Class; Tax Credit.--Pursuant to the
29 provisions of said section of the Constitution of Pennsylvania
30 there is hereby legislatively determined and established in the

1 schedule provided in subsection (c) of this section, a class of
 2 taxpayers who by reason of poverty, age, disability or infirmity
 3 are in need of special tax relief and the members of such class,
 4 on and after the effective date of this article, shall be
 5 entitled to claim a credit against the amount of tax which would
 6 otherwise be due under this article. The class of taxpayers and
 7 the members thereof who qualify for such tax credit and the
 8 amount thereof shall be determined solely by reference to the
 9 taxable income and exemption schedule set forth in subsection
 10 (c) of this section.

11 (c) Tax credit schedule for taxpayer class.

12 SCHEDULE <—

13 ~~VANISHING TAX CREDIT~~ <—

14 ~~Net Tax~~ <— ~~Number of Federal Exemptions~~ <—

15 ~~Taxable at~~ <—

16 ~~Income~~ 5% 1 2 3 4 5 6 <—

17

18 ~~\$ 100 \$ 5 \$ 5.00 \$ 5.00 \$ 5.00 \$ 5.00 \$ 5.00 \$ 5.00~~

19 ~~200 10 10.00 10.00 10.00 10.00 10.00 10.00~~

20 ~~300 15 15.00 15.00 15.00 15.00 15.00 15.00~~

21 ~~400 20 20.00 20.00 20.00 20.00 20.00 20.00~~

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23 ~~600 30 30.00 30.00 30.00 30.00 30.00 30.00~~

24 ~~700 35 31.25 35.00 35.00 35.00 35.00 35.00~~

25 ~~800 40 30.00 40.00 40.00 40.00 40.00 40.00~~

26 ~~900 45 28.75 45.00 45.00 45.00 45.00 45.00~~

27 ~~1000 50 27.50 50.00 50.00 50.00 50.00 50.00~~

28 ~~1100 55 26.25 55.00 55.00 55.00 55.00 55.00~~

29 ~~1200 60 25.00 60.00 60.00 60.00 60.00 60.00~~

30 ~~1300 65 23.75 62.50 65.00 65.00 65.00 65.00~~

1	1400	70	22.50	60.00	70.00	70.00	70.00	70.00
2	1500	75	21.25	57.50	75.00	75.00	75.00	75.00
3	1600	80	20.00	55.00	80.00	80.00	80.00	80.00
4	1700	85	18.75	52.50	85.00	85.00	85.00	85.00
5	1800	90	17.50	50.00	<u>90.00</u>	90.00	90.00	90.00
6	1900	95	16.25	47.50	93.75	95.00	95.00	95.00
7	2000	100	15.00	45.00	90.00	100.00	100.00	100.00
8	2100	105	13.75	42.50	86.25	105.00	105.00	105.00
9	2200	110	12.50	40.00	82.50	110.00	110.00	110.00
10	2300	115	11.25	37.50	78.75	115.00	115.00	115.00
11	2400	120	10.00	35.00	75.00	120.00	120.00	120.00
12	2500	125	8.75	32.50	71.25	<u>125.00</u>	125.00	125.00
13	2600	130	7.50	30.00	67.50	120.00	130.00	130.00
14	2700	135	6.25	27.50	63.75	115.00	135.00	135.00
15	2800	140	5.00	25.00	60.00	110.00	140.00	140.00
16	2900	145	3.75	22.50	56.25	105.00	145.00	145.00
17	3000	150	2.50	20.00	52.50	100.00	150.00	150.00
18	3100	155	1.25	17.50	48.75	95.00	<u>155.00</u>	155.00
19	3200	160	.00	15.00	45.00	90.00	156.25	160.00
20	3300	165	.00	12.50	41.25	85.00	150.00	165.00
21	3400	170	.00	10.00	37.50	80.00	143.75	170.00
22	3500	175	.00	7.50	33.75	75.00	137.50	175.00
23	3600	180	.00	5.00	30.00	70.00	131.25	180.00
24	3700	185	.00	2.50	26.25	65.00	125.00	<u>185.00</u>
25	3800	190	.00	.00	22.50	60.00	118.75	187.50
26	3900	195	.00	.00	18.75	55.00	112.50	180.00
27	4000	200	.00	.00	15.00	50.00	106.25	172.50
28	4100	205	.00	.00	11.25	45.00	100.00	165.00
29	4200	210	.00	.00	7.50	40.00	93.75	157.50
30	4300	215	.00	.00	3.75	35.00	87.50	150.00

1	4400	220	.00	.00	.00	30.00	81.25	142.50
2	4500	225	.00	.00	.00	25.00	75.00	135.00
3	4600	230	.00	.00	.00	20.00	68.75	127.50
4	4700	235	.00	.00	.00	15.00	62.50	120.00
5	4800	240	.00	.00	.00	10.00	56.25	112.50
6	4900	245	.00	.00	.00	5.00	50.00	105.00
7	5000	250	.00	.00	.00	.00	43.75	97.50
8	5100	255	.00	.00	.00	.00	37.50	90.00
9	5200	260	.00	.00	.00	.00	31.25	82.50
10	5300	265	.00	.00	.00	.00	25.00	75.00
11	5400	270	.00	.00	.00	.00	18.75	67.50
12	5500	275	.00	.00	.00	.00	12.50	60.00
13	5600	280	.00	.00	.00	.00	6.25	52.50
14	5700	285	.00	.00	.00	.00	.00	45.00
15	5800	290	.00	.00	.00	.00	.00	37.50
16	5900	295	.00	.00	.00	.00	.00	30.00
17	6000	300	.00	.00	.00	.00	.00	22.50
18	6100	305	.00	.00	.00	.00	.00	15.00
19	6200	310	.00	.00	.00	.00	.00	7.50
20	6300	315	.00	.00	.00	.00	.00	.00
21	6400	320	.00	.00	.00	.00	.00	.00
22	6500	325	.00	.00	.00	.00	.00	.00
23	6600	330	.00	.00	.00	.00	.00	.00
24	6700	335	.00	.00	.00	.00	.00	.00
25	6800	340	.00	.00	.00	.00	.00	.00
26	6900	345	.00	.00	.00	.00	.00	.00
27	7000	350	.00	.00	.00	.00	.00	.00
28	7100	355	.00	.00	.00	.00	.00	.00
29	7200	360	.00	.00	.00	.00	.00	.00
30	7300	365	.00	.00	.00	.00	.00	.00

1	7400	370	.00	.00	.00	.00	.00	.00	.00
2	7500	375	.00	.00	.00	.00	.00	.00	.00
3	7600	380	.00	.00	.00	.00	.00	.00	.00
4	7700	385	.00	.00	.00	.00	.00	.00	.00
5	7800	390	.00	.00	.00	.00	.00	.00	.00
6	7900	395	.00	.00	.00	.00	.00	.00	.00
7	8000	400	.00	.00	.00	.00	.00	.00	.00
8	8100	405	.00	.00	.00	.00	.00	.00	.00
9	8200	410	.00	.00	.00	.00	.00	.00	.00
10	8300	415	.00	.00	.00	.00	.00	.00	.00
11	8400	420	.00	.00	.00	.00	.00	.00	.00
12	8500	425	.00	.00	.00	.00	.00	.00	.00
13	8600	430	.00	.00	.00	.00	.00	.00	.00
14	8700	435	.00	.00	.00	.00	.00	.00	.00
15	8800	440	.00	.00	.00	.00	.00	.00	.00
16	8900	445	.00	.00	.00	.00	.00	.00	.00
17	9000	450	.00	.00	.00	.00	.00	.00	.00
18	9100	455	.00	.00	.00	.00	.00	.00	.00
19	9200	460	.00	.00	.00	.00	.00	.00	.00
20	9300	465	.00	.00	.00	.00	.00	.00	.00
21	9400	470	.00	.00	.00	.00	.00	.00	.00
22	9500	475	.00	.00	.00	.00	.00	.00	.00
23	9600	480	.00	.00	.00	.00	.00	.00	.00
24	9700	485	.00	.00	.00	.00	.00	.00	.00
25	9800	490	.00	.00	.00	.00	.00	.00	.00
26	9900	495	.00	.00	.00	.00	.00	.00	.00
27	10,000	500	.00	.00	.00	.00	.00	.00	.00
28	Net Tax								Number of Federal Exemptions
29	Taxable at								
30	Income	5%	7	8	9	10	11	12	

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2 — \$ 100 — \$ 5 — \$ 5.00 — \$ 5.00 — \$ 5.00 — \$ 5.00 — \$ 5.00 — \$ 5.00

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5 — 400 — 20 — 20.00 — 20.00 — 20.00 — 20.00 — 20.00 — 20.00

6 — 500 — 25 — 25.00 — 25.00 — 25.00 — 25.00 — 25.00 — 25.00

7 — 600 — 30 — 30.00 — 30.00 — 30.00 — 30.00 — 30.00 — 30.00

8 — 700 — 35 — 35.00 — 35.00 — 35.00 — 35.00 — 35.00 — 35.00

9 — 800 — 40 — 40.00 — 40.00 — 40.00 — 40.00 — 40.00 — 40.00

10 — 900 — 45 — 45.00 — 45.00 — 45.00 — 45.00 — 45.00 — 45.00

11 — 1000 — 50 — 50.00 — 50.00 — 50.00 — 50.00 — 50.00 — 50.00

12 — 1100 — 55 — 55.00 — 55.00 — 55.00 — 55.00 — 55.00 — 55.00

13 — 1200 — 60 — 60.00 — 60.00 — 60.00 — 60.00 — 60.00 — 60.00

14 — 1300 — 65 — 65.00 — 65.00 — 65.00 — 65.00 — 65.00 — 65.00

15 — 1400 — 70 — 70.00 — 70.00 — 70.00 — 70.00 — 70.00 — 70.00

16 — 1500 — 75 — 75.00 — 75.00 — 75.00 — 75.00 — 75.00 — 75.00

17 — 1600 — 80 — 80.00 — 80.00 — 80.00 — 80.00 — 80.00 — 80.00

18 — 1700 — 85 — 85.00 — 85.00 — 85.00 — 85.00 — 85.00 — 85.00

19 — 1800 — 90 — 90.00 — 90.00 — 90.00 — 90.00 — 90.00 — 90.00

20 — 1900 — 95 — 95.00 — 95.00 — 95.00 — 95.00 — 95.00 — 95.00

21 — 2000 — 100 — 100.00 — 100.00 — 100.00 — 100.00 — 100.00 — 100.00

22 — 2100 — 105 — 105.00 — 105.00 — 105.00 — 105.00 — 105.00 — 105.00

23 — 2200 — 110 — 110.00 — 110.00 — 110.00 — 110.00 — 110.00 — 110.00

24 — 2300 — 115 — 115.00 — 115.00 — 115.00 — 115.00 — 115.00 — 115.00

25 — 2400 — 120 — 120.00 — 120.00 — 120.00 — 120.00 — 120.00 — 120.00

26 — 2500 — 125 — 125.00 — 125.00 — 125.00 — 125.00 — 125.00 — 125.00

27 — 2600 — 130 — 130.00 — 130.00 — 130.00 — 130.00 — 130.00 — 130.00

28 — 2700 — 135 — 135.00 — 135.00 — 135.00 — 135.00 — 135.00 — 135.00

29 — 2800 — 140 — 140.00 — 140.00 — 140.00 — 140.00 — 140.00 — 140.00

30 — 2900 — 145 — 145.00 — 145.00 — 145.00 — 145.00 — 145.00 — 145.00

1	3000	150	150.00	150.00	150.00	150.00	150.00	150.00
2	3100	155	155.00	155.00	155.00	155.00	155.00	155.00
3	3200	160	160.00	160.00	160.00	160.00	160.00	160.00
4	3300	165	165.00	165.00	165.00	165.00	165.00	165.00
5	3400	170	170.00	170.00	170.00	170.00	170.00	170.00
6	3500	175	175.00	175.00	175.00	175.00	175.00	175.00
7	3600	180	180.00	180.00	180.00	180.00	180.00	180.00
8	3700	185	185.00	185.00	185.00	185.00	185.00	185.00
9	3800	190	190.00	190.00	190.00	190.00	190.00	190.00
10	3900	195	195.00	195.00	195.00	195.00	195.00	195.00
11	4000	200	200.00	200.00	200.00	200.00	200.00	200.00
12	4100	205	205.00	205.00	205.00	205.00	205.00	205.00
13	4200	210	210.00	210.00	210.00	210.00	210.00	210.00
14	4300	215	215.00	215.00	215.00	215.00	215.00	215.00
15	4400	220	218.75	220.00	220.00	220.00	220.00	220.00
16	4500	225	210.00	225.00	225.00	225.00	225.00	225.00
17	4600	230	201.25	230.00	230.00	230.00	230.00	230.00
18	4700	235	192.50	235.00	235.00	235.00	235.00	235.00
19	4800	240	183.75	240.00	240.00	240.00	240.00	240.00
20	4900	245	175.00	245.00	245.00	245.00	245.00	245.00
21	5000	250	166.25	250.00	250.00	250.00	250.00	250.00
22	5100	255	157.50	240.00	255.00	255.00	255.00	255.00
23	5200	260	148.75	230.00	260.00	260.00	260.00	260.00
24	5300	265	140.00	220.00	265.00	265.00	265.00	265.00
25	5400	270	131.25	210.00	270.00	270.00	270.00	270.00
26	5500	275	122.50	200.00	275.00	275.00	275.00	275.00
27	5600	280	113.75	190.00	280.00	280.00	280.00	280.00
28	5700	285	105.00	180.00	281.25	285.00	285.00	285.00
29	5800	290	96.25	170.00	270.00	290.00	290.00	290.00
30	5900	295	87.50	160.00	258.75	295.00	295.00	295.00

1	6000	300	78.75	150.00	247.50	300.00	300.00	300.00
2	6100	305	70.00	140.00	236.25	305.00	305.00	305.00
3	6200	310	61.25	130.00	225.00	<u>310.00</u>	310.00	310.00
4	6300	315	52.50	120.00	213.75	312.50	315.00	315.00
5	6400	320	43.75	110.00	202.50	300.00	320.00	320.00
6	6500	325	35.00	100.00	191.25	287.50	325.00	325.00
7	6600	330	26.25	90.00	180.00	275.00	330.00	330.00
8	6700	335	17.50	80.00	168.75	262.50	335.00	335.00
9	6800	340	8.75	70.00	157.50	250.00	<u>340.00</u>	340.00
10	6900	345	.00	60.00	146.25	237.50	343.75	345.00
11	7000	350	.00	50.00	135.00	225.00	330.00	350.00
12	7100	355	.00	40.00	123.75	212.50	316.25	355.00
13	7200	360	.00	30.00	112.50	200.00	302.50	360.00
14	7300	365	.00	20.00	101.25	187.50	288.75	365.00
15	7400	370	.00	10.00	90.00	175.00	275.00	370.00
16	7500	375	.00	.00	78.75	162.50	261.25	<u>375.00</u>
17	7600	380	.00	.00	67.50	150.00	247.50	360.00
18	7700	385	.00	.00	56.25	137.50	233.75	345.00
19	7800	390	.00	.00	45.00	125.00	220.00	330.00
20	7900	395	.00	.00	33.75	112.50	206.25	315.00
21	8000	400	.00	.00	22.50	100.00	192.50	300.00
22	8100	405	.00	.00	11.25	87.50	178.75	285.00
23	8200	410	.00	.00	.00	75.00	165.00	270.00
24	8300	415	.00	.00	.00	62.50	151.25	255.00
25	8400	420	.00	.00	.00	50.00	137.50	240.00
26	8500	425	.00	.00	.00	37.50	123.75	225.00
27	8600	430	.00	.00	.00	25.00	110.00	210.00
28	8700	435	.00	.00	.00	12.50	96.25	195.00
29	8800	440	.00	.00	.00	.00	82.50	180.00
30	8900	445	.00	.00	.00	.00	68.75	165.00

1	9000	450	.00	.00	.00	.00	55.00	150.00
2	9100	455	.00	.00	.00	.00	41.25	135.00
3	9200	460	.00	.00	.00	.00	27.50	120.00
4	9300	465	.00	.00	.00	.00	13.75	105.00
5	9400	470	.00	.00	.00	.00	.00	90.00
6	9500	475	.00	.00	.00	.00	.00	75.00
7	9600	480	.00	.00	.00	.00	.00	60.00
8	9700	485	.00	.00	.00	.00	.00	45.00
9	9800	490	.00	.00	.00	.00	.00	30.00
10	9900	495	.00	.00	.00	.00	.00	15.00
11	10,000	500	.00	.00	.00	.00	.00	.00

12 ~~Line indicates point at which there is no tax liability.~~

13 SCHEDULE

14 VANISHING TAX CREDITS

15	NET	TAX	NUMBER OF EXEMPTIONS						<—
16	TAXABLE	AT							<—
17	INCOME	3.5%	1	2	3	4	5	6	<—
18									
19	\$ 100	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	
20	200	7.20	7.20	7.20	7.20	7.20	7.20	7.20	
21	300	10.80	10.80	10.80	10.80	10.80	10.80	10.80	
22	400	14.40	14.40	14.40	14.40	14.40	14.40	14.40	
23	500	18.00	18.00	18.00	18.00	18.00	18.00	18.00	
24	600	21.60	<u>21.60</u>	21.60	21.60	21.60	21.60	21.60	
25	700	25.20	22.50	25.20	25.20	25.20	25.20	25.20	
26	800	28.80	21.60	28.80	28.80	28.80	28.80	28.80	
27	900	32.40	20.70	32.40	32.40	32.40	32.40	32.40	
28	1000	36.00	19.80	36.00	36.00	36.00	36.00	36.00	
29	1100	39.60	18.90	39.60	39.60	39.60	39.60	39.60	
30	1200	43.20	18.00	<u>43.20</u>	43.20	43.20	43.20	43.20	

