

or deliver to any stamp affixing agency any stamps of the face amount of one hundred dollars (\$100.00) or more at any one time, such agent shall be entitled to receive, as compensation for his services and expenses as agent in affixing such stamps and to retain out of the moneys to be paid by him for such stamps, a commission of [four] *one and one-half* per centum [4%] ( $1\frac{1}{2}\%$ ) on the par value thereof if and when such agent has purchased the stamps affixed by him directly from the department or other authorized person.

Section 3. This act shall take effect April 1, 1961.

Effective date.

APPROVED—The 21st day of February, A. D. 1961.

DAVID L. LAWRENCE

No. 15

### AN ACT

Imposing a State tax on gross premiums, premium deposits, and assessments received from business transacted within this Commonwealth by certain insurance companies, associations, and exchanges; requiring the filing of annual and tentative reports and the computation and payment of tax; providing for the rights, powers and duties of the Department of Revenue, the taxpayers and officers thereof; and providing penalties.

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

Taxation of insurance companies.

Section 1. Definitions.—The following terms, when used in this act, shall have the meaning ascribed to them in this section:

Definitions.

“Department” means the Department of Revenue.

“Insurance Company” means every insurance company, association or exchange, incorporated or organized by or under the laws of other states or foreign governments, and engaged in transacting insurance business of any kind or classification within this Commonwealth; and every life insurance company, or limited life insurance company, incorporated or organized by or under any law of this Commonwealth, except purely mutual beneficial associations whose funds for the benefit of members and families or heirs are made up entirely of the weekly, monthly, quarterly, semi-annual or annual contributions to their members and the accumulated interest thereon.

“Gross Premiums” means premiums, premium deposits or assessments received by any insurance company, whether received in money or in the form of notes, credits, or any other substitutes for money, and whether

collected in this Commonwealth or elsewhere. Gross premiums shall not include: (a) amounts returned on policies canceled or not taken; (b) premiums received for reinsurance; (c) in the case of mutual insurance companies, associations, exchanges, and stock companies with participating features, that portion of the advanced premiums, premium deposits or assessments returned in cash or credited to members or policyholders, whether as dividends, earnings, savings, or return deposits, upon the expiration or termination of their contracts; and (d) notes or other obligations received by mutual insurance companies to secure contingent premium liabilities to the extent that no assessment has been made and collected against said notes or obligations.

Section 2. Imposition of Tax.—Every insurance company, as herein defined, transacting business in the Commonwealth of Pennsylvania, shall pay to the Department, in addition to any other taxes for which it may be liable, a tax at the rate of two per centum (2%) of the gross premiums received from business done within this Commonwealth during each calendar year.

Section 3. Annual Report.—Every insurance company shall make a report to the Department, on a form prescribed by it, on or before the fifteenth day of April of each year, showing the gross premiums received from business transacted in the Commonwealth during the year ending the thirty-first day of December preceding. When making such report, the insurance company shall compute and pay to the Commonwealth the tax upon the gross premiums received from business transacted within this Commonwealth during such preceding year.

Section 4. Tentative Report.—On or before the thirtieth day of April of each year, every life insurance company and every limited life insurance company shall also file a tentative report for the current calendar year, which shall set forth either: (1) the amount of gross premiums received in the calendar year next preceding and reported in the annual report; or (2) the gross premiums received within the first three months of the current calendar year; and (3) such other information as the Department may require. Upon the date its tentative report is required herein to be made, the life insurance company or limited life insurance company shall compute and pay to the Department on account of tax due for the current year, at its election, (1) not less than one and six-tenths per centum (1.6%) of its gross premiums reported for the entire preceding calendar year, or (2) not less than six and four-tenths per centum (6.4%) upon the amount of gross premiums received during the first three months of the current cal-

endar year. In the event that the company has not filed an annual report for the preceding calendar year because it was not subject to tax on its gross premiums, its tentative report may be based upon the gross premiums which would have been reported during the preceding year if it had been subject to tax thereon.

The amount of tax paid with the tentative report shall be credited against the tax finally determined to be due for the current year under the annual report filed in the succeeding year.

Section 5. Settlements, Resettlements and Appeals.—All taxes due under this act shall be settled by the Department, with the approval of the Department of the Auditor General, and such settlement shall be subject to resettlement, review, appeal and refund to the same extent and in the same manner as is now provided by law for the settlement, resettlement, review, appeal and refund of capital stock and franchise taxes imposed upon corporations. If the officers of any insurance company shall neglect or refuse to make any report as herein required or shall knowingly make any false report, an additional ten per centum (10%) of the amount of the tax shall be added to the tax determined by the said Departments to be due.

The taxes imposed by this act shall bear interest at the rate of six per centum (6%) per annum from the date they are due and payable until paid: Provided, That any insurance company may pay the full amount of such tax or any part thereof, together with interest thereon, without prejudice to its right to resettlement, review, appeal or refund, as provided by law, with respect to capital stock and franchise taxes imposed on corporations.

