

## No. 1995-21

## AN ACT

## HB 39

Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An act relating to tax reform and State taxation by codifying and enumerating certain subjects of taxation and imposing taxes thereon; providing procedures for the payment, collection, administration and enforcement thereof; providing for tax credits in certain cases; conferring powers and imposing duties upon the Department of Revenue, certain employers, fiduciaries, individuals, persons, corporations and other entities; prescribing crimes, offenses and penalties," further defining "processing" to include honey and certain vegetable processes; further providing for the application of sales and use tax to charges for telephone calls, video programming services, certain commercial printers and certain coupon redemption processes; further providing for licenses, enforcement and review; further defining "compensation" to exclude certain payments to foster parents from personal income taxation and for certain reports; further providing for the carryforward of losses and for the rate of corporate net income tax; increasing the capital stock value exemption; further providing for the taxation of annuity considerations; further providing for the imposition of gross receipts tax on railroads; increasing the total amount of credits under the Neighborhood Assistance Tax Credit provisions; extending the time period for credits under the Malt Beverage Tax; further providing for the inheritance taxation of spouses and for spousal transfer; clarifying the status of certain commercial printers; providing for a limited tax amnesty program; and making repeals.

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

Section 1. Section 201(d)(1), (i)(2), (m) and (ll) of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, amended August 4, 1991 (P.L.97, No.22) and December 13, 1991 (P.L.373, No.40), are amended and subsections (b) and (d) are amended by adding clauses to read:

Section 201. Definitions.—The following words, terms and phrases when used in this Article II shall have the meaning ascribed to them in this section, except where the context clearly indicates a different meaning:

\* \* \*

(b) "Maintaining a place of business in this Commonwealth."

\* \* \*

**(4) The term "maintaining a place of business in this Commonwealth" shall not include:**

**(i) *Owning or leasing of tangible or intangible property by a person who has contracted with an unaffiliated commercial printer for printing, provided that:***

**(A) *the property is for use by the commercial printer; and***

**(B) *the property is located at the Pennsylvania premises of the commercial printer.***

***(ii) Visits by a person's employes or agents to the premises in this Commonwealth of an unaffiliated commercial printer with whom the person has contracted for printing in connection with said contract.***

**\* \* \***

(d) "Processing." The performance of the following activities when engaged in as a business enterprise:

(1) The ***filtering or heating of honey, the cooking, baking or freezing of fruits, vegetables, mushrooms, fish, seafood, meats, poultry or bakery products, when the person engaged in such business packages such property in sealed containers for wholesale distribution.***

***(1.1) The processing of vegetables by cleaning, cutting, coring or chopping and treating to preserve, sterilize or purify and substantially extend the useful shelf life of the vegetables, when the person engaged in such activity packages such property in sealed containers for wholesale distribution.***

**\* \* \***

(i) "Resale."

**\* \* \***

(2) The physical incorporation of tangible personal property as an ingredient or constituent into other tangible personal property, which is to be sold in the regular course of business or the performance of those services described in subclauses (2), (3) and (4) of clause (k) of this section upon tangible personal property which is to be sold in the regular course of business or where the person incorporating such property has undertaken at the time of purchase to cause it to be transported in interstate commerce to a destination outside this Commonwealth. ***The term "resale" shall include telecommunications services purchased by a cable operator or video programmer that are used to transport or deliver cable or video programming services which are sold in the regular course of business.***

**\* \* \***

(m) "Tangible personal property." Corporeal personal property including, but not limited to, goods, wares, merchandise, steam and natural and manufactured and bottled gas for non-residential use, electricity for non-residential use, premium cable ***or premium video programming*** service, spirituous or vinous liquor and malt or brewed beverages and soft drinks, interstate telephone, telegraph and telecommunications service originating or terminating in the Commonwealth and charged to a service address in this Commonwealth, intrastate telephone, telegraph and telecommunications service with the exception of (i) subscriber line charges and basic local telephone service for residential use ***and (ii) charges for telephone calls paid for by inserting money into a telephone accepting direct deposits of money to operate***, provided further, the service address of any intrastate telephone, telegraph or telecommunications service is deemed to be within this Commonwealth or within a political subdivision, regardless of how or where billed or paid. In the case of any such interstate or intrastate telephone, telegraph and telecommunications service, any charge paid through a credit

or payment mechanism which does not relate to a service address, such as a bank, travel, credit or debit card, is deemed attributable to the address of origination of the telephone, telegraph or telecommunications service. *The term "telecommunications service" shall not include subscriber charges for access to a video dial tone system nor shall it include charges to video programmers for the transport of video programming.*