1	1300	46.80	17.10	45.00	46.80	46.80	46.80	46.80
2	1400	50.40	16.20	43.20	50.40	50.40	50.40	50.40
3	1500	54.00	15.30	41.40	54.00	54.00	54.00	54.00
4	1600	57.60	14.40	39.60	57.60	57.60	57.60	57.60
5	1700	61.20	13.50	37.80	61.20	61.20	61.20	61.20
6	1800	64.80	12.60	36.00	<u>64.80</u>	64.80	64.80	64.80
7	1900	68.40	11.70	34.20	67.50	68.40	68.40	68.40
8	2000	72.00	10.80	32.40	64.80	72.00	72.00	72.00
9	2100	75.60	9.90	30.60	62.10	75.60	75.60	75.60
10	2200	79.20	9.00	28.80	59.40	79.20	79.20	79.20
11	2300	82.80	8.10	27.00	56.70	82.80	82.80	82.80
12	2400	86.40	7.20	25.20	54.00	86.40	86.40	86.40
13	2500	90.00	6.30	23.40	51.30	<u>90.00</u>	90.00	90.00
14	2600	93.60	5.40	21.60	48.60	86.40	93.60	93.60
15	2700	97.20	4.50	19.80	45.90	82.80	97.20	97.20
16	2800	100.80	3.60	18.00	43.20	79.20	100.80	100.80
17	2900	104.40	2.70	16.20	40.50	75.60	104.40	104.40
18	3000	108.00	1.80	14.40	37.80	72.00	108.00	108.00
19	3100	111.60	.90	12.60	35.10	68.40	<u>111.60</u>	111.60
20	3200	115.20	.00	10.80	32.40	64.80	112.50	115.20
21	3300	118.80	.00	9.00	29.70	61.20	108.00	118.80
22	3400	122.40	.00	7.20	27.00	57.60	103.50	122.40
23	3500	126.00	.00	5.40	24.30	54.00	99.00	126.00
24	3600	129.60	.00	3.60	21.60	50.40	94.50	129.60
25	3700	133.20	.00	1.80	18.90	46.80	90.00	<u>133.20</u>
26	3800	136.80	.00	.00	16.20	43.20	85.50	135.00
27	3900	140.40	.00	.00	13.50	39.60	81.00	129.60
28	4000	144.00	.00	.00	10.80	36.00	76.50	124.20
29	4100	147.60	.00	.00	8.10	32.40	72.00	118.80
30	4200	151.20	.00	.00	5.40	28.80	67.50	113.40

1	4300	154.80	.00	.00	2.70	25.20	63.00	108.00
2	4400	158.40	.00	.00	.00	21.60	58.50	102.60
3	4500	162.00	.00	.00	.00	18.00	54.00	97.20
4	4600	165.60	.00	.00	.00	14.40	49.50	91.80
5	4700	169.20	.00	.00	.00	10.80	45.00	86.40
6	4800	172.80	.00	.00	.00	7.20	40.50	81.00
7	4900	176.40	.00	.00	.00	3.60	36.00	75.60
8	5000	180.00	.00	.00	.00	.00	31.50	70.20
9	5100	183.60	.00	.00	.00	.00	27.00	64.80
10	5200	187.20	.00	.00	.00	.00	22.50	59.40
11	5300	190.80	.00	.00	.00	.00	18.00	54.00
12	5400	194.40	.00	.00	.00	.00	13.50	48.60
13	5500	198.00	.00	.00	.00	.00	9.00	43.20
14	5600	201.60	.00	.00	.00	.00	4.50	37.80
15	5700	205.20	.00	.00	.00	.00	.00	32.40
16	5800	208.80	.00	.00	.00	.00	.00	27.00
17	5900	212.40	.00	.00	.00	.00	.00	21.60
18	6000	216.00	.00	.00	.00	.00	.00	16.20
19	6100	219.60	.00	.00	.00	.00	.00	10.80
20	6200	223.20	.00	.00	.00	.00	.00	5.40
21	6300	226.80	.00	.00	.00	.00	.00	.00
22	6400	230.40	.00	.00	.00	.00	.00	.00
23	6500	234.00	.00	.00	.00	.00	.00	.00
24	6600	237.60	.00	.00	.00	.00	.00	.00
25	6700	241.20	.00	.00	.00	.00	.00	.00
26	6800	244.80	.00	.00	.00	.00	.00	.00
27	6900	248.40	.00	.00	.00	.00	.00	.00
28	7000	252.00	.00	.00	.00	.00	.00	.00
29	7100	255.60	.00	.00	.00	.00	.00	.00
30	7200	259.20	.00	.00	.00	.00	.00	.00

1	7300	262.80	.00	.00	.00	.00	.00	.00
2	7400	266.40	.00	.00	.00	.00	.00	.00
3	7500	270.00	.00	.00	.00	.00	.00	.00
4	7600	273.60	.00	.00	.00	.00	.00	.00
5	7700	277.20	.00	.00	.00	.00	.00	.00
6	7800	280.00	.00	.00	.00	.00	.00	.00
7	7900	284.40	.00	.00	.00	.00	.00	.00
8	8000	288.00	.00	.00	.00	.00	.00	.00
9	8100	291.00	.00	.00	.00	.00	.00	.00
10	8200	295.20	.00	.00	.00	.00	.00	.00
11	8300	298.80	.00	.00	.00	.00	.00	.00
12	8400	302.40	.00	.00	.00	.00	.00	.00
13	8500	306.00	.00	.00	.00	.00	.00	.00
14	8600	309.60	.00	.00	.00	.00	.00	.00
15	8700	313.20	.00	.00	.00	.00	.00	.00
16	8800	316.80	.00	.00	.00	.00	.00	.00
17	8900	320.46	.00	.00	.00	.00	.00	.00
18	9000	324.00	.00	.00	.00	.00	.00	.00
19	9100	327.60	.00	.00	.00	.00	.00	.00
20	9200	331.20	.00	.00	.00	.00	.00	.00
21	9300	334.80	.00	.00	.00	.00	.00	.00
22	9400	338.40	.00	.00	.00	.00	.00	.00
23	9500	342.00	.00	.00	.00	.00	.00	.00
24	9600	345.60	.00	.00	.00	.00	.00	.00
25	9700	349.20	.00	.00	.00	.00	.00	.00
26	9800	352.80	.00	.00	.00	.00	.00	.00
27	9900	356.40	.00	.00	.00	.00	.00	.00
28	10000	360.00	.00	.00	.00	.00	.00	.00

29	NET	TAX		NUMBER OF EXEMPTIONS					←
30	TAXABLE	AT							←

1	INCOME	3.5%	7	8	9	10	11	12	←
2									
3	\$ 100	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	
4	200	7.20	7.20	7.20	7.20	7.20	7.20	7.20	
5	300	10.80	10.80	10.80	10.80	10.80	10.80	10.80	
6	400	14.40	14.40	14.40	14.40	14.40	14.40	14.40	
7	500	18.00	18.00	18.00	18.00	18.00	18.00	18.00	
8	600	21.60	21.60	21.60	21.60	21.60	21.60	21.60	
9	700	25.20	25.20	25.20	25.20	25.20	25.20	25.20	
10	800	28.80	28.80	28.80	28.80	28.80	28.80	28.80	
11	900	32.40	32.40	32.40	32.40	32.40	32.40	32.40	
12	1000	36.00	36.00	36.00	36.00	36.00	36.00	36.00	
13	1100	39.60	39.60	39.60	39.60	39.60	39.60	39.60	
14	1200	43.20	43.20	43.20	43.20	43.20	43.20	43.20	
15	1300	46.80	46.80	46.80	46.80	46.80	46.80	46.80	
16	1400	50.40	50.40	50.40	50.40	50.40	50.40	50.40	
17	1500	54.00	54.00	54.00	54.00	54.00	54.00	54.00	
18	1600	57.60	57.60	57.60	57.60	57.60	57.60	57.60	
19	1700	61.20	61.20	61.20	61.20	61.20	61.20	61.20	
20	1800	64.80	64.80	64.80	64.80	64.80	64.80	64.80	
21	1900	68.40	68.40	68.40	68.40	68.40	68.40	68.40	
22	2000	72.00	72.00	72.00	72.00	72.00	72.00	72.00	
23	2100	75.60	75.60	75.60	75.60	75.60	75.60	75.60	
24	2200	79.20	79.20	79.20	79.20	79.20	79.20	79.20	
25	2300	82.80	82.80	82.80	82.80	82.80	82.80	82.80	
26	2400	86.40	86.40	86.40	86.40	86.40	86.40	86.40	
27	2500	90.00	90.00	90.00	90.00	90.00	90.00	90.00	
28	2600	93.60	93.60	93.60	93.60	93.60	93.60	93.60	
29	2700	97.20	97.20	97.20	97.20	97.20	97.20	97.20	
30	2800	100.80	100.80	100.80	100.80	100.80	100.80	100.80	

1	2900	104.40	104.40	104.40	104.40	104.40	104.40	104.40
2	3000	108.00	108.00	108.00	108.00	108.00	108.00	108.00
3	3100	111.60	111.60	111.60	111.60	111.60	111.60	111.60
4	3200	115.20	115.20	115.20	115.20	115.20	115.20	115.20
5	3300	118.80	118.80	118.80	118.80	118.80	118.80	118.80
6	3400	122.40	122.40	122.40	122.40	122.40	122.40	122.40
7	3500	126.00	126.00	126.00	126.00	126.00	126.00	126.00
8	3600	129.60	129.60	129.60	129.60	129.60	129.60	129.60
9	3700	133.20	133.20	133.20	133.20	133.20	133.20	133.20
10	3800	136.80	136.80	136.80	136.80	136.80	136.80	136.80
11	3900	140.40	140.40	140.40	140.40	140.40	140.40	140.40
12	4000	144.00	144.00	144.00	144.00	144.00	144.00	144.00
13	4100	147.60	147.60	147.60	147.60	147.60	147.60	147.60
14	4200	151.20	151.20	151.20	151.20	151.20	151.20	151.20
15	4300	154.80	<u>154.80</u>	154.80	154.80	154.80	154.80	154.80
16	4400	158.40	157.50	158.40	158.40	158.40	158.40	158.40
17	4500	162.00	151.20	162.60	162.60	162.60	162.60	162.60
18	4600	165.60	144.90	165.50	165.60	165.60	165.60	165.60
19	4700	169.20	138.60	169.20	169.20	169.20	169.20	169.20
20	4800	172.80	132.30	172.80	172.80	172.80	172.80	172.80
21	4900	176.40	126.00	176.40	176.40	176.40	176.40	176.40
22	5000	180.00	119.70	<u>180.00</u>	180.00	180.00	180.00	180.00
23	5100	183.60	113.40	172.80	183.60	183.60	183.60	183.60
24	5200	187.20	107.10	165.60	187.20	187.20	187.20	187.20
25	5300	190.80	100.80	158.40	190.80	190.80	190.80	190.80
26	5400	194.40	94.50	151.20	194.40	194.40	194.40	194.40
27	5500	198.00	88.20	144.00	198.00	198.00	198.00	198.00
28	5600	201.60	81.90	136.80	<u>201.60</u>	201.60	201.60	201.60
29	5700	205.20	75.60	129.60	202.50	205.20	205.20	205.20
30	5800	208.80	69.30	122.40	194.40	208.80	208.80	208.80

1	5900	212.40	63.00	115.20	186.30	212.40	212.40	212.40
2	6000	216.00	56.70	108.00	178.20	216.00	216.00	216.00
3	6100	219.60	50.40	100.80	170.10	219.60	219.60	219.60
4	6200	223.20	44.10	93.60	162.00	<u>223.20</u>	223.20	223.20
5	6300	226.80	37.80	86.40	153.90	225.00	226.80	226.80
6	6400	230.40	31.50	79.20	145.80	216.00	230.40	230.40
7	6500	234.00	25.20	72.00	137.70	207.00	234.00	234.00
8	6600	237.60	18.90	64.80	129.60	198.00	237.60	237.60
9	6700	241.20	12.60	57.60	121.50	189.00	241.20	241.20
10	6800	244.80	6.30	50.40	113.40	180.00	<u>244.80</u>	244.80
11	6900	248.40	.00	43.20	105.30	171.00	247.50	248.40
12	7000	252.00	.00	36.00	97.20	162.00	237.60	252.00
13	7100	255.60	.00	28.80	89.10	153.00	227.70	255.60
14	7200	259.20	.00	21.60	81.00	144.00	217.80	259.20
15	7300	262.80	.00	14.40	72.90	135.00	207.90	262.80
16	7400	266.40	.00	7.20	64.80	126.00	198.00	266.40
17	7500	270.00	.00	.00	56.70	117.00	188.10	<u>270.00</u>
18	7600	273.60	.00	.00	48.60	108.00	178.20	259.20
19	7700	277.20	.00	.00	40.50	99.00	168.30	248.40
20	7800	280.00	.00	.00	32.40	90.00	158.40	237.60
21	7900	284.40	.00	.00	24.30	81.00	148.50	226.80
22	8000	288.00	.00	.00	16.20	72.00	138.60	216.00
23	8100	291.00	.00	.00	8.10	63.00	128.70	205.20
24	8200	295.20	.00	.00	.00	54.00	118.80	194.40
25	8300	298.80	.00	.00	.00	45.00	108.90	183.60
26	8400	302.40	.00	.00	.00	36.00	99.00	172.80
27	8500	306.00	.00	.00	.00	27.00	89.10	162.00
28	8600	309.60	.00	.00	.00	18.00	79.20	151.20
29	8700	313.20	.00	.00	.00	9.00	69.30	140.40
30	8800	316.80	.00	.00	.00	.00	59.40	129.60

1	8900	320.46	.00	.00	.00	.00	49.50	118.80
2	9000	324.00	.00	.00	.00	.00	39.60	108.00
3	9100	327.60	.00	.00	.00	.00	29.70	97.20
4	9200	331.20	.00	.00	.00	.00	19.80	86.40
5	9300	334.80	.00	.00	.00	.00	9.90	75.60
6	9400	338.40	.00	.00	.00	.00	.00	64.80
7	9500	342.00	.00	.00	.00	.00	.00	54.00
8	9600	345.60	.00	.00	.00	.00	.00	43.20
9	9700	349.20	.00	.00	.00	.00	.00	32.40
10	9800	352.80	.00	.00	.00	.00	.00	21.60
11	9900	356.40	.00	.00	.00	.00	.00	10.80
12	10000	360.00	.00	.00	.00	.00	.00	.00

13 LINE INDICATES POINT AT WHICH THERE IS NO TAX LIABILITY. <—

14 PART V
15 WITHHOLDING OF TAX

16 Section 322. Requirement of Withholding Tax.--Every employer
17 maintaining an office or transacting business within this
18 Commonwealth and making payment of taxable compensation (i) to a
19 resident individual, or (ii) to a nonresident individual
20 taxpayer performing services on behalf of such employer within
21 this Commonwealth, shall deduct and withhold from such
22 compensation for each payroll period a tax computed in such
23 manner as to result, so far as practicable, in withholding from
24 the employe's compensation during each calendar year an amount
25 substantially equivalent to the tax reasonably estimated to be
26 due for such year with respect to such compensation. The method
27 of determining the amount to be withheld shall be prescribed by
28 regulations of the department, with due regard to any credits
29 allowable against his tax under this article.

30 Section 323. Information Statement.--Every employer required

1 to deduct and withhold tax under this article shall furnish to
2 each such employe to whom the employer has paid compensation
3 during the calendar year, on or before January 31 of the
4 succeeding year, or, if his employment is terminated before the
5 close of such calendar year, within thirty days from the date on
6 which the last payment of compensation is made, a written
7 statement in such manner and in such form as may be prescribed
8 by the department showing the amount of compensation paid by the
9 employer to the employe, the amount deducted and withheld as
10 tax, and such other information as the department shall
11 prescribe.

12 Section 324. Time for Filing Employers' Returns.--Every
13 employer required to deduct and withhold tax under this article
14 shall file a quarterly withholding return on or before the last
15 day of April, July, October and January for the three months
16 ending the last day of March, June, September and December. Such
17 quarterly returns shall be filed with the department at its main
18 office or at any branch office which it may designate for filing
19 returns.

20 Section 324.1. Monthly, Semi-monthly and Quarterly Payment
21 of Taxes Withheld.--Every employer withholding tax under this
22 article shall pay over to the department or to a depository
23 designated by it the tax required to be deducted and withheld
24 under this article.

25 (1) Where the aggregate amount required to be deducted and
26 withheld by any employer for each quarterly period can
27 reasonably be expected to be less than three hundred dollars
28 (\$300), such employer shall file a return and pay the tax on or
29 before the last day for filing a quarterly return under section
30 324, except that commencing with the year 1971, and each year

1 thereafter every employer required to file a quarterly return
2 for the second calendar quarter shall with respect to the tax
3 deducted and withheld for the months of April and May pay such
4 tax over to the department on or before June 15 next following.
5 The payment of the April and May tax withholdings shall not
6 relieve the employer of the duty to file a quarterly return on
7 or before the last day of July next following and remit
8 therewith the tax deducted and withheld for the month of June.

9 (2) Where the aggregate amount required to be deducted and
10 withheld by any employer for each quarterly period can
11 reasonably be expected to be three hundred dollars (\$300) or
12 more but less than one thousand dollars (\$1,000), such employer
13 shall pay the tax monthly, on or before the fifteenth day of the
14 month succeeding the months of January to November, inclusive,
15 and on or before the last day of January following the month of
16 December.

17 (3) Where the aggregate amount required to be deducted and
18 withheld by any employer for each quarterly period can
19 reasonably be expected to be one thousand dollars (\$1,000) or
20 more, such employer shall pay the tax semi-monthly, within three
21 banking days after the close of the semi-monthly period.

22 Notwithstanding anything in this section to the contrary,
23 whenever any employer fails to deduct or truthfully account for
24 or pay over the tax withheld or file returns as prescribed by
25 this article, the department may serve a notice on such employer
26 requiring him to withhold taxes which are required to be
27 deducted under this article and deposit such taxes in a bank
28 approved by the department in a separate account in trust for
29 and payable to the department, and to keep the amount of such
30 tax in such account until payment over to the department. Such

1 notice shall remain in effect until a notice of cancellation is
2 served on the employer by the department.

3 Section 325. Employer's Liability for Withheld Taxes.--Every
4 employer required to deduct and withhold tax under this article
5 is hereby made liable for such tax. For purposes of assessment
6 and collection, any amount required to be withheld and paid over
7 to the department and any additions to tax penalties and
8 interest with respect thereto, shall be considered the tax of
9 the employer. All taxes deducted and withheld from employes
10 pursuant to this article or under color of this article shall
11 constitute a trust fund for the Commonwealth and shall be
12 enforceable against such employer, his representative or any
13 other person receiving any part of such fund.

14 Section 326. Employer's Failure to Withhold.--If an employer
15 fails to deduct and withhold tax as prescribed herein and
16 thereafter the tax against which such tax may be credited is
17 paid, the tax which was required to be deducted and withheld
18 shall not be collected from the employer, but the employer shall
19 not be relieved of the liability for any penalty, interest, or
20 additions to the tax imposed with respect to such failure to
21 deduct and withhold.

22 Section 327. Designation of Third Parties to Perform Acts
23 Required of Employers.--In case a fiduciary, agent or other
24 person has the control, receipt, custody or disposal of, or pays
25 the compensation of an employe or a group of employes, employed
26 by one or more employers, the department is authorized to
27 designate such fiduciary, agent, or other person to perform such
28 acts as are required of employers under this article as the
29 department may by regulation prescribe. Except as may be
30 otherwise prescribed by the department, all provisions of this

1 article which are applicable to an employer shall be applicable
2 to a fiduciary, agent or other person so designated.

