

No. 2002-237

AN ACT

HB 2892

Amending the act of May 30, 1984 (P.L.345, No.69), entitled "An act to provide revenue for cities of the first class by authorizing and imposing a tax on persons engaging in certain businesses, professions, occupations, trades, vocations and commercial activities therein; providing for its levy and collection at the option of cities of the first class; conferring and imposing powers and duties on cities of the first class and the collector of city taxes in such cities; and prescribing penalties," defining "tax measurement year"; further providing for period used in computation of tax and for tax payment; and providing for continuation of tax.

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

Section 1. Section 2 of the act of May 30, 1984 (P.L.345, No.69), known as the First Class City Business Tax Reform Act, is amended by adding a definition to read:

Section 2. Definitions.

The following words and phrases when used in this act shall have the meanings given to them in this section unless the context clearly indicates otherwise:

* * *

"Tax measurement year." The fiscal or calendar year by which the person engaging in business keeps its books and records for Federal tax purposes.

* * *

Section 2. Sections 5 and 7 of the act are amended to read:

Section 5. Period used in computation of tax.

[(a) Ongoing businesses.—Every person subject to the payment of the tax hereby imposed who has commenced his business at least one full year prior to the beginning of any tax year shall compute his annual receipts upon the actual receipts received by him during the preceding calendar year.

(b) Partial tax year.—Every person subject to the payment of the tax imposed hereunder, who has commenced his business subsequent to the beginning of any tax year, shall compute his annual receipts for such tax year upon the actual receipts received by him during the part of such tax year remaining.

(c) New businesses.—Every person subject to the payment of the tax imposed hereunder, who has commenced his business less than one full year prior to the beginning of any tax year, shall compute his annual receipts for such tax year upon the actual receipts received by him during his first 365 days in business.

(d) Seasonal businesses.—Every person subject to the payment of the tax hereby imposed, who engages in a business, temporary, seasonal

or itinerant by its nature, shall compute his annual receipts upon the actual receipts received by him during such license year.]

(a) General rule.—Every period in which a person engages in business shall be subject to the tax imposed under this act. Every person subject to the payment of the tax imposed under this act shall compute the person's taxable receipts using the receipts received for the tax measurement year ending in the tax year. Every person subject to the payment of the tax imposed under this act shall compute the person's net income using the net income for the tax measurement year ending in the tax year.

(b) Certain new business.—Every person engaging in business who does not have a tax measurement year ending in the tax year shall file a return stating that no tax is due for the tax year.

(c) Terminating businesses.—Every person that has terminated the person's business during the tax year shall compute its receipts and net income using the period which begins on the beginning date of the tax measurement year ending in the tax year and which ends on the date the business is terminated.

(d) Changes in tax measurement year.—The collector shall prescribe regulations to ensure that every person that changes the person's tax measurement year, including a person that may have multiple tax measurement years within a tax year, shall pay the tax hereby imposed for all periods in business.

Section 7. Payment [at the time of filing the return].

[The person] *A person engaging in business subject to the tax shall pay an estimated tax payment at such time or times and in such manner as provided by regulations promulgated by the collector and upon making the return shall pay the amount of tax shown as due to the collector less any estimated tax payments paid for the tax year.*

Section 3. Any payment made by a person subject to the tax imposed under the act for the transition year that was received by the collector prior to the enactment of this act shall be treated by the collector as an estimated tax payment for the transition year. If the city council of a city of the first class enacts an ordinance implementing the provisions of this act by November 30, 2002, then the transition year shall be tax year 2002; otherwise, the transition year shall be tax year 2003.

Section 3.1. Any tax enacted pursuant to the former act of June 27, 1986 (P.L.267, No.70), known as the Pennsylvania Convention Center Authority Act, is specifically continued and is not repealed or modified in any way by the repeal of that act or the addition of 53 Pa.C.S. Ch. 59.

Section 4. This act shall apply as follows:

(1) Except as provided in paragraph (2), sections 1, 2 and 3 of this act and the rules set forth in those provisions shall apply to tax years beginning after December 31, 2001.

(2) If the city council of a city of the first class shall not have enacted an ordinance implementing the provisions of sections 1, 2 and 3 of this act by November 30, 2002, this act and the rules set forth in those provisions shall apply to tax years beginning after December 31, 2002.
Section 5. This act shall take effect immediately.

APPROVED—The 30th day of December, A.D. 2002.

MARK S. SCHWEIKER