Section 6. Powers and Duties of Department.—The Department is hereby charged with the enforcement of the provisions of this act, and is hereby authorized and empowered to prescribe, adopt, promulgate and impose rules and regulations, not inconsistent with this act, relating to any matter or thing pertaining to the administration and enforcement of the provisions of this act and the collection of taxes, penalties and interest imposed by this act.

The Department shall have the same powers relating to the administration or enforcement of this act, including the granting of extension of time to file reports, as are conferred upon the Department by the laws relating to capital stock and franchise taxes imposed on corporations.

Section 7. Penalties.—(a) Any person who shall willfully make a false and fraudulent report under this act

shall be guilty of wilful and corrupt perjury, and, upon conviction thereof, shall be subject to punishment as provided by law. Such penalty shall be in addition to any other penalties imposed by this act.

(b) Any person who wilfully fails, neglects or refuses to make a report or to pay the tax as herein prescribed, or who shall refuse to permit the Department to examine the books, papers and records of any insurance company liable to pay tax under this act, shall be guilty of a misdemeanor, and, upon conviction thereof, shall be sentenced to pay a fine not exceeding one thousand dollars (\$1000) and costs of prosecution, or to undergo imprisonment not exceeding six (6) months, or both, in the discretion of the court. Such penalty shall be in addition to any other penalties imposed by this act.

Section 8. Disposition of Taxes.—The taxes paid by foreign fire insurance companies under this act shall continue to be distributed and used for firemen's relief pension or retirement purposes, as provided by section two of the act, approved the twenty-eighth day of June, one thousand eight hundred ninety-five (Pamphlet Laws 408), as amended; and the taxes paid by foreign casualty insurance companies under this act shall continue to be distributed and used for police pension, retirement or disability purposes as provided by the act, approved the twelfth day of May, one thousand nine hundred forty-three (Pamphlet Laws 259), as amended.

All other taxes received under this act shall be credited to the General Fund for general revenue purposes.

**Repeal acts or  
parts of acts.**

Section 9. Repeal.—The following acts or parts of acts are hereby repealed:

(a) Section 24 of the act approved the first day of June, one thousand eight hundred eighty-nine (Pamphlet Laws 420), entitled "A further supplement to an act entitled 'An act to provide revenue by taxation,' approved the seventh day of June, Anno Domini one thousand eight hundred and seventy-nine."

(b) The act approved the twenty-seventh day of December, one thousand nine hundred fifty-one (Pamphlet Laws 1799), entitled "An act to amend the act, approved the first day of June, one thousand eight hundred eighty-nine (Pamphlet Laws 420), entitled 'A further supplement to an act entitled 'An act to provide revenue by taxation,' approved the seventh day of June, Anno Domini one thousand eight hundred and seventy-nine,' with respect to the State tax on gross premiums, premium deposits and assessments received from insurance business transacted within this Commonwealth."

(c) The act approved the twenty-second day of April, one thousand nine hundred fifty-three (Pamphlet Laws 184), entitled "An act to continue the imposition of tax on gross premiums, premium deposits and assessments received from business transacted within this Commonwealth by foreign insurance companies, associations and exchanges."

Provided, however, that the said acts shall remain in force and effect as to taxes imposable and collectible on gross premiums received during any period prior to January 1, 1961, and as to any reports required to be filed on or before April 15, 1961.

Proviso.

Section 10. Effective Date.—This act shall become effective March 1, 1961, and shall apply to gross premiums received on and after January 1, 1961. The first annual reports under this act shall be due on April 15, 1962. The first tentative reports hereunder shall be due on April 30, 1961.

Effective date.

Due dates of reports.

APPROVED—The 21st day of February, A. D. 1961.

DAVID L. LAWRENCE

No. 16

AN ACT

Amending the act of June 1, 1889 (P. L. 420), entitled "A further supplement to an act entitled 'An act to provide revenue by taxation,' approved the seventh day of June, Anno Domini one thousand eight hundred seventy-nine," continuing in effect for an unlimited period of time the rate of tax of fourteen mills heretofore imposed upon the gross receipts of certain companies, limited partnerships, associations, joint-stock associations, co-partnerships, municipalities and persons, and requiring filing of tentative tax reports, and the computation and payment of tax.

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

Tax on gross receipts of utilities.

Section 1. Section 23, act of June 1, 1889 (P. L. 420), entitled "A further supplement to an act entitled 'An act to provide revenue by taxation,' approved the seventh day of June, Anno Domini one thousand eight hundred seventy-nine," amended November 21, 1959 (P. L. 1553), is amended to read:

Section 23, act of June 1, 1889, P. L. 420, amended November 21, 1959, P. L. 1553, further amended.

Section 23. That every railroad company, pipe line company, conduit company, steamboat company, canal company, slack water navigation company, transportation company, and every other company, association, joint-stock association, or limited partnership, now or hereafter incorporated or organized by or under any

Imposition of rate of tax.