3 PART VI

4 ESTIMATED TAX

5 Section 330. Declarations of Estimated Tax.--(a) Every
6 resident and nonresident individual shall at the time
7 hereinafter prescribed make a declaration of his estimated tax
8 for the taxable year, containing such information as the
9 department may prescribe by regulations, if his taxable income,
10 other than from compensation on which tax is withheld under this
11 article, can reasonably be expected to exceed one thousand
12 dollars (\$1,000).

13 (b) For the purposes of this article, the term
14 "estimated tax" means the amount which an individual estimates
15 to be his tax due under this article for the taxable year, less
16 the amount which he estimates to be the sum of any credits
17 allowable against the tax under this article.

18 (c) A husband and wife entitled to make a joint declaration
19 of Federal estimated tax may make a joint declaration of
20 estimated tax hereunder as if they were one taxpayer, in which
21 case the liability with respect to the estimated tax shall be
22 joint and several. If a joint declaration is made but husband
23 and wife elect to determine their taxes separately, the
24 estimated tax for such year may be treated as the estimated tax
25 of either husband or wife, or may be divided between them, as
26 they may elect.

27 (d) Except as hereinafter provided, the date for filing a
28 declaration of estimated tax shall depend upon when the resident
29 or nonresident individual determines that his taxable income on
30 which no tax has been withheld under this article can reasonably

1 be expected to exceed one thousand dollars (\$1,000) in the
2 taxable year, as follows:

3 (1) If the determination is made on or before April 1 of the
4 taxable year, a declaration of estimated tax shall be filed no
5 later than April 15 of the taxable year.

6 (2) If the determination is made after April 1 but before
7 June 2 of the taxable year, the declaration shall be filed no
8 later than June 15 of such year.

9 (3) If the determination is made after June 1 but before
10 September 2 of the taxable year, the declaration shall be filed
11 no later than September 15 of such year.

12 (4) If the determination is made after September 1 of the
13 taxable year, the declaration shall be filed no later than
14 January 15 of the year succeeding the taxable year.

15 (e) Notwithstanding subsection (d), of this section, a
16 declaration of estimated tax of an individual having an
17 estimated taxable income from farming for the taxable year which
18 is at least two-thirds of his total estimated taxable income for
19 the taxable year may be filed at any time on or before January
20 15 of the succeeding year.

21 (f) A declaration of estimated tax of an individual having a
22 total estimated tax for the taxable year of fifty dollars (\$50)
23 or less may be filed at any time on or before January 15 of the
24 succeeding year under regulations of the department.

25 (g) An individual may amend a declaration under regulations
26 of the department.

27 (h) If on or before January 31 of the year succeeding a
28 taxable year, an individual files his return for the entire
29 taxable year for which a declaration was required to be filed
30 within the time prescribed by subsection (d) (4) of this section

1 and pays therewith the full amount of the tax shown to be due on
2 the return:

3 (1) Such return shall be considered as his declaration which
4 was required to be filed no later than January 15.

5 (2) Such return shall be considered as the amendment
6 permitted by subsection (g) to be filed on or before January 15
7 provided the amount of the tax shown on the return is greater
8 than the amount of the estimated tax shown in a declaration
9 previously made.

10 (i) This article shall apply to a taxable year other than a
11 calendar year by the substitution of the months of such fiscal
12 year for the corresponding months specified in this section.

13 (j) This article shall apply to an individual having a
14 taxable year of less than twelve months in accordance with
15 procedures prescribed in regulations of the department.

16 Section 331. Payments of Estimated Tax.--(a) The estimated
17 tax with respect to which a declaration is required shall be
18 paid as follows:

19 (1) If the declaration is filed on or before April 15 of the
20 taxable year, the estimated tax shall be paid in four equal
21 installments. The first installment shall be paid at the time of
22 the filing of the declaration, and the second, third and fourth
23 installments shall be paid on or before the succeeding June 15,
24 September 15, and January 15, respectively.

25 (2) If the declaration is not required to be filed on or
26 before April 15 of the taxable year and is filed after April 15,
27 but before June 16 of the taxable year, the estimated tax shall
28 be paid in three equal installments. The first installment shall
29 be paid at the time of the filing of the declaration, and the
30 second and third installments shall be paid on the succeeding

1 September 15 and January 15, respectively.

2 (3) If the declaration is not required to be filed on or
3 before June 15 of the taxable year and is filed after June 15
4 but before September 16 of the taxable year, the estimated tax
5 shall be paid in two equal installments. The first installment
6 shall be paid at the time of the filing of the declaration, and
7 the second shall be paid on the succeeding January 15.

8 (4) If the declaration is not required to be filed on or
9 before September 15 of the taxable year and is filed after
10 September 15 of the taxable year, the estimated tax shall be
11 paid in full at the time of the filing of the declaration.

12 (5) If the declaration is not filed within the time
13 prescribed therefor, or after the expiration of any extension of
14 time therefor, clauses (2), (3) and (4) of this subsection shall
15 not apply, and there shall be paid at the time of such filing
16 the amount of all installments of estimated tax which were due
17 and payable on or before the date the declaration was filed, and
18 the remaining installments shall be paid at such times and in
19 such amounts as they would have been payable if the declaration
20 had been filed when due.

21 (b) If an individual described in subsection (e) of section
22 (relating to farmers) makes a declaration of estimated tax
23 after September 15 of the taxable year, but before the following
24 January 15, the estimated tax shall be paid in full at the time
25 of the filing of the declaration.

26 (c) If any amendment of a declaration is filed, the
27 remaining unpaid installments, if any, shall be ratably
28 increased or decreased, as the case may be, to reflect any
29 increase or decrease in the estimated tax by reason of such
30 amendment, and if any amendment is made after September 15 of

1 the taxable year, any increase in the estimated tax by reason
2 thereof shall be paid at the time of making such amendment.

3 PART VII

4 RETURNS AND PAYMENT OF TAX

5 Section 335. Returns and Liability.--On or before the date
6 when the taxpayer's Federal income tax return is due or would be
7 due if the taxpayer were required to file a Federal income tax
8 return, a tax return under this article shall be made and filed
9 by or for every taxpayer having taxable income for the taxable
10 year.

11 Section 336. Returns of Married Individuals, Deceased or
12 Disabled Individuals and Fiduciaries.--(a) If the Federal income
13 tax liability of husband or wife is determined on a separate
14 Federal return, their income tax liabilities and returns under
15 this article shall be separate.

16 (b) If the Federal income tax liabilities of husband and
17 wife (other than a husband and wife described in subsection (c))
18 are determined on a joint Federal return, or if neither files a
19 Federal return:

20 (1) they shall file a joint tax return under this article
21 and their tax liabilities shall be joint and several; or

22 (2) they may elect to file separate returns under this
23 article on a single form if they comply with the requirements of
24 the department in setting forth information, in which event
25 their tax liabilities shall be separate, except as provided in
26 subsection (d).

27 (c) If either husband or wife is a resident and the other is
28 a nonresident, they shall file separate tax returns under this
29 article on such single or separate forms as may be required by
30 the department, in which event their tax liabilities shall be

1 separate except as provided in subsection (d) unless both elect
2 to determine their joint taxable income as if both were
3 residents, in which event their tax liabilities shall be joint
4 and several.

5 (d) If husband and wife file separate tax returns under this
6 article on a single form pursuant to subsections (b) or (c) and:

7 (1) If the sum of the payments by either spouse, including
8 withheld and estimated taxes, exceeds the amount of the tax for
9 which such spouse is separately liable, the excess may be
10 applied by the department to the credit of the other spouse if
11 the sum of the payments by such other spouse, including withheld
12 and estimated taxes, is less than the amount of the tax for
13 which such other spouse is separately liable.

14 (2) If the sum of the payments made by both spouses with
15 respect to the taxes for which they are separately liable,
16 including withheld and estimated taxes, exceeds the total of the
17 taxes due, refund of the excess may be made payable to both
18 spouses, or if either is deceased, to the survivor.

19 Provided, however, That the provisions of this subsection (d)
20 shall not apply if the return of either spouse includes a demand
21 that any overpayment made by him or her shall be applied only on
22 account of his or her separate liability.

23 (e) The return for any deceased individual shall be made and
24 filed by his executor, administrator, or other person charged
25 with his property.

26 (f) The return for an individual who is unable to make a
27 return by reason of minority or other disability shall be made
28 and filed by his guardian, committee, fiduciary or other person
29 charged with the care of his person or property, or by his duly
30 authorized agent.

1 (g) The return for an estate or trust shall be made and
2 filed by the fiduciary. If two or more fiduciaries are acting
3 jointly, the return may be made by any one of them.

4 Section 337. Time and Place for Filing Returns and Paying
5 Tax.--A person required to make and file a return under this
6 article shall, without assessment, notice or demand, pay any tax
7 due thereon to the department on or before the date fixed for
8 filing such return (determined without regard to any extension
9 of time for filing the return). The department shall prescribe
10 by regulation the place for filing any return, declaration,
11 statement, or other document required pursuant to this article
12 and for payment of any tax.

13 Section 338. Signing of Returns and Other Documents.--(a)
14 Any return, declaration, statement or other document required to
15 be made pursuant to this article shall be signed in accordance
16 with regulations or instructions prescribed by the department.

17 (b) Any return, statement, or other document required of a
18 partnership shall be signed by one or more partners. The fact
19 that a partner's name is signed to a return, statement, or other
20 document, shall be prima facie evidence for all purposes that
21 such partner is authorized to sign on behalf of the partnership.

22 (c) The making or filing of any return, declaration,
23 statement or other document or copy thereof required to be made
24 or filed pursuant to this article shall constitute a
25 certification by the person making or filing such return,
26 declaration, statement or other document or copy thereof that
27 the statements contained therein are true and that any copy
28 filed is a true copy.

29 Section 339. Extensions of Time.--(a) A taxpayer who is
30 granted a Federal extension of time by the Commissioner of

1 Internal Revenue for filing any return, declaration, statement
2 or other document shall be automatically entitled to a similar
3 extension of the time for filing any corresponding return,
4 declaration, statement or other document required pursuant to
5 this article. No application for such extension need be made,
6 provided that evidence of the granting of the Federal extension
7 accompany the return, declaration, statement or other document
8 filed pursuant to this article.

9 (b) In all other cases the department may, upon application,
10 grant a reasonable extension of time for filing any return,
11 declaration, statement, or other document required pursuant to
12 this article, on such terms and conditions as it may require.
13 Except for a taxpayer who is outside the United States, no such
14 extension for filing any return, declaration, statement or other
15 document, shall exceed six months.

16 Section 340. Requirements Concerning Returns, Notices,
17 Records and Statements.--(a) The department may prescribe by
18 regulation for the keeping of records, the content and form of
19 returns, declarations, statements and other documents and the
20 filing of copies of Federal income tax returns and
21 determinations. The department may require any person, by
22 regulation or notice served upon such person, to make such
23 returns, render such statements, or keep such records, as the
24 department may deem sufficient to show whether or not such
25 person is liable for tax under this article.

26 (b) (1) When required by regulations prescribed by the
27 department:

28 (i) Any person required under the authority of this article
29 to make a return, declaration, statement, or other document
30 shall include in such return, declaration, statement or other

1 document such identifying number as may be prescribed for
2 securing proper identification of such person.

3 (ii) Any person with respect to whom a return, declaration,
4 statement, or other document is required under the authority of
5 this article to make a return, declaration, statement, or other
6 document with respect to another person, shall request from such
7 other person, and shall include in any such return, declaration,
8 statement, or other document, such identifying number as may be
9 prescribed for securing proper identification of such other
10 person.

11 (2) For purposes of this section, the department is
12 authorized to require such information as may be necessary to
13 assign an identifying number to any person.

14 (c) Every partnership having a resident partner or having
15 any income derived from sources within this Commonwealth shall
16 make a return for the taxable year setting forth all items of
17 income, gain, loss and deduction, and such other pertinent
18 information as the department may by regulations prescribe. Such
19 return shall be filed on or before the fifteenth day of the
20 fourth month following the close of each taxable year. For
21 purposes of this subsection, "taxable year" means year or period
22 which would be a taxable year of the partnership if it were
23 subject to tax under this article.

24 (d) The department may prescribe regulations requiring
25 returns of information to be made and filed on or before
26 February 28 of each year as to the payment or crediting in any
27 calendar year of amounts of one thousand dollars (\$1,000) or
28 more to any taxpayer. Such returns may be required of any
29 person, including lessees or mortgagors of real or personal
30 property, fiduciaries, employers and all officers and employes

1 of this Commonwealth, or of any municipal corporation or
2 political subdivision of this Commonwealth having the control,
3 receipt, custody, disposal or payment of interest, rents,
4 salaries, wages, premiums, annuities, compensations,
5 remunerations, emoluments or other fixed or determinable gains,
6 profits or income, except interest coupons payable to bearer. A
7 duplicate of the statement as to tax withheld on compensation
8 required to be furnished by an employer to an employe, shall
9 constitute the return of information required to be made under
10 this section with respect to such compensation.

11 Section 341. Report of Change in Federal Taxable Income.--If
12 the amount of a taxpayer's Federal taxable income reported on
13 his Federal income tax return for any taxable year is changed or
14 corrected by the United States Internal Revenue Service or other
15 competent authority of the United States, the taxpayer shall
16 report to the department such change or correction in Federal
17 taxable income within ninety days after the final determination
18 of such change or correction, or as otherwise required by the
19 department, and shall either concede the accuracy of such
20 determination or state wherein he claims it is erroneous. Any
21 taxpayer filing an amended Federal income tax return shall also
22 file within ninety days thereafter an amended return under this
23 article, and shall give such information as the department may
24 require. The department may by regulation prescribe such
25 exceptions to the requirements of this section as it deems
26 appropriate.

27 PART VIII

28 PROCEDURE AND ADMINISTRATION

29 Section 345. Payment on Notice and Demand.--Upon receipt of
30 notice and demand from the department, there shall be paid the

1 amount of any tax due under the provisions of this article
2 stated in such notice and demand.

3 Section 346. Assessment.--(a) The department is authorized
4 and required to make the inquiries, determinations and
5 assessments of all taxes imposed by this article.

6 (b) If the mode or time for the assessment of any tax is not
7 otherwise provided for, the department may establish the same by
8 regulations.

9 Section 347. Procedure for Reassessment.--Promptly after the
10 date of an assessment by the department, the department shall
11 send by mail a copy thereof to the person against whom it was
12 made. Within ninety days after the date upon which the copy of
13 any such assessment was mailed, such person may file with the
14 department a petition for reassessment of such tax. Every
15 petition for reassessment shall state specifically the reasons
16 which the petitioner believes entitled him to such reassessment,
17 and it shall be supported by affidavit that it is not made for
18 the purpose of delay and that the facts set forth therein are
19 true. It shall be the duty of the department, within six months
20 after receiving a petition for reassessment, to dispose of such
21 petition for reassessment. Notice of the action taken upon any
22 petition for reassessment shall be given to the petitioner
23 promptly thereafter.

24 Section 348. Review by Board of Finance and Revenue.--Within
25 ninety days after the date of mailing of notice by the
26 department of the action taken on any petition for reassessment
27 filed with it, the person against whom the assessment was made
28 may by petition request the Board of Finance and Revenue to
29 review such action. Every petition for review filed hereunder
30 shall state specifically the reasons upon which the petitioner

1 relies, or shall incorporate by reference the petition for
2 reassessment in which such reasons shall have been stated. The
3 petition shall be supported by affidavit that it is not made for
4 the purpose of delay and that the facts therein set forth are
5 true. The Board of Finance and Revenue shall act in disposition
6 of such petitions filed with it within six months after they
7 have been received, and in the event of failure of said board to
8 dispose of any such petition within six months, the action taken
9 by the department upon the petition for reassessment shall be
10 deemed sustained. The Board of Finance and Revenue may sustain
11 the action taken on the petition for reassessment, or it may
12 reassess the tax due upon such basis as it shall deem according
13 to law. Notice of the action of the Board of Finance and Revenue
14 shall be given by mail to the department and to the petitioner.

15 Section 349. Appeal to the Commonwealth Court.--Any person,
16 or the Commonwealth, aggrieved by the decision of the Board of
17 Finance and Revenue may, within sixty days, appeal to the
18 Commonwealth Court from the decision of the Board of Finance and
19 Revenue in the manner now or hereafter provided by law for
20 appeals from decisions of said board in tax cases.

21 Section 350. Collection of Tax.--The department shall
22 collect the taxes imposed by this article in the manner provided
23 by law for the collection of taxes imposed by the laws of this
24 Commonwealth.

25 Section 351. Collection upon Failure to Request
26 Reassessment, Review or Appeal.--(a) The department may collect
27 any tax:

28 (1) After ninety days from the date of mailing of a copy of
29 the notice of assessment, if no petition for reassessment has
30 been filed;

1 (2) After ninety days from the date of mailing of notice of
2 the department's action thereon, if no petition for review has
3 been filed;

4 (3) Within sixty days from the date of mailing of notice of
5 the decision of the Board of Finance and Revenue upon a petition
6 for review or from the expiration of the board's time for acting
7 upon such petition, if no decision has been made; or

8 (4) Immediately, in all cases of judicial sales,
9 receiverships, assignments or bankruptcies.

10 In any such proceeding for the collection of the tax imposed
11 by this article, the person against whom the assessment was made
12 shall not be permitted to set up any ground of defense that
13 might have been presented to the department, the Board of
14 Finance and Revenue or the Commonwealth Court if such person had
15 properly pursued his administrative remedies under this article.

16 Section 352. Lien for Tax.--(a) If any person liable to pay
17 any tax neglects or refuses to pay the same on the date the tax
18 becomes collectible, the amount of such tax, together with any
19 costs that may accrue in addition thereto, shall be a lien in
20 favor of the Commonwealth against all real estate within the
21 Commonwealth of such person from and after such date.

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 before, any other obligation,
29 judgment, claim, lien or estate paid and satisfied out of the
30 judicial sale of said real estate with which said real estate

1 may subsequently become charged, or for which it may
2 subsequently become liable, subject, however, to mortgage or
3 other liens existing and duly recorded at the time such tax lien
4 is recorded, save and except the cost of sale and of the writ
5 upon which it is made and real estate taxes imposed or assessed
6 upon said property. The lien of said taxes shall continue for
7 five years from the date of entry and may be revived and
8 continued, in the manner now or hereafter provided for renewal
9 of judgments, and it shall be lawful for a writ of scire facias
10 to issue and be prosecuted to judgment in the manner in which
11 such writs are ordinarily employed.

12 (c) Any wilful failure of any prothonotary to carry out any
13 duty imposed upon him by this section shall be a misdemeanor
14 and, upon conviction, he shall be sentenced to pay a fine not
15 exceeding one thousand dollars (\$1,000) and cost of prosecution,
16 or to undergo imprisonment not exceeding one year, or both.

