

No. 513

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 and seventy-nine," creating an election for holding companies with regard to capital stock tax and franchise tax.

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

Section 21, act of June 1, 1889, P. L. 420, amended August 23, 1961, P. L. 1100, further amended by adding a new subsection (e).

Section 1. Section 21, 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 and seventy-nine," amended August 23, 1961 (P. L. 1100), is amended by adding, at the end thereof, a new subsection to read:

Section 21. \* \* \*

*(e) Any holding company subject to the capital stock tax or the franchise tax imposed by this section may elect to compute said tax by applying the rate of tax of five mills upon each dollar to ten per cent of the actual value of its whole capital stock. If exercised, this election shall be in lieu of any other apportionment or allocation to which such company would otherwise be entitled.*

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

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

**Effect and applicability.**

Section 2. This act shall take effect immediately, and shall apply to taxes imposed for calendar year 1963 and thereafter, or for fiscal years beginning in 1963 and thereafter.

APPROVED—The 24th day of August, A. D. 1963.

WILLIAM W. SCRANTON