

No. 181

AN ACT

HB 1416

Amending the act of August 24, 1951 (P. L. 1417), entitled, as amended, "An act to provide revenue for State purposes by imposing a property tax on the net incomes derived from sources within the Commonwealth of certain corporations, joint-stock associations, and limited partnerships; excluding certain income; providing for the assessment, collection, settlement and resettlement of taxes, and reviews and appeal therefrom; conferring powers and imposing duties on certain persons, corporations, joint-stock associations, limited partnerships, State and county officers, boards and departments; and providing penalties," changing certain deductions, increasing the rate of the tentative and the annual tax and changing the manner in which the tentative and the annual tax are to be paid.

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

Section 1. Subclause (b) of clause 1 of the definition of "Net Income" of section 2, act of August 24, 1951 (P. L. 1417), known as the "Corporation Income Tax Law," reenacted and amended April 30, 1957 (P. L. 66), is amended to read:

Section 2. Definitions.—The following words, terms and phrases when used in this act shall have the meaning ascribed to them in this section, except where the context clearly indicates a different meaning:

\* \* \*

"Net Income." 1.

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(b) For any taxable year beginning after the thirty-first day of December, one thousand nine hundred fifty-three, and ending after the fifteenth day of August, one thousand nine hundred fifty-four, taxable income for the calendar year or fiscal year as returned to and ascertained by the Federal Government, or in the case of a corporation participating in the filing of consolidated returns to the Federal Government the taxable income which would have been returned to and ascertained by the Federal Government if separate returns had been made to the Federal Government for the current and prior taxable years, subject, however, to any corrections thereof for fraud, evasion or error as finally ascertained by the Federal Government: Provided, That additional deductions shall be allowed from taxable income on account of dividends received from any other corporation but only to the extent that such dividends are included in taxable income as returned to and ascertained by the Federal Government: And provided further, That no deduction shall be allowed for net operating losses sustained by the corporation during any other fiscal or calendar year: And provided further, That in the case of stock, life, fire, casualty and indemnity insurance companies doing business on the

mutual or participating plan, the term "net income" shall not include the dividends paid to policy holders out of net income.

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Section 2. Section 3 and subsection (d) of section 4 of the act, reenacted and amended April 30, 1957 (P. L. 66) and amended September 29, 1967 (P. L. 315), are amended to read:

Section 3. Imposition of Tax.—Every corporation carrying on activities in this Commonwealth or owning property in this Commonwealth by or in the name of itself or any person, partnership, joint-stock association or corporation shall be subject to and shall pay a State property tax on net income derived from sources within this Commonwealth at the rate of five per centum per annum upon each dollar of such net income received by and accruing to such corporation during the calendar years one thousand nine hundred fifty-one, one thousand nine hundred fifty-two, one thousand nine hundred fifty-three, one thousand nine hundred fifty-four and one thousand nine hundred fifty-five, except where a corporation reports to the Federal Government on the basis of a fiscal year and has certified such fact to the department as required by section four of this act, in which case such tax at the rate of five per centum shall be levied, collected and paid upon each dollar of such net income received by and accruing to such corporation during the fiscal years commencing in the calendar years one thousand nine hundred fifty-one, one thousand nine hundred fifty-two, one thousand nine hundred fifty-three, one thousand nine hundred fifty-four and one thousand nine hundred fifty-five, and a similar tax at the rate of six per centum per annum upon each dollar of such net income received by and accruing to such corporation during the calendar years one thousand nine hundred fifty-six, one thousand nine hundred fifty-seven, one thousand nine hundred fifty-eight, one thousand nine hundred fifty-nine, one thousand nine hundred sixty and one thousand nine hundred sixty-one, except where a corporation reports to the Federal Government on the basis of a fiscal year and has certified such fact to the department as required by section four of this act, in which case such tax at the rate of six per centum per annum shall be levied, collected and paid upon each dollar of such net income received by and accruing to such corporation during the fiscal years commencing in the calendar years one thousand nine hundred fifty-six, one thousand nine hundred fifty-seven, one thousand nine hundred fifty-eight, one thousand nine hundred fifty-nine, one thousand nine hundred sixty and one thousand nine hundred sixty-one and a similar tax of six per centum per annum upon each dollar of such net income received by and accruing to such corporation during each calendar year subsequent to one thousand nine hundred sixty-one and through and including the year one thousand nine hundred sixty-six, except where a corporation reports to the Federal Government on the basis of a fiscal year and has certified such fact to the department as required by section four of this act, in which case such tax at the rate of

six per centum per annum shall be levied, collected and paid, upon each dollar of such net income during each fiscal year commencing in each calendar year subsequent to one thousand nine hundred sixty-one and through and including one thousand nine hundred sixty-six, and a similar tax at the rate of seven per centum per annum upon each dollar of the net income of such corporation received by and accruing to such corporation during the calendar years one thousand nine hundred sixty-seven and one thousand nine hundred sixty-eight, except where a corporation reports to the Federal Government on the basis of a fiscal year and has certified such fact to the department as required by section 4 of this act, in which case a rate of seven per centum per annum shall be levied, collected and paid upon all net income received by and accruing to such corporation during each fiscal year commencing during the calendar years one thousand nine hundred sixty-seven and one thousand nine hundred sixty-eight and a similar tax at the rate of **[seven and one-half] twelve** per centum per annum upon each dollar of net income of such corporation received by and accruing to such corporation during the calendar year one thousand nine hundred sixty-nine and each year thereafter, except where a corporation reports to the Federal Government on the basis of a fiscal year and has certified such fact to the department as required by section 4 of this act, in which case such tax at the rate of **[seven and one-half] twelve** per centum shall be levied, collected and paid upon all net income received by and accruing to such corporation during each fiscal year commencing during the calendar year one thousand nine hundred sixty-nine and each year thereafter: Provided, however, That such net income shall not include income for any period for which the corporation is subject to taxation under the Corporate Net Income Tax Act, approved the sixteenth day of May, one thousand nine hundred thirty-five (Pamphlet Laws, two hundred eight) as reenacted and amended, according to or measured by net income.