17 Section 353. Refund or Credit of Overpayment.--(a) In the
18 case of any overpayment, the department may credit the amount of
19 such overpayment against any liability in respect of the tax
20 imposed by this article on the part of the person who made the
21 overpayment and shall refund any balance to such person.

22 (b) The department is authorized to prescribe regulations
23 providing for the crediting against the estimated tax for any
24 taxable year of the amount determined to be an overpayment of
25 the tax for a preceding taxable year.

26 (c) If the taxpayer has paid as an installment of estimated
27 tax more than the correct amount of such installment, the
28 overpayment shall be credited against the unpaid installments,
29 if any. If the amount paid, whether or not on the basis of
30 installments, exceeds the amount determined to be the correct

1 amount of the tax, the overpayment shall be credited or refunded
2 as provided in subsection (a) or (b).

3 Section 354. Restrictions on Refunds.--No credit or refund
4 shall be made under section 353 without the approval of the
5 Board of Finance and Revenue, except such credits or refunds as
6 arise:

7 (1) By reason of the overpayment of an installment of
8 estimated tax;

9 (2) Upon the filing of a final return showing less tax due
10 after the application of the allowable credits than the amount
11 of tax withheld from the taxpayer's compensation or the amount
12 of tax paid by him as estimated tax; or

13 (3) Upon the filing of an amended return or a report of
14 change in Federal taxable income disclosing less tax due than
15 the taxpayer has theretofore paid.

16 Section 355. Limitations on Assessment and Collection.--(a)
17 The amount of any tax imposed by this article shall be assessed
18 within three years after the return or any report of change in
19 Federal taxable income, whichever is later, is filed. For the
20 purposes of this subsection and subsection (b), a return filed
21 before the last day prescribed for the filing thereof, or before
22 the last day of any extension of time for the filing thereof,
23 shall be considered as filed on such last day.

24 (b) If the taxpayer omits from taxable income an amount
25 properly includable therein which is in excess of twenty-five
26 per cent of the amount of taxable income stated in the return,
27 the tax may be assessed at any time within six years after the
28 return was filed.

29 (c) Where no return is filed, or if a taxpayer shall fail to
30 report a change in Federal taxable income or, when required, to

1 file an amended return, the amount of the tax due may be
2 assessed at any time.

3 (d) Where the taxpayer files a false or fraudulent return
4 with intent to evade the tax imposed by this article, the amount
5 of tax due may be assessed at any time.

6 Section 356. Extension of Limitation Period.--

7 Notwithstanding section 355, where, before the expiration of the
8 period prescribed therein a taxpayer has consented in writing
9 that such period be extended, the amount of tax due may be
10 assessed at any time within such extended period. The period so
11 extended may be further extended by subsequent consents in
12 writing made before the expiration of the extended period.

13 Section 357. Limitations on Refund or Credit.--Any

14 application for refund must be filed with the Board of Finance
15 and Review within three years from the time the return, amended
16 return, or report of change in Federal taxable income is
17 required to be filed, determined without regard to any extension
18 of time or within two years from the time the tax was paid,
19 whichever is later.

20 Section 358. Interest.--If any amount of tax imposed by this
21 article is not paid on or before the last date prescribed for
22 payment, interest on such amount at the rate of one-half of one
23 per cent per month, for each month or fraction thereof from such
24 date, shall be paid for the period from such last date to the
25 date paid. The last date prescribed for payment shall be
26 determined without regard to any extension of time for filing
27 the return. This section shall not apply to any failure to pay
28 estimated tax.

29 Section 359. Additions.--(a) In case of failure to file any
30 return required under section 335 on the date prescribed

1 therefor, determined with regard to any extension of time for
2 filing, unless it is shown that such failure is due to
3 reasonable cause and not due to wilful neglect, there shall be
4 added to the amount required to be shown as tax on such return
5 five per cent of the amount of such tax if the failure is for
6 not more than one month, with an additional five per cent for
7 each additional month or fraction thereof during which such
8 failure continues, not exceeding twenty-five per cent, in the
9 aggregate, but in no case shall the amount added be less than
10 five dollars (\$5).

11 (b) If any part of any underpayment of any tax imposed by
12 this article is due to negligence or intentional disregard of
13 rules and regulations, but without intent to defraud, there
14 shall be added to the tax an amount equal to five per cent of
15 the underpayment.

16 (c) If any part of any underpayment of tax required to be
17 shown on a return is due to fraud, there shall be added to the
18 tax an amount equal to fifty per cent of the underpayment. This
19 amount shall be in lieu of any amount determined under
20 subsection (b).

21 (d) (1) If any taxpayer fails to file a declaration of
22 estimated tax or fails to pay all of any part of an installment
23 of estimated tax, he shall be deemed to have made an
24 underpayment of estimated tax. There shall be added to the tax
25 for the taxable year an amount at the rate of six per cent per
26 annum upon the amount of the underpayment for the period of the
27 underpayment but not beyond the fifteenth day of the fourth
28 month following the close of the taxable year. The amount of the
29 underpayment shall be the excess of the amount of the
30 installment which would be required to be paid if the estimated

1 tax were equal to eighty per cent of the tax (two-thirds in the
2 case of an individual described in subsection (e) of section
3 330) shown on the return for the taxable year (or if no return
4 was filed, of the tax for such year) over the amount, if any, of
5 the installments paid on or before the last day prescribed for
6 such payment. No underpayment shall be deemed to exist with
7 respect to a declaration or installment otherwise due on or
8 after the taxpayer's death.

9 (2) No addition to tax shall be imposed if the total amount
10 of all payments of estimated tax made on or before the last date
11 prescribed for the payment of such installment equals or exceeds
12 the lesser of:

13 (A) The amount which would have been required to be paid on
14 or before such date if the estimated tax were:

15 (i) the tax shown on the return of the individual for the
16 preceding taxable year, if a return showing a liability for tax
17 was filed by the individual for the preceding taxable year and
18 such preceding year was a taxable year of twelve months, or

19 (ii) an amount equal to the tax computed, at the rates
20 applicable to the taxable year, on the basis of the taxpayer's
21 status with respect to personal exemptions for the taxable year,
22 but otherwise on the basis of the facts shown on his return for,
23 and the law applicable to, the preceding taxable year; or

24 (B) An amount equal to ninety per cent of the tax computed,
25 at the rates applicable to the taxable year, on the basis of the
26 actual taxable income for the months in the taxable year ending
27 before the month in which the installment is required to be
28 paid.

29 (e) Any person required to collect, account for and pay over
30 any tax imposed by this article who wilfully fails to collect

1 such tax or truthfully account for and pay over such tax, or
2 wilfully attempts in any manner to evade or defeat any such tax
3 or the payment thereof, shall, in addition to other penalties
4 provided by law, be liable to a penalty equal to the total
5 amount of the tax evaded or not collected or not accounted for
6 and paid over. No penalty shall be imposed under subsection (b)
7 or (c) of section 359 for any offense to which this section is
8 applicable.

9 (f) Any person required under the provisions of section 323
10 to furnish a statement to an employe who wilfully furnishes a
11 false or fraudulent statement, or who wilfully fails to furnish
12 a statement in the manner, at the time, and showing the
13 information required under section 323 and the regulations
14 prescribed thereunder, shall, for each such failure, be subject
15 to a penalty of fifty dollars (\$50) for each employe.

16 (g) Whenever any check issued in payment of any tax, or for
17 any other purpose required by this article, shall be returned to
18 the department as uncollectible, the department shall charge a
19 fee of ten per cent of the face amount thereof, plus all protest
20 fees, to the person presenting such check to the department, to
21 cover the cost of its collection in addition to the interest and
22 penalties otherwise provided for in this article: Provided,
23 That the additions imposed hereby shall not exceed two hundred
24 dollars (\$200) nor be less than ten dollars (\$10).

25 Section 360. Crimes.--(a) Any person who wilfully attempts
26 in any manner to evade or defeat any tax imposed by this article
27 or the payment thereof shall, in addition to other penalties
28 provided by law, be guilty of a misdemeanor and shall, upon
29 conviction, be sentenced to pay a fine not exceeding twenty-five
30 thousand dollars (\$25,000) or to undergo imprisonment not

1 exceeding two years, or both.

2 (b) Any person required under this article to collect,
3 account for and pay over any tax imposed by this article who
4 wilfully fails to collect or truthfully account for and pay over
5 such tax, shall, in addition to other penalties provided by law,
6 be guilty of a misdemeanor, and shall, upon conviction, be
7 sentenced to pay a fine not exceeding twenty-five thousand
8 dollars (\$25,000) or to undergo imprisonment not exceeding two
9 years, or both.

10 (c) Any person required under this article to pay any tax or
11 to make a return, keep any records or supply any information,
12 who wilfully fails to pay such tax or make such return, keep
13 such records or supply such information at the time or times
14 required by law or regulations, shall, in addition to other
15 penalties provided by law, be guilty of a misdemeanor and shall,
16 upon conviction, be sentenced to pay a fine not exceeding five
17 thousand dollars (\$5,000) or to undergo imprisonment not
18 exceeding two years, or both.

19 (d) Any person who wilfully makes and subscribes any return,
20 statement or other document which contains or is verified by a
21 written declaration that it is made under the penalties of
22 perjury and which he does not believe to be true and correct as
23 to every material matter, or wilfully aids or assists in, or
24 procures, counsels or advises the preparation or presentation,
25 in connection with any matter arising under this article, of a
26 return, affidavit, claim or other document which is fraudulent
27 or is false as to any material matter, whether or not such
28 falsity or fraud is with the knowledge or consent of the person
29 authorized or required to present such return, affidavit, claim
30 or document, shall be guilty of a misdemeanor and shall, upon

1 conviction, be sentenced to pay a fine not exceeding five
2 thousand dollars (\$5,000) or to undergo imprisonment not
3 exceeding two years, or both.

4 (e) Any person who wilfully delivers or discloses to the
5 department any list, return, account, statement or other
6 document known by him to be fraudulent or to be false as to any
7 material matter shall be guilty of a misdemeanor and shall, upon
8 conviction, be sentenced to pay a fine not exceeding five
9 thousand dollars (\$5,000) or to undergo imprisonment not
10 exceeding two years, or both.

11 (f) It shall be unlawful for any officer or employe of the
12 Commonwealth to divulge or to make known in any manner whatever,
13 not provided by law, except for official purposes, to any
14 person, the amount or source of income, profits, losses,
15 expenditures or any particular thereof set forth or disclosed in
16 any return, or to permit any return or copy thereof or any book
17 containing any abstract or particulars thereof, to be seen or
18 examined by any person except as provided by law, and it shall
19 be unlawful for any person to print or publish in any manner
20 whatsoever not provided by law, any return or any part thereof
21 or source of income, profits, losses or expenditures appearing
22 in any return, and any person committing an offense against the
23 foregoing provisions shall be guilty of a misdemeanor and, upon
24 conviction thereof, shall be fined not more than one thousand
25 dollars (\$1,000), or imprisoned for not more than one year, or
26 both, together with the costs of prosecution; and, if the
27 offender be an officer or employe of the Commonwealth, he shall
28 be dismissed from office or discharged from employment.

29 (g) Notwithstanding subsection (f), it shall be lawful for
30 any officer or employe of the Commonwealth having custody of

1 returns to produce them or evidence of anything contained in
2 them in any action or proceeding in any court on behalf of the
3 department under the provisions of this article to which it is a
4 party, or on behalf of any party to any action or proceeding
5 under the provisions of this article, when the returns or facts
6 shown thereby are directly involved in such action or
7 proceeding, in either of which events the court may require the
8 production of and may admit in evidence so much of said returns
9 or the facts shown thereby as are pertinent to the action or
10 proceeding and no more. Nothing herein shall be construed to
11 prohibit the delivery to a taxpayer or his duly authorized
12 representative of a certified copy of any return filed in
13 connection with his tax, nor to prohibit the publication of
14 statistics so classified as to prevent the identification of
15 particular returns and the items thereof or the inspection by
16 the Attorney General or other legal representatives of the
17 Commonwealth of the return of any taxpayer who shall bring
18 action to review the tax based thereon or against whom an action
19 or proceeding has been instituted for the collection or recovery
20 of the tax imposed by this article.

21 Section 361. Rules and Regulations.--The department is
22 hereby charged with the enforcement of the provisions of this
23 article, and is hereby authorized and empowered to prescribe,
24 adopt, promulgate and enforce rules and regulations relating to
25 any matter or thing pertaining to the administration and
26 enforcement of the provisions of this article and the collection
27 of taxes imposed by this article.

28 Section 362. Examination.--The department, or any agent
29 authorized in writing by it, is hereby authorized to examine the
30 books, papers and records of any taxpayer or supposed taxpayer,

1 and to require the production of a copy of his return as made to
2 and filed with the Federal Government, if one was so made and
3 filed, in order to verify the accuracy of any return made, or if
4 no return was made, to ascertain and assess the tax imposed by
5 this article. Every such taxpayer or supposed taxpayer is hereby
6 directed and required to give to the department or its duly
7 authorized agent the means, facilities and opportunity for such
8 examinations and investigations as are hereby provided and
9 authorized. The department is hereby authorized to examine any
10 person under oath concerning any taxable income which was or
11 should have been returned for taxation, and to this end may
12 compel the production of books, papers and records and the
13 attendance of all persons, whether as parties or witnesses, whom
14 it believes have knowledge of such taxable income. The procedure
15 for such hearing or examination shall be the same as that
16 provided by "The Fiscal Code" relating to inquisitorial powers
17 of fiscal officers.

18 Section 363. Cooperation with Other Governmental Agencies.--
19 Notwithstanding the provisions of subsection (f) of section 359,
20 the department may permit the Commissioner of Internal Revenue
21 of the United States, or the proper officer of any political
22 subdivision of this Commonwealth or of any other state imposing
23 tax based upon the incomes of individuals, or the authorized
24 representative of such officer, to inspect the tax returns of
25 any taxpayer, or may furnish to such officer or his authorized
26 representative an abstract of the return of income of any
27 taxpayer, or supply him with information concerning any item of
28 income contained in any return of any taxpayer. Such permission
29 shall be granted or such information furnished to such officer
30 or his representative only if the statutes of the United States

1 or of such other state, as the case may be, grant substantially
2 similar privileges to the proper officer of this Commonwealth
3 charged with the administration of the personal income tax law
4 thereof.

5 Section 364. Appropriation for Refunds.--So much of the
6 proceeds of the tax imposed by this article as shall be
7 necessary for the payment of refunds, enforcement, or
8 administration, under this article, is hereby appropriated for
9 such purposes.

10 PART IX

11 MISCELLANEOUS PROVISIONS

12 Section 370. Effective Date.-- Except as hereinafter
13 provided this article shall take effect ~~on March 1, 1971~~ ←
14 IMMEDIATELY, and the tax imposed hereby shall apply to taxable ←
15 years ending after December 31, 1970: Provided, however, That a
16 taxpayer who filed returns on the basis of a fiscal year or who
17 is the beneficiary of an estate or trust or member of a
18 partnership which files its returns under this article or with
19 the Federal Government on the basis of a fiscal year, shall be
20 subject to tax for his first taxable period on an apportioned
21 basis reflecting the portion of his fiscal year or of the fiscal
22 year of the estate, trust or partnership which postdates
23 December 31, 1970, as prescribed by the department by
24 regulations. Section 359 which provides for additions or
25 penalties to the tax shall not take effect until thirty days
26 after the date on which the department has promulgated and
27 issued regulations relating to the duties and liabilities
28 imposed on taxpayers under this article.

29 ARTICLE IV

30 CORPORATE NET INCOME TAX

1 PART I

2 DEFINITIONS

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

7 (1) "Corporation." A corporation having capital stock,
8 joint-stock association, or limited partnership either organized
9 under the laws of this Commonwealth, the United States, or any
10 other state, territory, or foreign country, or dependency, and
11 doing business in this Commonwealth, or having capital or
12 property employed or used in this Commonwealth by or in the name
13 of itself, or any person, partnership, association, limited
14 partnership, joint-stock association or corporation. The word
15 "corporation" shall not include building and loan associations,
16 banks, bank and trust companies, national banks, savings
17 institutions, trust companies, insurance and surety companies.

18 (2) "Department." The Department of Revenue of this
19 Commonwealth.

20 (3) "Net income." 1. In case the entire business of the
21 corporation is transacted within this Commonwealth, for any
22 taxable year which begins on or after January 1, 1971, net
23 income for the calendar year or fiscal year as returned to and
24 ascertained by the Federal Government, or in the case of a
25 corporation participating in the filing of consolidated returns
26 to the Federal Government, the net income which would have been
27 returned to and ascertained by the Federal Government if
28 separate returns had been made to the Federal Government for the
29 current and prior taxable years, subject, however, to any
30 correction thereof, for fraud, evasion, or error as finally

1 ascertained by the Federal Government: Provided, That additional
2 deductions shall be allowed from net income on account of any
3 dividends received from any other corporation but only to the
4 extent that such dividends are included in taxable income as
5 returned to and ascertained by the Federal Government: PROVIDED ←
6 FURTHER, THAT TAXABLE INCOME WILL INCLUDE THE SUM OF THE
7 FOLLOWING TAX PREFERENCE ITEMS AS DEFINED IN SECTION 57 OF THE
8 INTERNAL REVENUE CODE, AS AMENDED, (I) EXCESS INVESTMENT
9 INTEREST; (II) ACCELERATED DEPRECIATION ON REAL PROPERTY; (III)
10 ACCELERATED DEPRECIATION ON PERSONAL PROPERTY SUBJECT TO A NET
11 LEASE; (IV) AMORTIZATION OF CERTIFIED POLLUTION CONTROL
12 FACILITIES; (V) AMORTIZATION OF RAILROAD ROLLING STOCK; (VI)
13 STOCK OPTIONS; (VII) RESERVES FOR LOSSES ON BAD DEBTS OF
14 FINANCIAL INSTITUTIONS; (VIII) DEPLETION; AND (IX) CAPITAL
15 GAINS. No deduction shall be allowed for net operating losses
16 sustained by the corporation during any other fiscal or calendar
17 year. In the case of regulated investment companies as defined
18 by the Internal Revenue Code of 1954, as amended, "net income"
19 shall be investment company taxable income as defined in the
20 aforesaid Internal Revenue Code of 1954, as amended. In arriving
21 at "net income" for Federal tax purposes for any taxable year
22 beginning on or after January 1, 1971, any corporate net income
23 tax paid to the Commonwealth pursuant to the provisions of this
24 article shall not be allowed as a deduction however, the amount
25 of corporate net income tax so paid and excluded from net income
26 shall not be apportioned but shall be subject to tax at the rate
27 imposed under this article.

28 2. In case the entire business of any corporation, other
29 than a corporation engaged in doing business as a regulated
30 investment company as defined by the Internal Revenue Code of

1 1954, as amended, is not transacted within this Commonwealth,
2 the tax imposed by this article shall be based upon such portion
3 of the net income of such corporation for the fiscal or calendar
4 year, as defined in subclause 1 hereof, and may be determined as
5 follows:

6 (a) Division of Income.

