

Section 4. Settlement and Resettlement of Tax.—The settlement and resettlement of taxes imposed by this act, including the granting of extensions of time to file reports and the rights of the taxpayer to present and prosecute a petition for resettlement, a petition for review, or an appeal to court, or to file a petition for refund, and the imposition of interest and penalties, shall be governed by the provisions of the act of April 9, 1929 (P. L. 343), known as “The Fiscal Code,” relevant to capital stock and franchise taxes.

Section 5. Repealer and Tax Credits.—(a) Clause 2 of section 1, act of July 15, 1897 (P. L. 292), entitled “An act to provide revenue by taxation,” is repealed effective as of the last day of December 1961, provided however, that the said clause 2 shall continue to be in effect for the purpose of enabling the Commonwealth to collect any taxes due and payable for the year 1961 on surplus undivided profits and reserves as of January 1, 1961, and the repeal of the said clause 2 shall not be deemed to affect any pending proceedings or to prevent the institution of any proceedings for the collection of said taxes.

(b) Any tax paid by any mutual thrift institution under the provisions of the act of July 15, 1897 (P. L. 292), entitled “An act to provide revenue by taxation,” for the years 1962, 1963 and 1964 shall be credited to and applied against the tax imposed by this act without the necessity for the filing of any petition or request by the taxpayer with the Department of Revenue, it being the intention of this act that mutual thrift institutions shall be relieved from the tax imposed by the said act for the calendar year beginning the first day of January 1962 and for subsequent years, whether or not such tax has been paid or settled.

Section 6. Effective Date.—The provisions of subsection (a) of section 5 of this act shall take effect as of the date therein provided, and all other provisions of this act shall take effect immediately and shall be effective so that the tax herein provided shall be imposed for the calendar year 1962 and thereafter, or for fiscal years beginning in 1962 and thereafter.

APPROVED—The 22d day of June, A. D. 1964.

WILLIAM W. SCRANTON

No. 3

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," defining regulated investment companies, providing a special method of determining the value of capital stock and apportionment of capital stock for such companies and creating an election as to apportionment for such companies.

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

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," is amended by adding at the end thereof a new subsection to read:

Section 21. * * *

(f) Notwithstanding any other provisions contained in this section 21, relating to the appraisal, allocation or apportionment of the value of the capital stock of a corporation subject to tax in the Commonwealth of Pennsylvania, every domestic corporation and every foreign corporation registered to do business in Pennsylvania and (1) which maintains an office in Pennsylvania and (2) which has filed a timely election to be taxed as a regulated investment company with the Federal Government and (3) which duly qualifies to be taxed as a regulated investment company under the provisions of the Internal Revenue Code of 1954 as amended, shall be taxed as a regulated investment company and shall be subject to the capital stock or franchise tax imposed by section 21, which tax shall be computed in the following manner:

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

(2) The proportion of such value taxable in this Commonwealth at the rate of five mills, shall be determined by applying to such value a fraction, the numerator of which is the sum of the corporation's gross receipts from (a) sales of its own shares to Pennsylvania investors and (b) sales of its portfolio securities where the orders for such sales are placed with or credited to Pennsylvania offices of registered securities dealers and the denominator of which fraction is the corporation's total gross receipts from (a) sales of its own shares and (b) sales of its portfolio securities. Pennsylvania investors shall mean individuals residing in Pennsylvania at the

time of the sale or corporations or other entities having their principal place of business located in Pennsylvania at such time.

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

Section 2. This act shall take effect immediately and shall apply to taxes imposed for calendar year 1964 and thereafter or for fiscal years beginning in 1964 and thereafter.

APPROVED—The 22d day of June, A. D. 1964.

WILLIAM W. SCRANTON

No. 4

AN ACT

Amending the act of May 16, 1935 (P. L. 208), entitled, as amended, "An act to provide revenue for State purposes by imposing an excise tax on the net incomes of certain corporations, joint-stock associations, and limited partnerships; 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," further defining net income and providing a method for allocation of net income of regulated investment companies.

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

Section 1. Subclause (b) of clause 1 and the first paragraph of clause 2 of the definition of "Net Income" in section 2, act of May 16, 1935 (P. L. 208), known as the "Corporate Net Income Tax Act," reenacted and amended April 30, 1957 (P. L. 80), and amended August 14, 1963 (P. L. 805), are 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.

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"Net Income." 1. In case the entire business of the corporation is transacted within this Commonwealth,

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(b) For any taxable year beginning after the thirty-first day of December, one thousand nine hundred fifty-