

No. 142

AN ACT

HB 1495

Amending the act of March 16, 1970 (P.L.180), entitled "An act relating to State taxation; changing the manner in which tentative and annual taxes are to be paid; providing a penalty in certain cases; and making a repealer," changing the list of taxes to which the act is applicable, the manner of the computation of certain taxes, and the additions for understatement.

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

Section 1. Section 1, act of March 16, 1970 (P.L.180), entitled "An act relating to State taxation; changing the manner in which tentative and annual taxes are to be paid; providing a penalty in certain cases; and making a repealer," is amended to read:

Section 1. (a) Notwithstanding the provisions of any State tax law to the contrary which requires taxpayers to make payment of tentative tax, including but not limited to the capital stock and franchise tax, corporate net income and corporation income tax, gross receipts tax on public service companies, transportation by motor vehicles and trackless trolleys, **[private bankers, bank shares tax, title insurance and trust companies tax,]** *other than motor vehicles for hire*, insurance premiums tax, mutual thrift institutions tax, net earnings tax, **[net income tax on cooperative agricultural associations having capital stock,]** or other similar tax law requiring payment of tentative tax, such taxpayers, commencing with the calendar year 1970 and fiscal years beginning during the calendar year 1970 and each taxable year thereafter, on or before the thirtieth day of April for calendar year taxpayers, and on or before the end of the fourth month after the close of its previous fiscal year for fiscal year taxpayers, shall pay on account of the tax due for the current year not less than ninety per cent of the amount of said tax; the said amount to be computed by applying the current tax rate to ninety per cent of such tax base from the immediate prior year as may be applicable with respect to the tax being reported: *Provided, however, That with respect to the taxes imposed by Articles IV, V, IX, and XI of the act of March 4, 1971 (Act No. 2), known as the "Tax Reform Code of 1971" and "The Mutual Thrift Institutions Tax Act," of June 22, 1964 (P.L.16), said payment may at the taxpayer's election be computed by applying the current tax rate to ninety per cent of the taxable income, taxable gross premiums, taxable gross receipts, or taxable net earnings, as the case may be, received or accrued by the taxpayer during the first three months of the current calendar or fiscal year period annualized, which amount resulting from said annualization shall not be less than ninety per cent of the tax basis as is actually reported in the annual report for the current calendar or fiscal year.* The remaining portion of the tax due shall be paid upon the

date the taxpayer's annual report is required to be made under the applicable tax statute.

(b) Should it subsequently be determined that the amount of [such tax base for the immediate prior year] *the tentative tax* was understated by more than five per cent, there shall be added to the tax determined to be due an additional [one] *ten* per cent of the [amount of said tax for each per cent of such] understatement and said *percentage addition to the understatement shall be deemed an additional tax and* shall bear interest from the date the tentative tax was due.

Section 2. Subsection (b) of section 1 of the act of March 16, 1970 (P.L.180), as it relates to penalties or additions is repealed in so far as it is inconsistent with the amendatory provisions of this act.

Section 3. This act shall take effect immediately except that the provisions permitting an optional method of reporting tentative taxes due under Articles IV, V, IX and XI of the act of March 4, 1971 (Act No. 2), known as the "Tax Reform Code of 1971," and "The Mutual Thrift Institutions Tax Act," of June 22, 1964 (P.L.16), shall first become effective and be applicable to tentative reports filed for the calendar year 1972 and fiscal years beginning in 1972: Provided, however, That the provisions relating to the ten per cent addition for understatement of the tentative tax shall take effect immediately and shall apply retroactively to the calendar year 1970 or fiscal year beginning in 1970 and the calendar or fiscal years thereafter.

APPROVED—The 12th day of November, A. D. 1971.

MILTON J. SHAPP

The foregoing is a true and correct copy of Act of the General Assembly No. 142.

A handwritten signature in black ink, reading "C. McLaughlin Tucker". The signature is written in a cursive, flowing style.

Secretary of the Commonwealth.