7 (1) As used in this definition, unless the context otherwise
8 requires:

9 (A) "Business income" means income arising from transactions
10 and activity in the regular course of the taxpayer's trade or
11 business and includes income from tangible and intangible
12 property if the acquisition, management, and disposition of the
13 property constitute integral parts of the taxpayer's regular
14 trade or business operations.

15 (B) "Commercial domicile" means the principal place from
16 which the trade or business of the taxpayer is directed or
17 managed.

18 (C) "Compensation" means wages, salaries, commissions and
19 any other form of remuneration paid to employes for personal
20 services.

21 (D) "Financial organization" means any safe deposit company,
22 credit union, small loan company, sales finance company, or
23 investment company.

24 (E) "Nonbusiness income" means all income other than
25 business income.

26 (F) "Public utility" means any business entity which owns or
27 operates any plant, equipment, property, franchise, or license
28 for the transmission of communications, transportation of goods
29 or persons, except by pipeline, or the production, transmission,
30 sale, delivery, or furnishing of electricity, water or steam;

1 and whose rates of charges for goods or services have been
2 established or approved by a Federal, State or local government
3 or governmental agency.

4 (G) "Sales" means all gross receipts of the taxpayer not
5 allocated under this definition.

6 (H) "State" means any state of the United States, the
7 District of Columbia, the Commonwealth of Puerto Rico, any
8 territory or possession of the United States, and any foreign
9 country or political subdivision thereof.

10 (I) "This state" means the state in which the relevant tax
11 return is filed or, in the case of application of this
12 definition to the apportionment and allocation of income for
13 local tax purposes, the subdivision or local taxing district in
14 which the relevant tax return is filed.

15 (2) Any taxpayer having income from business activity which
16 is taxable both within and without this State, other than
17 activity as a financial organization or public utility or the
18 rendering of purely personal services by an individual, shall
19 allocate and apportion his net income as provided in this
20 definition.

21 (3) For purposes of allocation and apportionment of income
22 under this definition, a taxpayer is taxable in another state if
23 in that state he is subject to a net income tax, a franchise tax
24 measured by net income, a franchise tax for the privilege of
25 doing business, or a corporate stock tax, or that state has
26 jurisdiction to subject the taxpayer to a net income tax
27 regardless of whether, in fact, the state does or does not.

28 (4) Rents and royalties from real or tangible personal
29 property, capital gains, interest, dividends or patent or
30 copyright royalties, to the extent that they constitute

1 nonbusiness income, shall be allocated as provided in paragraphs
2 (5) through (8).

3 (5) (A) Net rents and royalties from real property located
4 in this State are allocable to this State.

5 (B) Net rents and royalties from tangible personal property
6 are allocable to this State if and to the extent that the
7 property is utilized in this State, or in their entirety if the
8 taxpayer's commercial domicile is in this State and the taxpayer
9 is not organized under the laws of or taxable in the state in
10 which the property is utilized.

11 (C) The extent of utilization of tangible personal property
12 in a state is determined by multiplying the rents and royalties
13 by a fraction, the numerator of which is the number of days of
14 physical location of the property in the state during the rental
15 or royalty period in the taxable year and the denominator of
16 which is the number of days of physical location of the property
17 everywhere during all rental or royalty periods in the taxable
18 year. If the physical location of the property during the rental
19 or royalty period is unknown or unascertainable by the taxpayer,
20 tangible personal property is utilized in the state in which the
21 property was located at the time the rental or royalty payer
22 obtained possession.

23 (6) (A) Capital gains and losses from sales of real
24 property located in this State are allocable to this State.

25 (B) Capital gains and losses from sales of tangible personal
26 property are allocable to this State if the property had a situs
27 in this State at the time of the sale, or the taxpayer's
28 commercial domicile is in this State and the taxpayer is not
29 taxable in the state in which the property had a situs.

30 (C) Capital gains and losses from sales of intangible

1 personal property are allocable to this State if the taxpayer's
2 commercial domicile is in this State.

3 (7) Interest and dividends are allocable to this State if
4 the taxpayer's commercial domicile is in this State.

5 (8) (A) Patent and copyright royalties are allocable to
6 this State if and to the extent that the patent or copyright is
7 utilized by the payer in this State, or if and to the extent
8 that the patent copyright is utilized by the payer in a state in
9 which the taxpayer is not taxable and the taxpayer's commercial
10 domicile is in this State.

11 (B) A patent is utilized in a state to the extent that it is
12 employed in production, fabrication, manufacturing, or other
13 processing in the state or to the extent that a patented product
14 is produced in the state. If the basis of receipts from patent
15 royalties does not permit allocation to states or if the
16 accounting procedures do not reflect states of utilization, the
17 patent is utilized in the state in which the taxpayer's
18 commercial domicile is located.

19 (C) A copyright is utilized in a state to the extent that
20 printing or other publication originates in the state. If the
21 basis of receipts from copyright royalties does not permit
22 allocation to states or if the accounting procedures do not
23 reflect states of utilization, the copyright is utilized in the
24 state in which the taxpayer's commercial domicile is located.

25 (9) All business income shall be apportioned to this State
26 by multiplying the income by a fraction, the numerator of which
27 is the property factor plus the payroll factor plus the sales
28 factor, and the denominator of which is three.

29 (10) The property factor is a fraction, the numerator of
30 which is the average value of the taxpayer's real and tangible

1 personal property owned or rented and used in this State during
2 the tax period and the denominator of which is the average value
3 of all the taxpayer's real and tangible personal property owned
4 or rented and used during the tax period.

5 (11) Property owned by the taxpayer is valued at its
6 original cost. Property rented by the taxpayer is valued at
7 eight times the net annual rental rate. Net annual rental rate
8 is the annual rental rate paid by the taxpayer less any annual
9 rental rate received by the taxpayer from subrentals.

10 (12) The average value of property shall be determined by
11 averaging the values at the beginning and ending of the tax
12 period but the tax administrator may require the averaging of
13 monthly values during the tax period if reasonably required to
14 reflect properly the average value of the taxpayer's property.

15 (13) The payroll factor is a fraction, the numerator of
16 which is the total amount paid in this State during the tax
17 period by the taxpayer for compensation and the denominator of
18 which is the total compensation paid everywhere during the tax
19 period.

20 (14) Compensation is paid in this State if:

21 (A) The individual's service is performed entirely within
22 the State;

23 (B) The individual's service is performed both within and
24 without the State, but the service performed without the State
25 is incidental to the individual's service within the State; or

26 (C) Some of the service is performed in the State and the
27 base of operations or if there is no base of operations, the
28 place from which the service is directed or controlled is in the
29 State, or the base of operations or the place from which the
30 service is directed or controlled is not in any state in which

1 some part of the service is performed, but the individual's
2 residence is in this State.

3 (15) The sales factor is a fraction, the numerator of which
4 is the total sales of the taxpayer in this State during the tax
5 period, and the denominator of which is the total sales of the
6 taxpayer everywhere during the tax period.

7 (16) Sales of tangible personal property are in this State
8 if the property is delivered or shipped to a purchaser, other
9 than the United States Government, within this State regardless
10 of the f.o.b. point or other conditions of the sale.

11 (17) Sales, other than sales of tangible personal property,
12 are in this State if:

13 (A) The income-producing activity is performed in this
14 State; or

15 (B) The income-producing activity is performed both in and
16 outside this State and a greater proportion of the income-
17 producing activity is performed in this State than in any other
18 state, based on costs of performance.

19 (18) If the allocation and apportionment provisions of this
20 definition do not fairly represent the extent of the taxpayer's
21 business activity in this State, the taxpayer may petition the
22 Secretary of Revenue or the Secretary of Revenue may require, in
23 respect to all or any part of the taxpayer's business activity:

24 (A) Separate accounting;

25 (B) The exclusion of any one or more of the factors;

26 (C) The inclusion of one or more additional factors which
27 will fairly represent the taxpayer's business activity in this
28 State; or

29 (D) The employment of any other method to effectuate an
30 equitable allocation and apportionment of the taxpayer's income.

1 (b) Railroad, Truck, Bus or Airline Companies.

2 (1) All business income of railroad, truck, bus or airline
3 companies shall be apportioned to this Commonwealth by
4 multiplying the income by a fraction, the numerator of which is
5 the taxpayer's total revenue miles within this Commonwealth
6 during the tax period and the denominator of which is the total
7 revenue miles of the taxpayer everywhere during the tax period.
8 For purposes of this subsection revenue mile shall mean the
9 average receipts derived from the transportation by the taxpayer
10 of persons or property one mile. Where revenue miles are derived
11 from the transportation of both persons and property, the
12 revenue mile fractions attributable to each such class of
13 transportation shall be computed separately, and the average of
14 the two fractions, weighted in accordance with the ratio of
15 total receipts from each such class of transportation everywhere
16 to total receipts from both such classes of transportation
17 everywhere, shall be used in apportioning income to this
18 Commonwealth.

19 (2) Nonbusiness income of railroad, truck, bus or airline
20 companies shall be allocated as provided in paragraphs (5)
21 through (8) of clause (a) of subclause 2 of the definition of
22 net income.

23 (c) Pipeline or Natural Gas Companies.

24 (1) All business income of pipeline companies shall be
25 apportioned to this Commonwealth by multiplying the income by a
26 fraction, the numerator of which is the revenue ton miles,
27 revenue barrel miles or revenue cubic feet miles within this
28 Commonwealth during the tax period and the denominator of which
29 is the total revenue ton miles, revenue barrel miles or the
30 revenue cubic feet miles of the taxpayer everywhere during the

1 tax period. For purposes of this subsection a revenue ton mile,
2 revenue barrel mile or a revenue cubic foot mile shall mean
3 respectively the receipts derived from the transportation by the
4 taxpayer of one ton of solid property, one barrel of liquid
5 property or one cubic foot of gaseous property transported one
6 mile.

7 (2) All business income of natural gas companies subject to
8 regulation by the Federal Power Commission or by the
9 Pennsylvania Public Utility Commission shall be apportioned to
10 this Commonwealth by multiplying the income by a fraction, the
11 numerator of which shall be the cubic foot capacity of the
12 taxpayer's pipelines in this Commonwealth, and the denominator
13 of which shall be the cubic foot capacity of the taxpayer's
14 pipelines everywhere, at the end of the tax period. For the
15 purpose of this subsection, the cubic foot capacity of a
16 pipeline shall be determined by multiplying the square of its
17 radius (in feet) by its length (in feet).

18 (3) Nonbusiness income of pipeline companies or natural gas
19 companies subject to regulation by the Federal Power Commission
20 or by the Pennsylvania Public Utility Commission shall be
21 allocated as provided in paragraphs (5) through (8) of clause
22 (a) of subclause 2 of the definition of net income.

23 (d) Water Transportation Companies.

24 (1) Water Transportation Companies Operating on High Seas.
25 All business income of water transportation companies operating
26 on high seas shall be apportioned to this Commonwealth by
27 multiplying the business income by a fraction, the numerator of
28 which is the number of port days spent inside the Commonwealth
29 and the denominator of which is the total number of port days
30 spent inside and outside of the Commonwealth. The term "port

1 days" does not include periods when the ships are not in use
2 because of strikes or withheld from service for repair or
3 because of seasonal reduction of services. Days in port are
4 computed by dividing the aggregate number of hours in all ports
5 by twenty-four.

6 (2) Water Transportation Companies Operating in Inland
7 Waters. All business income of water transportation companies
8 operating on inland waters shall be apportioned to this
9 Commonwealth by multiplying the business income by a fraction,
10 the numerator of which is the taxpayer's total revenue miles
11 within this Commonwealth during the tax period and the
12 denominator of which is the total revenue miles of the taxpayer
13 everywhere during the tax period. In the determination of
14 revenue miles, one-half of the mileage of all navigable
15 waterways bordering between the Commonwealth and another state
16 shall be considered Commonwealth miles. For purposes of this
17 subclause, revenue miles shall mean the revenue receipts derived
18 from the transportation by the taxpayer of persons or property
19 one mile.

20 (3) Nonbusiness income of water transportation companies
21 shall be allocated as provided in paragraphs (5) through (8) of
22 clause (a) of subclause 2 of the definition of net income.

23 3. In case the entire business of a corporation which has
24 filed a timely election and has qualified to be taxed as a
25 regulated investment company under the provisions of the
26 Internal Revenue Code of 1954, as amended, is not transacted
27 within this Commonwealth, the tax imposed by this article shall
28 be based upon such portion of the net income of such corporation
29 for the fiscal or calendar year as defined in subclause 1
30 hereof, as shall be attributable to business transacted within

1 this Commonwealth by multiplying such net income by a fraction,
2 the numerator of which is the sum of the corporation's gross
3 receipts from (i) sales of its own shares to Pennsylvania
4 investors and (ii) sales of its portfolio securities, where the
5 orders for such sales are placed with or credited to
6 Pennsylvania offices of registered securities dealers and the
7 denominator of which fraction is the corporation's total gross
8 receipts from (i) sales of its own shares and (ii) sales of its
9 portfolio securities. Pennsylvania investors shall mean
10 individuals residing in Pennsylvania at the time of the sale or
11 corporations or other entities having their principal place of
12 business located in Pennsylvania at such time.

13 (4) "Person." Every natural person, association or
14 corporation. Whenever used in any clause prescribing and
15 imposing a fine or imprisonment, or both, the term "person," as
16 applied to associations, shall mean the partners or members
17 thereof, and as applied to corporations the officers thereof.

18 PART II

19 IMPOSITION OF TAX

20 Section 402. Imposition of Tax.--Every corporation shall be
21 subject to, and shall pay for the privilege of doing business in
22 this Commonwealth, or having capital or property employed or
23 used in this Commonwealth, by or in the name of itself, or any
24 person, partnership, association, limited partnership, joint-
25 stock association, or corporation, a State excise tax at the
26 rate of twelve per cent per annum upon each dollar of net income
27 of such corporation received by, and accruing to, such
28 corporation during the calendar year 1971 AND EACH YEAR

29 THEREAFTER, except where a corporation reports to the Federal
30 Government on the basis of a fiscal year, and has certified such

1 fact to the department as required by section 403 of this
2 article, in which case, such tax, at the rate of twelve per
3 cent, shall be levied, collected, and paid upon all net income
4 received by, and accruing to, such corporation during the fiscal
5 year commencing in the calendar year 1971 and ending in the
6 calendar year 1972 ~~a similar tax at the rate of ten per cent~~ <—
7 ~~upon each dollar of the net income of such corporation received~~
8 ~~by, and accruing to, such corporation during the calendar year~~
9 ~~1972, and each year thereafter, except where a corporation~~
10 ~~reports to the Federal Government on the basis of a fiscal year,~~
11 ~~and has certified such fact to the department as required by~~
12 ~~section 403 of this article, in which case, such tax, at the~~
13 ~~rate of ten per cent, shall be levied, collected and paid upon~~
14 ~~all net income received by, and accruing to, such corporation~~
15 ~~during the fiscal year commencing in the calendar year 1972 and~~
16 ~~ending in the calendar year 1973 and each year thereafter. AND~~ <—
17 DURING EACH FISCAL YEAR THEREAFTER.

18 PART III

19 REPORTS AND PAYMENT OF TAX

20 Section 403. Reports and Payment of Tax.--(a) For the
21 purpose of ascertaining the amount of tax payable under this
22 article, it shall be the duty of every corporation, liable to
23 pay tax under this article, on or before April 15, 1972, and
24 each year thereafter, to transmit to the department, upon a form
25 prescribed, prepared and furnished by the department, an annual
26 report under oath or affirmation of its president, vice-
27 president or other principal officer, and of its treasurer or
28 assistant treasurer of net income taxable under the provisions
29 of this article. Such report shall set forth:

30 (1) A true copy of its return to the Federal Government of

1 the annual net income arising or accruing in the calendar or
2 fiscal year next preceding, or such part or portions of said
3 return, as the department may designate;

4 (2) If no return was filed with the Federal Government the
5 report made to the department shall show such information as
6 would have been contained in a return to the Federal Government
7 had one been made; and

8 (3) Such other information as the department may require.

9 (b) For the purpose of ascertaining the amount of tax
10 payable under this article for the taxable year 1971, and each
11 taxable year thereafter, it shall be the duty of every
12 corporation liable to pay tax under this article, on or before
13 April 30, 1971, and on or before the end of the fourth month
14 after the close of its previous fiscal year for fiscal year
15 taxpayers, and each year thereafter, to transmit in like form
16 and manner an additional tentative report and make payment
17 pursuant to the provisions of the act of March 16, 1970 (Act No.
18 69).

19 (c) The amount of all taxes, imposed under the provisions of
20 this article, not paid on or before the times as above provided,
21 shall bear interest at the rate of six per cent per annum from
22 the date they are due and payable until paid, except that if the
23 taxable income has been, or is increased by the Commissioner of
24 Internal Revenue, or by any other agency or court of the United
25 States, interest shall be computed on the additional tax due
26 from thirty days after the corporation receives notice of the
27 change of income until paid: Provided, however, That any
28 corporation may pay the full amount of such tax, or any part
29 thereof, together with interest due to the date of payment,
30 without prejudice to its right to present and prosecute a

1 petition for resettlement, a petition for review, or an appeal
2 to court. If it be thereafter determined that such taxes were
3 overpaid, the department shall enter a credit to the account of
4 such corporation, which may be used by it in the manner
5 prescribed by law.

6 (d) If the officers of any corporation shall neglect, or
7 refuse to make any report as herein required, or shall knowingly
8 make any false report, the following percentages of the amount
9 of the tax shall be added by the department to the tax
10 determined to be due on the first one thousand dollars (\$1,000)
11 of tax ten per cent, on the next four thousand dollars (\$4,000)
12 five per cent, and on everything in excess of five thousand
13 dollars (\$5,000) one per cent, no such amounts added to the tax
14 shall bear any interest whatsoever.

15 (e) If any corporation closes its fiscal year not upon
16 December 31, but upon some other date, and reports to the
17 Federal Government as of such other date, or would so report
18 were it to make a return to the Federal Government, such
19 corporation shall certify such fact to the department, and shall
20 make the annual report, herein required, within thirty days
21 after the return to the Federal Government is due, or would be
22 due were it to be required of such corporation, subject in all
23 other respects to the provisions of this article. The tentative
24 report required of such corporation shall be due not later than
25 four months after the end of the next preceding fiscal year.

26 (f) If the corporation shall claim in its report that the
27 return made to the Federal Government was inaccurate, the amount
28 claimed by it to be the net income, taxable under this article,
29 and the basis of such claim of inaccuracy, shall be fully
30 specified.

1 Section 404. Consolidated Reports.--The department shall not
2 permit any corporation owning or controlling, directly or
3 indirectly, any of the voting capital stock of another
4 corporation or of other corporations, subject to the provisions
5 of this article, to make a consolidated report, showing the
6 combined net income.