Except as otherwise provided in this section, the tax hereby imposed shall be in addition to all taxes now imposed on any corporation under the provisions of existing laws.

Section 4. Reports and Payment of Tax.—\* \* \*

(d) For the taxable years up to and including the year one thousand nine hundred fifty-two, every corporation, upon the date its report is required herein to be made, shall pay to the department not less than one-half of the tax due to the Commonwealth by it for such preceding year, and the remaining one-half of such tax shall be paid within the thirty days next succeeding; and, except as otherwise provided by law, no extension of time for the filing of any report granted by the department shall extend the date any tax imposed by this act shall be due and payable. For the taxable years one thousand nine hundred fifty-three, one thousand nine hundred fifty-four and one thousand nine hundred fifty-five every corporation, upon the date its tentative report is required herein to be

made, shall pay on account of the tax due for the current year, at its election, (1) not less than two and one-half per centum upon each dollar of net income of such corporation last reported as received or accrued during an entire preceding year, or of such multiple of the net income last reported for a portion of such year as the entire year bears to the portion of the year for which the net income had been reported, or (2) not less than ten per centum upon each dollar of net income of such corporation received or accrued during the first three months of the current calendar or fiscal year whichever is applicable. For the taxable years one thousand nine hundred fifty-six, one thousand nine hundred fifty-seven, one thousand nine hundred fifty-eight, one thousand nine hundred fifty-nine and one thousand nine hundred sixty, every corporation, upon the date its tentative report is required herein to be made, shall pay on account of the tax due for the current year, at its election, (1) not less than three per centum upon each dollar of net income of such corporation last reported as received or accrued during an entire preceding year, or of such multiple of the net income last reported for a portion of such year as the entire year bears to the portion of the year for which the net income had been reported, or (2) not less than twelve per centum upon each dollar of net income of such corporation received or accrued during the first three months of the current calendar or fiscal year, whichever is applicable. For the taxable year one thousand nine hundred sixty-one, and each taxable year thereafter through and including one thousand nine hundred sixty-seven, every corporation, upon the date its tentative report is required herein to be made, shall pay on account of the tax due for the current year, at its election, (1) not less than four and eight-tenths per centum upon each dollar of net income of such corporation last reported as received or accrued during an entire preceding year, or of such multiple of the net income last reported for a portion of such year as the entire year bears to the portion of the year for which the net income had been reported, or (2) not less than nineteen and two-tenths per centum upon each dollar of net income of such corporation received or accrued during the first three months of the current calendar or fiscal year, whichever is applicable. For the taxable year one thousand nine hundred sixty-eight, every corporation upon the date its tentative report is required herein to be made, shall pay on account of the tax due for the current year, at its election, (1) not less than five and six-tenths per centum upon each dollar of net income of such corporation last reported as received or accrued during an entire preceding year, or of such multiple of the net income last reported for a portion of such year as the entire year bears to the portion of the year for which the net income had been reported, or (2) not less than twenty-two and four-tenths per centum upon each dollar of net income of such corporation received or accrued during the first three months of the current calendar or fiscal year, whichever is applicable, and for the taxable year one thousand nine hundred sixty-nine [and each taxable year

thereafter,] every corporation, upon the date its tentative report is required herein to be made, shall pay on account of the tax due for the current year, at its election, (1) not less than six per centum upon each dollar of net income of such corporation last reported as received or accrued during an entire preceding year, or of such multiple of the net income last reported for a portion of such year as the entire year bears to the portion of the year for which the net income had been reported, or (2) not less than twenty-four per centum upon each dollar of net income of such corporation received or accrued during the first three months of the current calendar or fiscal year, whichever is applicable. *For the taxable year one thousand nine hundred seventy and each taxable year thereafter, every corporation, upon the date its tentative report is required herein to be made, shall pay on account of the tax due for the current year at its election, (1) not less than nine and six-tenths per centum upon each dollar of net income of such corporation last reported as received or accrued during an entire preceding year, or of such multiple of the net income last reported for a portion of such year as the entire year bears to the portion of the year for which the net income had been reported, or (2) not less than thirty-eight and four-tenths per centum upon each dollar of net income of such corporation received or accrued during the first three months of the current calendar or fiscal year, whichever is applicable.* The remaining portion of the tax due shall be paid upon the date the corporation's annual report is required herein to be made.

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Section 3. This act shall become effective immediately and shall apply to taxes imposed for calendar year 1969 and thereafter, or for fiscal years beginning in 1969 and thereafter, and shall not be construed to alter the liability of any corporation to report and pay the tax imposed by the Corporation Income Tax Act prior to this amendment for the calendar year ending the thirty-first day of December 1968 and years prior thereto or fiscal years beginning in 1968 and years prior thereto.

APPROVED—The 31st day of December, A. D. 1969.

RAYMOND P. SHAFER

The foregoing is a true and correct copy of Act of the General Assembly No. 181.



Secretary of the Commonwealth.