7 Section 405. Extension of Time to File Reports.--The
8 department may, upon application made to it, in such form as it
9 shall prescribe, on or prior to the last day for filing any
10 annual report, and upon proper cause shown, grant to the
11 corporation, required to file such report, an extension of not
12 more than sixty days within which such report may be filed, and
13 in case the Federal income tax authorities at any time grant a
14 longer extension of time for filing such reports with the
15 Federal Government, the department may grant an additional
16 extension of time for filing the annual report under this
17 article of not more than thirty days after the termination of
18 the Federal extension, but the amount of tax due shall, in such
19 cases, nevertheless, be subject to interest from the due dates
20 and at the rates fixed by this article.

21 Section 406. Changes Made by Federal Government.--(a) If the
22 amount of the net income, as returned by any corporation to the
23 Federal Government, is finally changed or corrected by the
24 Commission of Internal Revenue or by any other agency or court
25 of the United States, such corporation, within thirty days after
26 the receipt of such final change or correction, shall make a
27 corrected report, under oath or affirmation, to the department
28 showing such finally changed or corrected net income, upon which
29 the tax is required to be paid to the United States. In case a
30 corporation fails to file a report of such correction, which

1 results in an increase in net income within the time prescribed,
2 there shall be added to the tax, a penalty of five dollars (\$5)
3 for every day during which such corporation is in default, but
4 the department may abate any such penalty in whole or in part.

5 (b) If, as a result of such final change or correction,
6 there should be any change made in the amount of the net income
7 of any corporation upon which tax is imposed by this article,
8 the department shall have the power, and its duty shall be to
9 resettle such taxes. Whenever a resettlement shall have been
10 made hereunder, the department shall resettle the account
11 according to law, and shall credit or charge, as the case may
12 be, the amount resulting from such resettlement upon the current
13 accounts of the corporation with which it is made. The
14 resettlement shall be subject to audit and approval by the
15 Department of the Auditor General, as in the case of original
16 settlements, and in case of the failure of the two departments
17 to agree, the resettlement shall be submitted to the Board of
18 Finance and Revenue, as in the case of original settlements.

19 (c) Where a report of change, correction, or redetermination
20 of Federal income, or Federal tax, has been filed after a
21 petition for review, or an appeal has been taken, such report
22 shall be deemed a part of the original annual report upon
23 petition of the taxpayer at any subsequent proceeding as though
24 it had been filed with such original report, and no separate
25 petition for review or appeal from the resettlement resulting
26 from such report of change, correction, or redetermination shall
27 be necessary.

28 (d) The provisions of this section shall not be construed so
29 as to permit a resettlement based upon the allowance of any
30 deduction on account of net operating losses, sustained in other

1 fiscal or calendar years, that are not allowed as deductions
2 under the definition of "net income" as contained in this
3 article.

4 (e) The provisions of this section shall apply to every
5 corporation which was doing business in Pennsylvania in the year
6 for which the Federal income has been changed, irrespective of
7 whether or not such corporation has thereafter merged,
8 consolidated, withdrawn or dissolved. Any clearance certificate
9 issued by the department shall be conditioned upon the
10 requirement that in the event of a change in Federal income for
11 any year for which taxes have been paid to the Commonwealth, the
12 corporation or its successor or its officers or its directors
13 shall file with the department a report of change and pay any
14 additional State tax resulting therefrom.

15 PART IV

16 SETTLEMENT AND RESETTLEMENT

17 Section 407. Settlement and Resettlement.--(a) All taxes due
18 under this article shall be settled by the department, and such
19 settlement shall be subject to audit and approval by the
20 Department of the Auditor General, and shall, so far as
21 possible, be made so that notice thereof may reach the taxpayer
22 before the end of two years after the tax report was required to
23 be made.

24 (b) Promptly after the date of any such settlement, the
25 department shall send, by mail or otherwise, a copy thereof to
26 such corporation. The tax imposed by this article shall be
27 settled, resettled, and otherwise imposed and adjusted in the
28 same manner, within the same periods of time, and right of
29 resettlement, review, appeal, and refund, as provided by law in
30 the case of capital stock and franchise taxes imposed upon

1 corporations.

2 (c) If, within a period of one year after the date of any
3 settlement, the department is not satisfied with such
4 settlement, or if at any time the net income as returned by any
5 corporation to the Federal Government is finally changed or
6 corrected by the Commissioner of Internal Revenue or by any
7 other agency or court of the United States with the result that
8 tax, in addition to the amount paid, is due under this article,
9 the department is hereby authorized and empowered to make a
10 resettlement of the tax due by such corporation, based upon the
11 facts contained in the report, or upon any information within
12 its possession or that shall come into its possession.

13 Whenever a resettlement shall have been made hereunder, the
14 department shall resettle the account according to law and shall
15 credit or charge, as the case may be, the amount resulting from
16 such resettlement upon the current accounts of the corporation
17 with which it is made.

18 The resettlement shall be subject to audit and approval by
19 the Department of the Auditor General as in the case of original
20 settlement, and in case of the failure of the two departments to
21 agree, the resettlement shall be submitted to the Board of
22 Finance and Revenue as in the case of original settlements.

23 (d) If any corporation shall neglect or refuse to make any
24 report and payment of tax required by this article, the
25 department shall estimate the tax due by such corporation and
26 subject to audit and approval by the Department of the Auditor
27 General, settle the amount due by it for taxes, penalties, and
28 interest thereon as prescribed herein, from which settlement
29 there shall be no right of review or appeal, but the department,
30 with the approval of the Department of the Auditor General, may

1 require a report to be filed, and thereupon make a settlement
2 based upon such report and cancel the estimated settlement.

3 PART V

4 ENFORCEMENT: RULES AND REGULATIONS

5 INQUISITORIAL POWERS OF THE DEPARTMENT

6 Section 408. Enforcement; Rules and Regulations;

7 Inquisitorial Powers of the Department.--(a) The department is
8 hereby charged with the enforcement of the provisions of this
9 article, and is hereby authorized and empowered to prescribe,
10 adopt, promulgate, and enforce rules and regulations, not
11 inconsistent with this article, relating to any matter or thing
12 pertaining to the administration and enforcement of the
13 provisions of this article, and the collection of taxes,
14 penalties, and interest imposed by this article. The department
15 is hereby required to have such rules and regulations,
16 promulgated and adopted, printed and shall distribute the same
17 to any person upon request.

18 (b) The department, or any agent authorized in writing by
19 it, is hereby authorized to examine the books, papers, and
20 records, and to investigate the character of the business of any
21 corporation in order to verify the accuracy of any report made,
22 or if no report was made by such corporation, to ascertain and
23 settle the tax imposed by this article. Every such corporation
24 is hereby directed and required to give to the department, or
25 its duly authorized agent, the means, facilities, and
26 opportunity for such examinations and investigations, as are
27 hereby provided and authorized. Any information gained by the
28 department, as a result of any returns, investigations, or
29 verifications required to be made by this article, shall be
30 confidential, except for official purposes, and any person

1 divulging such information shall be guilty of a misdemeanor,
2 and, upon conviction thereof, shall be sentenced to pay a fine
3 of not less than one hundred dollars (\$100) or more than one
4 thousand dollars (\$1,000) and costs of prosecution, or to
5 undergo imprisonment for not more than six months, or both.

6 (c) Whenever any person, acting for or on behalf of the
7 department, shall in good faith institute legal proceedings for
8 any violations of the provisions of this article, and for any
9 reason shall fail to recover costs of record, such costs shall
10 be a charge upon the proper county, as shall such costs in the
11 event defendant is imprisoned for failure to pay fine or costs,
12 or both, and shall be audited and paid as are costs of like
13 character in said county.

14 (d) The powers, conferred by this article upon the
15 department, relating to the administration or enforcement of
16 this article, shall be in addition to, but not exclusive of, any
17 other powers heretofore or hereafter conferred upon the
18 department by law.

19 PART VI

20 RETENTION OF RECORDS BY CORPORATION

21 Section 409. Retention of Records.--Each corporation shall
22 maintain and keep for a period of three years after any report
23 is filed under this article, such record or records of its
24 business within this Commonwealth for the period covered by such
25 report and other pertinent papers, as may be required by the
26 department.

27 PART VII

28 PENALTIES

29 Section 410. Penalties.--(a) Any person violating any of the
30 provisions of section 409 shall be guilty of a misdemeanor, and

1 shall, upon conviction thereof, be sentenced to pay a fine not
2 exceeding one thousand dollars (\$1,000) and costs of
3 prosecution, or to undergo imprisonment for not more than six
4 months, or both.

5 (b) Any person who shall wilfully make a false and
6 fraudulent return of net income made taxable by this article,
7 shall be guilty of wilful and corrupt perjury, and, upon
8 conviction thereof, shall be subject to punishment as provided
9 by law. Such penalty shall be in addition to any other penalties
10 imposed by this article.

11 (c) Any person, who wilfully fails, neglects, or refuses to
12 make a report or to pay the tax as herein prescribed, or who
13 shall refuse to permit the department to examine the books,
14 papers, and records of any corporation liable to pay tax under
15 this article, shall be guilty of a misdemeanor, and, upon
16 conviction thereof, shall be sentenced to pay a fine not
17 exceeding one thousand dollars (\$1,000) and costs of
18 prosecution, or to undergo imprisonment not exceeding six
19 months, or both. Such penalty shall be in addition to any other
20 penalties imposed by this article.

21 PART VIII

22 REPEALER; EFFECTIVE DATE

23 Section 411. Repeal.--The act of May 16, 1935 (P.L.208),
24 known as the "Corporate Net Income Tax Act," is repealed.

25 Section 412. Effective Date.--This article shall take effect
26 ~~January 1, 1971.~~ IMMEDIATELY, AND THE TAX IMPOSED SHALL APPLY TO <—
27 TAXABLE YEARS BEGINNING JANUARY 1, 1971 AND THEREAFTER.

28 ARTICLE V

29 CORPORATION INCOME TAX

30 PART I

1 foreign commerce.

2 (5) "Carrying on activities" shall include every act, power
3 or privilege exercised or enjoyed in this Commonwealth as an
4 incident to, or by virtue of, the powers and privileges acquired
5 by the nature of the corporate organization.

6 PART II

7 IMPOSITION OF TAX

8 Section 502. Imposition of Tax.--Every corporation carrying
9 on activities in this Commonwealth or owning property in this
10 Commonwealth by or in the name of itself or any person,
11 partnership, joint-stock association or corporation shall be
12 subject to and shall pay a State property tax on net income
13 derived from sources within this Commonwealth at the rate of
14 twelve per cent per annum upon each dollar of such net income
15 received by and accruing to such corporation during the calendar
16 year 1971 AND EACH YEAR THEREAFTER, except where a corporation <—
17 reports to the Federal Government on the basis of a fiscal year
18 and has certified such fact to the department as required by
19 section 403 of Article IV, in which case such tax at the rate of
20 twelve per cent shall be levied, collected and paid upon each
21 dollar of such net income received by and accruing to such
22 corporation during the fiscal year commencing in the calendar
23 year 1971 and a similar tax at the rate of nine and one half per <—
24 cent per annum upon each dollar of such net income received by
25 and accruing to such corporation during the calendar year 1972,
26 except where a corporation reports to the Federal Government on
27 the basis of a fiscal year and has certified such fact to the
28 department as required by section 403 of Article IV, in which
29 case such tax at the rate of nine and one half per cent per
30 annum shall be levied, collected and paid upon each dollar of

1 ~~such net income received by and accruing to such corporation~~
2 ~~during the fiscal years commencing in the calendar year 1972,~~
3 ~~and each year thereafter:~~ AND EACH YEAR THEREAFTER: Provided, <—
4 however, That such net income shall not include income for any
5 period for which the corporation is subject to taxation under
6 Article IV.

7 PART III

8 PROCEDURE; ENFORCEMENT; PENALTIES

9 Section 503. Procedure; Enforcement; Penalties.--Parts III,
10 IV, V, VI and VII of Article IV are incorporated by reference
11 into this article in so far as they are applicable to the tax
12 imposed hereunder.

13 PART IV

14 REPEALER; EFFECTIVE DATE

15 Section 505. Repeal.--The act of August 24, 1951 (P.L.1417),
16 known as the "Corporation Income Tax Law," is repealed.

17 Section 506. Effective Date.--This article shall take effect
18 ~~January 1, 1971.~~ IMMEDIATELY, AND THE TAX IMPOSED SHALL APPLY TO <—
19 TAXABLE YEARS BEGINNING JANUARY 1, 1971 AND THEREAFTER.

20 ARTICLE VI

21 CAPITAL STOCK--FRANCHISE TAX

22 PART I

23 VALUATION OF CAPITAL STOCK

24 Section 601. Valuation of Capital Stock.--Hereafter, except
25 in the case of corporations of the first class, nonprofit
26 corporations, and cooperative agricultural associations not
27 having capital stock and not conducted for profit, banks,
28 savings institutions, title insurance, or trust companies,
29 building and loan associations, and insurance companies, it
30 shall be the duty of every corporation having capital stock,

1 every joint-stock association, limited partnership, and every
2 company whatsoever, now or hereafter organized or incorporated
3 by or under any laws of this Commonwealth, and of every
4 corporation, joint-stock association, limited partnership, and
5 company whatsoever, now or hereafter incorporated or organized
6 by or under the law of any other state or territory of the
7 United States, or by the United States, or by any foreign
8 government, and doing business in and liable to taxation within
9 this Commonwealth or having capital or property employed or used
10 in this Commonwealth by or in the name of any limited
11 partnership or joint-stock association, company, or corporation
12 whatsoever, association or associations, copartnership or
13 copartnerships, person or persons, or in any other manner, to
14 make annually a report in writing to the Department of Revenue
15 on a form or forms to be prescribed and furnished by it setting
16 forth in addition to any other information required by the
17 Department of Revenue:

18 First. The amount of its capital stock at the close of the
19 year for which report is made, together with the highest selling
20 price per share, and the average selling price thereof during
21 said year.

22 Second. Its debt account.

23 Third. Its income account, together with the disposition of
24 any net income, and its profit and loss statement.

25 Fourth. Its general balance sheet.

26 Fifth. Its real estate and tangible personal property, if
27 any, owned and permanently located outside of the Commonwealth,
28 and value of the same; and the value of the property, if any,
29 exempt from taxation.

30 Sixth. A valuation and appraisal, in the manner hereinafter

1 provided, of the capital stock of the said corporation, company,
2 joint-stock association, or limited partnership, at its actual
3 value in cash as it existed at the close of the year for which
4 the report is made.

5 The affidavit of two of the officers of such corporation,
6 limited partnership, joint-stock association or company, shall
7 be attached to said report. Such affidavit shall be in the form
8 required by the Department of Revenue, but shall state, in
9 addition to any other averments required by the department,
10 that, with fidelity and according to the best of their knowledge
11 and belief, the affiants have estimated, valued and appraised,
12 as shown in said report, the capital stock of the said
13 corporation at its actual value in cash as it existed at the
14 close of the year for which report is made; taking into
15 consideration, first, the average which said stock sold for
16 during the year; and second, the price or value indicated or
17 measured by net earnings or by the amount of profit made and
18 either declared in dividends, expended in betterments, or
19 carried into the surplus or sinking fund; and third, the actual
20 value indicated or measured by consideration of the intrinsic
21 value of its tangible property and assets, and of the value of
22 its good will and franchises and privileges, as indicated by the
23 material results of their exercise, taking also into
24 consideration the amount of its indebtedness.

25 The time for filing annual reports may be extended; taxpayers
26 may be permitted to file their annual and tentative reports on a
27 fiscal year basis; the procedure in case the Department of
28 Revenue is not satisfied with the appraisal made by the
29 officers of the taxpayer, and the penalties for failing to file
30 reports and pay taxes shall be as prescribed by law.

PART II

IMPOSITION OF TAX

1 Section 602. Imposition of Tax.--(a) That every domestic
2 corporation other than corporations of the first class,
3 nonprofit corporations, and cooperative agricultural
4 associations not having capital stock and not conducted for
5 profit, and every joint-stock association, limited partnership,
6 and company whatsoever, from which a report is required under
7 section 601 hereof, shall be subject to, and pay into the
8 treasury of the Commonwealth annually, through the Department of
9 Revenue, a tax at the rate of ~~nine~~ TEN mills, upon each dollar ←
10 of the actual value of its whole capital stock of all kinds,
11 including common, special, and preferred, as ascertained in the
12 manner prescribed in section 601, for the calendar year 1971 and
13 the fiscal year beginning in 1971 and each year thereafter,
14 except that any domestic corporation, limited partnership,
15 joint-stock association or company subject to the tax prescribed
16 herein may elect to compute and pay its tax under and in
17 accordance with the provisions of subsection (b) of this section
18 602. ~~Provided, That the provisions of this section shall not ←~~
19 ~~apply to the taxation of the capital stock of corporations,~~
20 ~~limited partnerships and joint stock associations organized for~~
21 ~~manufacturing, processing, research or development purposes,~~
22 ~~which is invested in and actually and exclusively employed in~~
23 ~~carrying on manufacturing, processing, research or development~~
24 ~~within the State, but every corporation, limited partnership or~~
25 ~~joint stock association organized for the purpose of~~
26 ~~manufacturing, processing, research or development shall pay the~~
27 ~~State tax of nine mills herein provided, upon such proportion of~~
28 ~~its capital stock, if any, as may be invested in any property or~~
29
30

~~1 business not strictly incident or appurtenant to the
2 manufacturing, processing, research or development business, in
3 addition to the local taxes assessed upon its property in the
4 district where located, it being the object of this proviso to
5 relieve from State taxation only so much of the capital stock as
6 is invested purely in the manufacturing, processing, research or
7 development plant and business.~~

8 (b) Every foreign corporation, joint-stock association,
9 limited partnership, and company whatsoever, from which a report
10 is required under section 601 hereof, shall be subject to and
11 pay into the treasury of the Commonwealth annually, through the
12 Department of Revenue, a franchise tax at the rate of ~~nine~~ TEN ←
13 mills for the calendar year 1971 and the fiscal year beginning
14 in 1971 and each year thereafter, upon a taxable value to be
15 determined in the following manner. The actual value of its
16 whole capital stock of all kinds, including common, special, and
17 preferred, shall be ascertained in the manner prescribed in
18 section 601 of this article. The taxable value shall then be
19 determined by employing the relevant apportionment factors set
20 forth in Article IV.

21 ~~(c) The term processing, as used in this section, shall mean ←
22 and be limited to the following activities when engaged in as a
23 business enterprise:~~

24 ~~(1) The cooking or freezing of fruits, vegetables,
25 mushrooms, fish, seafood, meats or poultry, when the person
26 engaged in such business packages such property in sealed
27 containers for wholesale distribution.~~

28 ~~(2) The scouring, carbonizing, cording, combing, throwing,
29 twisting or winding of natural or synthetic fibers, or the
30 spinning, bleaching, dyeing, printing or finishing of yarns or~~

1 ~~fabrics, when such activities are performed prior to sale to the~~
2 ~~ultimate consumer.~~

3 ~~(3) The electroplating, galvanizing, enameling, anodizing,~~
4 ~~coloring, finishing, impregnating or heat treating of metals or~~
5 ~~plastics for sale or in the process of manufacturing.~~

6 ~~(4) The rolling, drawing or extruding of ferrous and~~
7 ~~nonferrous metals.~~

8 ~~(5) The fabrication for sale of ornamental or structural~~
9 ~~metal or metal stairs, staircases, gratings, fire escapes or~~
10 ~~railings, (not including fabrication work done at the~~
11 ~~construction site).~~

12 ~~(6) The preparation of animal feed or poultry feed for sale.~~

13 ~~(7) The production, processing and bottling of nonalcoholic~~
14 ~~beverages for wholesale distribution.~~

15 ~~(8) The slaughtering and dressing of animals for meat to be~~
16 ~~sold or to be used in preparing meat products for sale, and the~~
17 ~~preparation of meat products, including lard, tallow, grease,~~
18 ~~cooking and inedible oils for wholesale distribution.~~

19 ~~(9) The operation of a saw mill or planing mill for the~~
20 ~~production of lumber or lumber products for sale.~~

21 ~~(10) The milling for sale of flour or meal from grains.~~

22 ~~(11) The publishing of books, newspapers, magazines or other~~
23 ~~periodicals, printing and broadcasting radio and television~~
24 ~~programs by licensed commercial or educational stations.~~

25 ~~(12) The processing of used lubricating oils.~~

26 ~~(13) The blending, rectification or production by~~
27 ~~distillation or otherwise of alcohol or alcoholic liquors,~~
28 ~~except the distillation of alcohol from by products of wine-~~
29 ~~making for the sole purpose of fortifying wine.~~

30 ~~(d) "Research and development" shall mean activities~~

1 ~~relating to the discovery of new and the refinement of known~~
2 ~~substances, products, processes, theories and ideas, but shall~~
3 ~~not include activities directed primarily to the accumulation or~~
4 ~~analysis of commercial, financial or mercantile data.~~

5 THE PROVISIONS OF THIS SUBSECTION SHALL APPLY TO THE TAXATION <—
6 OF CORPORATIONS, LIMITED PARTNERSHIPS AND JOINT-STOCK
7 ASSOCIATIONS ORGANIZED FOR MANUFACTURING, PROCESSING, RESEARCH
8 OR DEVELOPMENT PURPOSES.

9 ~~(e)~~ (C) It shall be the duty of the treasurer or other <—
10 officers having charge of any such corporation, joint-stock
11 association, or limited partnership, upon which a tax is imposed
12 by this section, to transmit the amount of said tax to the
13 Department of Revenue within the time prescribed by law:
14 Provided, That for the purposes of this act interest in limited
15 partnerships or joint-stock associations shall be deemed to be
16 capital stock, and taxable accordingly: Provided, further, That
17 corporations, limited partnerships, and joint-stock
18 associations, liable to a tax under this section, shall not be
19 required to pay any further tax on the mortgages, bonds, and
20 other securities owned by them and in which the whole body of
21 stockholders or members, as such, have the entire equitable
22 interest in remainder; but corporations, limited partnerships,
23 and joint-stock associations, owning or holding such securities
24 as trustees, executors, administrators, guardians, or in any
25 other manner than for the whole body of stockholders or members
26 thereof as sole equitable owners in remainder, shall return and
27 pay the tax imposed by this act upon all securities so owned or
28 held by them, as in the case of individuals.

29 ~~(f)~~ (D) Any holding company subject to the capital stock tax <—
30 or the franchise tax imposed by this section may elect to

1 compute said tax by applying the rate of tax of ~~nine~~ TEN mills, ←
2 upon each dollar to ten per cent of the actual value of its
3 whole capital stock. If exercised, this election shall be in
4 lieu of any other apportionment or allocation to which such
5 company would otherwise be entitled.

6 The term "holding company" shall mean any corporation (i) at
7 least ninety per cent of the gross income of which for the
8 taxable year is derived from dividends, interest, gains from the
9 sale or other disposition of stock or securities and the
10 rendition of management and administrative services to
11 subsidiary corporations, and (ii) at least sixty per cent of the
12 actual value of the total assets of which consists of stock
13 securities or indebtedness of subsidiary corporations.

14 The term "subsidiary corporation" shall mean any corporation,
15 a majority of the total issued and outstanding shares of voting
16 stock of which are owned by the taxpayer corporation directly or
17 through one or more intervening subsidiary corporations.

18 ~~(g)~~ (E) Notwithstanding any other provisions contained in ←
19 this section 602, relating to the appraisal, allocation or
20 apportionment of the value of the capital stock of a corporation
21 subject to tax in the Commonwealth of Pennsylvania, every
22 domestic corporation and every foreign corporation registered to
23 do business in Pennsylvania and (i) which maintains an office in
24 Pennsylvania and (ii) which has filed a timely election to be
25 taxed as a regulated investment company with the Federal
26 Government and (iii) which duly qualifies to be taxed as a
27 regulated investment company under the provisions of the
28 Internal Revenue Code of 1954 as amended, shall be taxed as a
29 regulated investment company and shall be subject to the capital
30 stock or franchise tax imposed by section 602, which tax shall

1 be computed in the following manner:

2 (1) The value of its capital stock shall be determined by
3 adding its net asset values as of the last day of each month
4 during the taxable period or year and dividing the total sum by
5 the number of months involved, for which purpose net asset value
6 means the actual market value of all assets owned by such
7 corporation without any exemptions or exclusions less all of its
8 liabilities, debts and other obligations.

9 (2) The proportion of such value taxable in this
10 Commonwealth at the rate of ~~nine~~ TEN mills, shall be determined ←
11 by applying to such value a fraction, the numerator of which is
12 the sum of the corporation's gross receipts from (i) sales of
13 its own shares to Pennsylvania investors and (ii) sales of its
14 portfolio securities where the orders for such sales are placed
15 with or credited to Pennsylvania offices of registered
16 securities dealers and the denominator of which fraction is the
17 corporation's total gross receipts from (i) sales of its own
18 shares and (ii) sales of its portfolio securities. Pennsylvania
19 investors shall mean individuals residing in Pennsylvania at the
20 time of the sale or corporations or other entities having their
21 principal place of business located in Pennsylvania at such
22 time.

23 (3) Any regulated investment company shall have the right
24 annually, to elect to compute its capital stock or franchise tax
25 by applying the rate of tax of ~~nine~~ TEN mills, upon each dollar ←
26 to ten per cent of the capital stock value of such corporation.
27 If exercised this election shall be in lieu of any other
28 apportionment or allocation to which such corporation would
29 otherwise be entitled.

30

PART III

1 15 in each and every year, make to the Department of Revenue a
2 report in writing, verified as required by law, setting forth
3 the full number of shares of the capital stock subscribed for or
4 issued, as of the preceding January 1, by such bank or savings
5 institution having capital stock, and the actual value thereof
6 as of the preceding January 1, which actual value shall be
7 ascertained as hereinafter provided. It shall be the duty of the
8 Department of Revenue to assess such shares for the calendar
9 year beginning January 1, 1971, and each year thereafter, at the
10 rate of fifteen mills upon each dollar of actual value thereof,
11 the actual value of each share of stock to be ascertained and
12 fixed by adding together the amount of capital stock paid in,
13 the surplus, and undivided profits, and dividing this amount by
14 the number of shares. It shall be the duty of every bank or
15 savings institution having capital stock, at the time of making
16 every report required by this section, to compute the tax and to
17 pay the amount of said tax to the State Treasurer, through the
18 Department of Revenue either from its general fund, or from the
19 amount of said tax collected from its shareholders: Provided,
20 That for the calendar year beginning January 1, 1971, and each
21 year thereafter, such bank or savings institution having capital
22 stock, upon the date its report, herein required is made for
23 such calendar year beginning January 1, 1971, and each year
24 thereafter, shall pay to the Department of Revenue not less than
25 eighty per cent of the tax due to the Commonwealth by it for
26 such calendar year, and the remaining tax due shall be paid at
27 the time when the report herein required for the year next
28 succeeding is made: Provided, That in case any bank or savings
29 institution having capital stock, incorporated under the law of
30 this State or of the United States, shall collect, annually,

1 from the shareholders thereof said tax of fifteen mills, on the
2 dollar upon the actual value of all the shares of stock of said
3 bank or savings institution, according to the provisions of this
4 article, that have been subscribed for or issued, and pay the
5 same into the State Treasury, through the Department of Revenue,
6 the shares, and so much of the capital and profits of such bank
7 or savings institution having capital stock as shall not be
8 invested in real estate, shall be exempt from local taxation
9 under the laws of this Commonwealth; and such bank or savings
10 institution having capital stock shall not be required to make
11 any report to the local assessor or county commissioners of its
12 personal property owned by it in its own right for purposes of
13 taxation and shall not be required to pay any tax thereon.

14 PART II

15 PROCEDURE; ENFORCEMENT; PENALTIES

16 Section 702. Procedure; Enforcement; Penalties.--Parts III,
17 IV, V, VI and VII of Article IV are incorporated by reference
18 into this article in so far as they are applicable to the tax
19 imposed hereunder.

20 PART III

21 REPEALER; EFFECTIVE DATE

22 Section 705. Repeal.--Clause 1 of section 1, act of July 15,
23 1897 (P.L.292), entitled "An act to provide revenue by
24 taxation," is repealed.

25 Section 706. Effective Date.--This article shall take effect
26 ~~January 1, 1971.~~ IMMEDIATELY, AND THE TAX IMPOSED SHALL APPLY TO <—
27 TAXABLE YEARS BEGINNING JANUARY 1, 1971 AND THEREAFTER.

28 ARTICLE VIII

29 TITLE INSURANCE AND TRUST COMPANIES SHARES TAX

30 PART I

IMPOSITION OF TAX

1
2 Section 801. Imposition of Tax.--Every company incorporated
3 under the provisions of section 29 of an act, entitled "An act
4 to provide for the incorporation and regulation of certain
5 corporations," approved April 29, 1874, and its supplements, or
6 any other act of Assembly heretofore or hereafter approved, for
7 the insurance of owners of real estate, mortgages, and others
8 interested in real estate, from loss by reason of defective
9 titles, liens, and encumbrances, and every company entitled to
10 benefits of, and every company having any of the powers of,
11 companies entitled to the benefits of an act, entitled "An act
12 conferring upon certain fidelity, insurance, safety deposit,
13 trust, and savings companies, the powers and privileges of
14 companies incorporated under the provisions of section 29 of an
15 act, entitled 'An act to provide for the incorporation and
16 regulation of certain corporations,' approved April 29, 1874,
17 and of the supplements thereto," approved June 27, 1895,
18 commonly known as title insurance or trust companies, and every
19 company organized as a bank and trust company or as a trust
20 company under any act of Assembly heretofore or hereafter
21 approved, except any such companies, all of the shares of
22 capital stock of which (other than shares necessary to qualify
23 directors) are owned by a company which is liable to pay to the
24 Commonwealth a tax on shares, shall, on or before April 15 in
25 each and every year, make to the Department of Revenue a report
26 in writing, setting forth the full number of shares of the
27 capital stock subscribed for or issued by such company, and the
28 actual value thereof as of January 1 preceding, which shall be
29 ascertained as hereinafter provided. It shall be the duty of the
30 Department of Revenue, to assess such shares for taxation at the

1 rate of fifteen mills upon each dollar of the actual value
2 thereof, the actual value of each share of stock to be
3 ascertained and fixed by adding together the amount of capital
4 stock paid in, the surplus, and undivided profits, and dividing
5 this amount by the number of shares.

6 It shall be the duty of every such company, at the time of
7 making every report required by this section, to compute the tax
8 and to pay the amount of said tax to the State Treasurer,
9 through the Department of Revenue, either from its general fund,
10 or from the amount of said tax collected from its shareholders:
11 Provided, That for the calendar year beginning January 1, 1971,
12 and each year thereafter, every such company shall, at the time
13 of making its report for the calendar year beginning January 1,
14 1971, and each year thereafter, compute the tax and pay to the
15 State Treasurer, through the Department of Revenue, either from
16 its general fund, or from the amount of said tax collected from
17 its shareholders, not less than eighty per cent of the tax due
18 to the Commonwealth by it for such calendar year and the
19 remaining tax due shall be paid at the time when the report
20 herein required for the year next succeeding is made: Provided,
21 That upon the payment of the tax fixed by this act into the
22 State Treasury, through the Department of Revenue, the shares
23 and so much of the capital stock, surplus, profits, and deposits
24 of such company as shall not be invested in real estate, shall
25 be exempt from all other taxation under the laws of this
26 Commonwealth. The procedure, in case the Department of Revenue
27 be not satisfied with the report made by any title insurance or
28 trust company, and the penalties for failing to make such report
29 and pay the tax, shall be as provided by law.

30

PART II

1 PROCEDURE; ENFORCEMENT; PENALTIES

2 Section 802. Procedure; Enforcement; Penalties.--Parts III,
3 IV, V, VI and VII of Article IV are incorporated by reference
4 into this article insofar as they are applicable to the tax
5 imposed hereunder.

6 PART III

7 REPEALER; EFFECTIVE DATE

8 Section 805. Repeal.--Section 1, act of June 13, 1907
9 (P.L.640), entitled "An act to provide revenue by levying a tax
10 upon the shares of stock of companies incorporated under the
11 provisions of section twenty-nine of an act, entitled 'An act to
12 provide for the incorporation and regulation of certain
13 corporations,' approved April twenty-ninth, one thousand eight
14 hundred and seventy-four, and the supplements thereto; for the
15 insurance of owners of real estate, mortgages, and others
16 interested in real estate, from loss by reason of defective
17 titles, liens, and encumbrances; and of companies entitled to
18 the benefits of, and of companies having any of the powers of,
19 companies entitled to the benefits of an act, entitled 'An act
20 conferring upon certain fidelity, insurance, safety deposit,
21 trust, and savings companies the powers and privileges of
22 companies incorporated under the provisions of section twenty-
23 nine of an act, entitled "An act to provide for the
24 incorporation and regulation of certain corporations," approved
25 April twenty-ninth, Anno Domini one thousand eight hundred and
26 seventy-four, and of the supplements thereto,' approved June
27 twenty-seventh, one thousand eight hundred and ninety-five,
28 commonly known as title insurance or trust companies," is
29 repealed.

30 Section 806. Effective Date.--This article shall take effect

1 ~~January 1, 1971.~~ IMMEDIATELY, AND THE TAX IMPOSED SHALL APPLY TO <—
2 TAXABLE YEARS BEGINNING JANUARY 1, 1971 AND THEREAFTER.

3 ARTICLE IX

4 INSURANCE PREMIUMS TAX

5 PART I

6 DEFINITIONS

7 Section 901. Definitions.--The following terms, when used in
8 this act, shall have the meaning ascribed to them in this
9 section:

10 (1) "Insurance company" means every insurance company,
11 association or exchange, incorporated or organized by or under
12 the laws of this Commonwealth, the United States, territories,
13 dependencies, other states, or foreign governments, and engaged
14 in transacting insurance business of any kind or classification
15 within this Commonwealth, except purely mutual beneficial
16 associations whose funds for the benefit of members and families
17 or heirs are made up entirely of the weekly, monthly, quarterly,
18 semi-annual or annual contributions to their members and the
19 accumulated interest thereon and corporations organized under
20 the act of June 21, 1937 (P.L.1948), known as the "Nonprofit
21 Hospital Plan Act," and the act of June 27, 1939 (P.L.1125),
22 known as the "Nonprofit Medical, Osteopathic, Dental and
23 Podiatry Service Corporation Act."

24 (2) "Gross premiums" means premiums, premium deposits or
25 assessments received by any insurance company, whether received
26 in money or in the form of notes, credits, or any other
27 substitutes for money, and whether collected in this
28 Commonwealth or elsewhere. Gross premiums shall not include: (i)
29 amounts returned on policies canceled or not taken; (ii)
30 premiums received for reinsurance; (iii) in the case of mutual

1 insurance companies, associations, exchanges, and stock
2 companies with participating features, that portion of the
3 advanced premiums, premium deposits or assessments returned in
4 cash or credited to members or policyholders, whether as
5 dividends, earnings, savings, or return deposits, upon the
6 expiration or termination of their contracts; and (iv) notes or
7 other obligations received by mutual insurance companies to
8 secure contingent premium liabilities to the extent that no
9 assessment has been made and collected against said notes or
10 obligations.

11 PART II

12 IMPOSITION OF TAX

13 Section 902. (A) Imposition of Tax.--Every insurance ←
14 company, as herein defined, transacting business in the
15 Commonwealth of Pennsylvania, shall pay to the department, a tax
16 at the rate of two per cent of the gross premiums received from
17 business done within this Commonwealth during each calendar
18 year, except that any insurance company which was not subject to
19 this tax prior to 1971 shall be taxed at the rate of one per
20 cent for the year 1971 and thereafter at the rate of two per
21 cent.

22 (B) DISPOSITION OF TAXES.--THE TAXES PAID BY FOREIGN FIRE ←
23 INSURANCE COMPANIES UNDER THIS ACT SHALL CONTINUE TO BE
24 DISTRIBUTED AND USED FOR FIREMEN'S RELIEF PENSION OR RETIREMENT
25 PURPOSES, AS PROVIDED BY SECTION TWO OF THE ACT, APPROVED THE
26 TWENTY-EIGHTH DAY OF JUNE, ONE THOUSAND EIGHT HUNDRED NINETY-
27 FIVE (PAMPHLET LAWS 408), AS AMENDED; AND THE TAXES PAID BY
28 FOREIGN CASUALTY INSURANCE COMPANIES UNDER THIS ACT SHALL
29 CONTINUE TO BE DISTRIBUTED AND USED FOR POLICE PENSION,
30 RETIREMENT OR DISABILITY PURPOSES AS PROVIDED BY THE ACT,

1 APPROVED THE TWELFTH DAY OF MAY, ONE THOUSAND NINE HUNDRED
2 FORTY-THREE (PAMPHLET LAWS 259), AS AMENDED.

3 ALL OTHER TAXES RECEIVED UNDER THIS ACT SHALL BE CREDITED TO
4 THE GENERAL FUND FOR GENERAL REVENUE PURPOSES.

5 PART III

6 ANNUAL REPORT

7 Section 903. Annual Report.--Every insurance company shall
8 make a report to the department on a form prescribed by it on or
9 before April 15 of each year, showing the gross premiums
10 received from business transacted in the Commonwealth during the
11 year ending December 31 preceding. When making such report, the
12 insurance company shall compute and pay to the Commonwealth the
13 tax upon the gross premiums received from business transacted
14 within this Commonwealth during such preceding year.

15 PART IV

16 PROCEDURE; ENFORCEMENT; PENALTIES

17 Section 904. Procedure; Enforcement; Penalties.--Parts III,
18 IV, V, VI and VII of Article IV are incorporated by reference
19 into this article in so far as they are applicable to the tax
20 imposed hereunder.

21 PART V

22 Section 905. Repeal.--The act of February 21, 1961 (P.L.33),
23 entitled "An act imposing a State tax on gross premiums, premium
24 deposits, and assessments received from business transacted
25 within this Commonwealth by certain insurance companies,
26 associations, and exchanges; requiring the filing of annual and
27 tentative reports and the computation and payment of tax;
28 providing for the rights, powers and duties of the Department of
29 Revenue, the taxpayers and officers thereof; and providing
30 penalties," is repealed.

1 Section 906. Effective Date.--This article shall take effect
2 ~~January 1, 1971.~~ IMMEDIATELY, AND THE TAX IMPOSED SHALL APPLY TO <—
3 TAXABLE YEARS BEGINNING JANUARY 1, 1971 AND THEREAFTER.

4 ARTICLE X

5 CAPITAL STOCK TAX ON FOREIGN CORPORATIONS

6 PART I

7 DEFINITIONS

8 Section 1001. Definitions.--The following terms when used in
9 this article shall have the meanings ascribed to them in this
10 section:

11 (1) "Foreign corporation" means any corporation, limited
12 partnership or joint-stock association chartered or created by
13 or under the laws of any other state or of the United States or
14 of any foreign country, which has been issued a certificate of
15 authority by the Department of State to do business within this
16 Commonwealth and which either (i) has its principal office or
17 chief place of business located within this Commonwealth, or
18 (ii) has any part of its capital actually employed within this
19 Commonwealth. The term "foreign corporation" shall not include
20 foreign insurance companies and foreign nonprofit corporations
21 which do not have capital stock.

22 (2) "Increase of capital" means, (i) as to foreign
23 corporations doing business in this Commonwealth, any increase
24 of capital in excess of the amount actually employed in this
25 Commonwealth at any time prior to January 1, 1971 by such
26 corporations reporting on a calendar year basis, or at any time
27 prior to the first day of any fiscal year, beginning in the
28 calendar year 1971, by such corporations reporting on a fiscal
29 year basis; (ii) as to corporations admitted to do business in
30 this Commonwealth after the effective date of this article,

1 capital actually employed within this Commonwealth at the time
2 of or after receiving a certificate of authority to do business
3 from the Department of State and any increase thereof.

4 PART II

5 IMPOSITION OF TAX

6 Section 1002. Imposition of Tax.--From and after the
7 effective date of this article, every foreign corporation, in
8 addition to complying with all the laws of the Commonwealth now
9 or hereafter in effect, shall, for the privilege of exercising
10 its franchises in Pennsylvania, pay to the department an excise
11 tax of one-third of one per cent upon the amount of any increase
12 of capital actually employed within this Commonwealth: Provided,
13 That credit shall be allowed for said excise tax in the
14 following cases:

15 (1) Merger of domestic corporation or corporations and/or
16 foreign corporation or corporations with a foreign corporation
17 and the surviving foreign corporation in the merger is then
18 authorized, or will immediately thereafter be authorized, by a
19 certificate of authority to transact business in this
20 Commonwealth;

21 (2) Consolidation of two or more foreign corporations or of
22 domestic and foreign corporations (one or more of each), and the
23 corporation formed by the consolidation is a foreign corporation
24 which is then authorized, or will immediately thereafter be
25 authorized, by a certificate of authority to transact business
26 in this Commonwealth.

27 In such cases, the surviving or consolidated foreign
28 corporation shall be entitled to credit upon any excise tax due
29 and payable hereunder equal to the excise tax computed at the
30 rate of one-third of one per cent on the value of the assets of

1 the merging or consolidating foreign corporation or corporations
2 actually employed by such surviving or consolidated foreign
3 corporation within this Commonwealth within the provisions and
4 intent of this article, and such proportion of the total excise
5 tax of the merging or consolidating domestic corporation or
6 corporations paid or relieved from payment on its authorized or
7 issued and outstanding capital stock, determined by the ratio
8 that the value of the assets of such domestic corporation or
9 corporations actually employed by such surviving or consolidated
10 foreign corporation within this Commonwealth within the
11 provisions and intent of this article bears to the value of the
12 total assets of such domestic corporation.

13 (3) In arriving at the amount of tax due under this article,
14 a taxpayer shall apportion the increase in capital by the use of
15 the formula applicable to the operations of the corporation as
16 set forth in section 401.

17 PART III

18 REPORTS

19 Section 1003. Initial and Annual Report.--Every foreign
20 corporation shall annually file a report with the department for
21 information purposes on a form prescribed by the department
22 stating (i) the state or country in which incorporated or
23 created, (ii) the date of incorporation or organization, (iii)
24 location of its chief office in this Commonwealth, (iv) the name
25 and address of its president and treasurer, (v) the greatest
26 amount of capital actually employed within this Commonwealth
27 during the preceding calendar or fiscal year, (vi) the greatest
28 amount of capital actually employed within this Commonwealth at
29 any time prior to the preceding calendar or fiscal year, and
30 (vii) such other information as the department shall require for

1 the purpose of this article.

2 PART IV

3 PROCEDURE; ENFORCEMENT; PENALTIES

4 Section 1004. Procedure; Enforcement; Penalties.--Parts III,
5 IV, V, VI and VII of Article IV are incorporated by reference
6 into this article in so far as they are applicable to the tax
7 imposed hereunder.

8 PART V

9 REPEALER; EFFECTIVE DATE

10 Section 1005. Repeal.--The act of July 25, 1953 (P.L.560),
11 entitled "An act to provide revenue for State purposes by
12 imposing an excise tax upon any increase in capital, as defined,
13 actually employed in Pennsylvania, by any foreign corporation,
14 limited partnership or joint-stock association; requiring the
15 filing of reports; providing for rights, powers and duties of
16 the Department of Revenue, the taxpayers and officers thereof;
17 imposing interest and penalties; and repealing a certain act
18 relating to foreign corporations, limited partnerships and
19 joint-stock associations," is repealed.

20 Section 1006. Effective Date.--This article shall take
21 effect ~~January 1, 1971~~. IMMEDIATELY, AND THE TAX IMPOSED SHALL <—
22 APPLY TO TAXABLE YEARS BEGINNING JANUARY 1, 1971 AND THEREAFTER.

23 ARTICLE XI

24 UTILITIES GROSS RECEIPTS TAX

25 PART I

26 IMPOSITION OF TAX

27 SECTION 1101. IMPOSITION OF TAX.--EVERY RAILROAD COMPANY, <—
28 PIPE LINE COMPANY, CONDUIT COMPANY, STEAMBOAT COMPANY, CANAL
29 COMPANY, SLACK WATER NAVIGATION COMPANY, TRANSPORTATION COMPANY,
30 AND EVERY OTHER COMPANY, ASSOCIATION, JOINT-STOCK ASSOCIATION,

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

1 FROM PASSENGERS, BAGGAGE, AND FREIGHT TRANSPORTED WHOLLY WITHIN
2 THIS STATE, FROM TELEGRAPH OR TELEPHONE MESSAGES TRANSMITTED
3 WHOLLY WITHIN THIS STATE, FROM EXPRESS, PALACE CAR OR SLEEPING
4 CAR BUSINESS DONE WHOLLY WITHIN THIS STATE, OR FROM THE SALES OF
5 ELECTRIC ENERGY OR GAS, EXCEPT GROSS RECEIPTS DERIVED FROM SALES
6 OF GAS TO ANY MUNICIPALITY OWNED OR OPERATED PUBLIC UTILITY AND
7 EXCEPT GROSS RECEIPTS DERIVED FROM THE SALES FOR RESALE OF
8 ELECTRIC ENERGY OR GAS, TO PERSONS, PARTNERSHIPS, ASSOCIATIONS,
9 CORPORATIONS OR POLITICAL SUBDIVISIONS SUBJECT TO THE TAX
10 IMPOSED BY THIS ACT UPON GROSS RECEIPTS DERIVED FROM SUCH RESALE
11 AND FROM THE TRANSPORTATION OF OIL DONE WHOLLY WITHIN THIS
12 STATE. THE GROSS RECEIPTS OF GAS COMPANIES SHALL INCLUDE THE
13 GROSS RECEIPTS FROM THE SALE OF ARTIFICIAL AND NATURAL GAS, BUT
14 SHALL NOT INCLUDE GROSS RECEIPTS FROM THE SALE OF LIQUEFIED
15 PETROLEUM GAS. THE SAID TAX SHALL BE PAID WITHIN THE TIME
16 PRESCRIBED BY LAW, AND FOR THE PURPOSE OF ASCERTAINING THE
17 AMOUNT OF THE SAME, IT SHALL BE THE DUTY OF THE TREASURER OR
18 OTHER PROPER OFFICER OF THE SAID COMPANY, COPARTNERSHIP, LIMITED
19 PARTNERSHIP, ASSOCIATION, JOINT-STOCK ASSOCIATION OR
20 CORPORATION, OR PERSON OR PERSONS, TO TRANSMIT TO THE DEPARTMENT
21 OF REVENUE ON OR BEFORE APRIL 15 OF EACH YEAR AN ANNUAL REPORT,
22 AND UNDER OATH OR AFFIRMATION, OF THE AMOUNT OF GROSS RECEIPTS
23 OF THE SAID COMPANIES, COPARTNERSHIPS, CORPORATIONS,
24 ASSOCIATIONS, JOINT-STOCK ASSOCIATIONS, LIMITED PARTNERSHIPS,
25 PERSON OR PERSONS, DERIVED FROM ALL SOURCES, AND OF GROSS
26 RECEIPTS FROM BUSINESS DONE WHOLLY WITHIN THIS STATE, DURING THE
27 PERIOD OF TWELVE MONTHS IMMEDIATELY PRECEDING JANUARY 1 OF EACH
28 YEAR. IT SHALL BE THE FURTHER DUTY OF THE TREASURER OR OTHER
29 PROPER OFFICER OF EVERY SUCH CORPORATION OR ASSOCIATION AND
30 EVERY INDIVIDUAL LIABLE BY LAW TO REPORT OR PAY SAID TAX, EXCEPT

1 MUNICIPALITIES, TO TRANSMIT TO THE DEPARTMENT OF REVENUE ON OR
2 BEFORE APRIL 30 OF EACH YEAR, A TENTATIVE REPORT IN LIKE FORM
3 AND MANNER FOR EACH TWELVE MONTH PERIOD BEGINNING JANUARY 1, OF
4 EACH YEAR. THE TENTATIVE REPORT SHALL SET FORTH (I) THE AMOUNT
5 OF GROSS RECEIPTS RECEIVED IN THE PERIOD OF TWELVE MONTHS NEXT
6 PRECEDING AND REPORTED IN THE ANNUAL REPORT; OR (II) THE GROSS
7 RECEIPTS RECEIVED IN THE FIRST THREE MONTHS OF THE CURRENT
8 PERIOD OF TWELVE MONTHS; AND (III) SUCH OTHER INFORMATION AS THE
9 DEPARTMENT OF REVENUE MAY REQUIRE.

10 UPON THE DATE ITS TENTATIVE REPORT IS REQUIRED TO BE MADE,
11 THE CORPORATION, ASSOCIATION OR INDIVIDUAL MAKING THE REPORT
12 SHALL COMPUTE AND PAY TO THE DEPARTMENT OF REVENUE ON ACCOUNT OF
13 THE TAX DUE FOR THE CURRENT PERIOD OF TWELVE MONTHS, AT ITS
14 ELECTION (I) FOR THE YEAR 1971 NOT LESS THAN TWENTY-NINE AND
15 ONE-THIRD MILLS OF THE DOLLAR AMOUNT OF ITS GROSS RECEIPTS
16 REPORTED FOR THE ENTIRE PRECEDING PERIOD OF TWELVE MONTHS; OR
17 (II) FOR THE YEAR 1971 NOT LESS THAN ONE HUNDRED AND SEVENTEEN
18 AND ONE-THIRD MILLS OF THE DOLLAR AMOUNT OF ITS GROSS RECEIPTS
19 RECEIVED WITHIN THE FIRST THREE MONTHS OF THE CURRENT PERIOD OF
20 TWELVE MONTHS.

21 THE TIME FOR FILING REPORTS MAY BE EXTENDED, ESTIMATED
22 SETTLEMENTS MAY BE MADE BY THE DEPARTMENT OF REVENUE IF REPORTS
23 ARE NOT FILED, AND THE PENALTIES FOR FAILING TO FILE REPORTS AND
24 PAY THE TAX SHALL BE AS PRESCRIBED BY THE LAWS DEFINING THE
25 POWERS AND DUTIES OF THE DEPARTMENT OF REVENUE. IN ANY CASE
26 WHERE THE WORKS OF ANY CORPORATION, COMPANY, COPARTNERSHIP,
27 ASSOCIATION, JOINT-STOCK ASSOCIATION, LIMITED PARTNERSHIP,
28 PERSON OR PERSONS ARE OPERATED BY ANOTHER CORPORATION, COMPANY,
29 COPARTNERSHIP, ASSOCIATION, JOINT-STOCK ASSOCIATION, LIMITED
30 PARTNERSHIP, PERSON OR PERSONS, THE TAXES IMPOSED BY THIS

1 SECTION SHALL BE APPORTIONED BETWEEN THE CORPORATIONS,
2 COMPANIES, COPARTNERSHIPS, ASSOCIATIONS, JOINT-STOCK
3 ASSOCIATIONS, LIMITED PARTNERSHIPS, PERSON OR PERSONS IN
4 ACCORDANCE WITH THE TERMS OF THEIR RESPECTIVE LEASES OR
5 AGREEMENTS, BUT FOR THE PAYMENT OF THE SAID TAXES THE
6 COMMONWEALTH SHALL FIRST LOOK TO THE CORPORATION, COMPANY,
7 COPARTNERSHIP, ASSOCIATION, JOINT-STOCK ASSOCIATION, LIMITED
8 PARTNERSHIP, PERSON OR PERSONS OPERATING THE WORKS, AND UPON
9 PAYMENT BY THE SAID COMPANY, CORPORATION, COPARTNERSHIP,
10 ASSOCIATION, JOINT-STOCK ASSOCIATION, LIMITED PARTNERSHIP,
11 PERSON OR PERSONS OF A TAX UPON THE RECEIPTS, AS HEREIN
12 PROVIDED, DERIVED FROM THE OPERATION THEREOF, NO OTHER
13 CORPORATION, COMPANY, COPARTNERSHIP, ASSOCIATION, JOINT-STOCK
14 ASSOCIATION, LIMITED PARTNERSHIP, PERSON OR PERSONS SHALL BE
15 HELD LIABLE UNDER THIS SECTION FOR ANY TAX UPON THE PROPORTION
16 OF SAID RECEIPTS RECEIVED BY SAID CORPORATION, COMPANY,
17 COPARTNERSHIP, ASSOCIATION, JOINT-STOCK ASSOCIATION, LIMITED
18 PARTNERSHIP, PERSON OR PERSONS FOR THE USE OF SAID WORKS.

19 THIS ARTICLE SHALL BE CONSTRUED TO APPLY TO MUNICIPALITIES,
20 AND TO IMPOSE A TAX UPON THE GROSS RECEIPTS DERIVED FROM ANY
21 MUNICIPALITY OWNED OR OPERATED PUBLIC UTILITY OR FROM ANY PUBLIC
22 UTILITY SERVICE FURNISHED BY ANY MUNICIPALITY, EXCEPT THAT GROSS
23 RECEIPTS SHALL BE EXEMPT FROM THE TAX, TO THE EXTENT THAT SUCH
24 GROSS RECEIPTS ARE DERIVED FROM BUSINESS DONE INSIDE THE LIMITS
25 OF THE MUNICIPALITY, OWNING OR OPERATING THE PUBLIC UTILITY OR
26 FURNISHING THE PUBLIC UTILITY SERVICE.

27 PART II

28 PROCEDURE; ENFORCEMENT; PENALTIES

29 SECTION 1102. PROCEDURE; ENFORCEMENT; PENALTIES.--PARTS III,
30 IV, VI, AND VII OF ARTICLE IV ARE INCORPORATED BY REFERENCE INTO

1 THIS ARTICLE IN SO FAR AS THEY ARE CONSISTENT WITH THIS ARTICLE
2 AND APPLICABLE TO THE TAX IMPOSED HEREUNDER.

3 PART III

4 REPEALER

5 SECTION 1103. REPEAL.--SECTION 23, ACT OF JUNE 1, 1889
6 (P.L.420), ENTITLED "A FURTHER SUPPLEMENT TO AN ACT ENTITLED 'AN
7 ACT TO PROVIDE REVENUE BY TAXATION,' APPROVED THE SEVENTH DAY OF
8 JUNE, ANNO DOMINI ONE THOUSAND EIGHT HUNDRED AND SEVENTY-NINE,"
9 IS REPEALED.

10 ARTICLE ~~XI~~ XII ←

11 GENERAL PROVISIONS

12 Section ~~1101~~ 1201. Saving Clause.--(a) Notwithstanding ←
13 anything contained in any law to the contrary, the validity of
14 any ordinance or part of any ordinance or any resolution or part
15 of any resolution, and any amendments or supplements thereto now
16 or hereinafter enacted or adopted by any political subdivision
17 of this Commonwealth for or relating to the imposition, levy or
18 collection of any tax, shall not be affected or impaired by
19 anything contained in this code.

20 (b) Nothing contained in this code shall be construed to
21 relieve any person, corporation or other entity from the filing
22 returns or from any taxes, penalties or interest imposed by the
23 provisions of any laws which were in effect prior to being
24 repealed by this code, or effect or terminate any petitions,
25 investigations, prosecutions, legal or otherwise, or other
26 proceedings pending under the provisions of any such laws or
27 prevent the commencement or further prosecution of any
28 proceedings by the proper authorities of the Commonwealth for
29 violation of any such laws or for the assessment, settlement,
30 collection or recovery of taxes, penalties or interest due to

1 the Commonwealth under any of the laws which were in effect
2 prior to being repealed by this code.

3 Section ~~1102-~~ 1202. Constitutional Construction.--If any ←
4 word, phrase, clause, sentence, section or provision of this
5 code is for any reason held to be unconstitutional, the decision
6 of the court shall not affect or impair any of the remaining
7 provisions of this code. It is hereby declared as the
8 legislative intent that this code would have been adopted had
9 such unconstitutional word, phrase, clause, sentence, section or
10 provision thereof not been included herein.

11 Section ~~1103-~~ 1203. Effective Date.--The provisions of this ←
12 code, except as otherwise specified, shall take effect
13 immediately.