\* \* \*

(11) "Premium cable *or premium video programming* service." That portion of cable television services, *video programming services*, community antenna television services or any other distribution of television, video, audio or radio services which meets all of the following criteria:

(1) is transmitted with or without the use of wires to purchasers; and  
 (2) which consists substantially of programming uninterrupted by paid commercial advertising which includes, but is not limited to, programming primarily composed of uninterrupted full-length motion pictures or sporting events, pay-per-view, paid programming or like audio or radio broadcasting. If a purchaser receives or agrees to receive premium cable *or premium video programming* service, then the following charges are included in the purchase price: charges for installation or repair of any premium cable *or premium video programming* service, upgrade to include additional premium cable *or premium video programming* service, downgrade to exclude all or some premium cable *or premium video programming* service, additional premium cable outlets in excess of ten or any other charge or fee related to premium cable *or premium video programming* services. The term shall not apply to transmissions by public television, public radio services or official Federal, State or local government cable services. Nor shall the term apply to local origination programming which provides a variety of public service programs unique to the community, programming which provides coverage of public affairs issues which are presented without commentary or analysis, including United States Congressional proceedings, or programming which is substantially related to religious subjects. *Nor shall the term "premium cable or premium video programming service" apply to subscriber charges for access to a video dial tone system or charges by a common carrier to a video programmer for the transport of video programming.*

Section 2. Section 202(c) of the act, amended August 4, 1991 (P.L.97, No.22), is amended to read:

Section 202. Imposition of Tax.—\* \* \*

(c) Notwithstanding any other provisions of this article, the tax with respect to telephone, telegraph and telecommunications service within the meaning of clause (m) of section 201 of this article shall, except for telegrams paid for in cash at telegraph offices, be computed at the rate of six per cent upon the total amount charged to customers for such services, irrespective of whether such charge is based upon a flat rate or upon a message unit charge[.], *but in no event shall charges for telephone calls paid for by inserting money into a telephone accepting direct deposits of money to operate be subject to this tax.* To prevent actual multistate taxation

of interstate telephone, telegraph or telecommunications service, any taxpayer, upon proof that the taxpayer has paid a similar tax to another state on the same interstate telephone, telegraph or telecommunications service, shall be allowed a credit against the tax imposed by this section on the same interstate telephone, telegraph or telecommunications service to the extent of the amount of such tax properly due and paid to such other state.

\* \* \*

Section 3. Section 204(5) of the act, amended August 4, 1991 (P.L.97, No.22), is amended and the section is amended by adding a clause to read:

Section 204. Exclusions from Tax.—The tax imposed by section 202 shall not be imposed upon

\* \* \*

(5) The sale at retail or use of steam, natural and manufactured and bottled gas, fuel oil, electricity or intrastate subscriber line charges [and], basic local telephone service or telegraph service when purchased directly by the user thereof solely for his own residential use[,] *and charges for telephone calls paid for by inserting money into a telephone accepting direct deposits of money to operate.*

\* \* \*

*(52) The sale at retail or use of computer services to keypunch, count, sort, tabulate or otherwise prepare for payment promotional price reduction offers such as discount coupons, "cents-off" coupons and rebate offers.*

Section 4. Section 208(d) of the act, amended August 4, 1991 (P.L.97, No.22), is amended to read:

Section 208. Licenses.—\* \* \*

(d) Failure of any person to obtain a license shall not relieve [him] *that person* of liability to pay the tax imposed by this article.

Section 5. Section 254 of the act is amended to read:

Section 254. Review by Board of Finance and Revenue.—Within [sixty] *ninety* days after the date of mailing of notice by the department of the decision upon a petition for refund filed with it, pursuant to section 253, the petitioner may further petition the Board of Finance and Revenue to review the decision of the department. The failure of the department to notify the petitioner of its decision within the time provided for by section 253 shall act as a denial of such petition, and a petition for review may be filed with the Board of Finance and Revenue within one hundred twenty days of the date prior to which the department should have mailed to the petitioner its notice of decision. Every petition for review filed with the Board of Finance and Revenue under the provisions of this section shall incorporate by reference the petition for refund. The petitioner may, in his petition for review, elect to withdraw one or more grounds as set out in the original refund petition. The Board of Finance and Revenue shall act finally in disposing of such petitions filed with it within six months after they have been received. In the event of the failure of the board to dispose of any petition within six months, the action taken by the department upon the petition for refund shall be sustained. The Board of Finance and Revenue may sustain the action taken

by the department on a petition for refund, or it may redetermine whether a lesser or greater amount of refund is proper. Under no circumstances may the Board of Finance and Revenue authorize a refund greater than that originally applied for by the petitioner. The board shall give notice of its action to the department and to the petitioner.

Section 6. Section 301(d) of the act, amended May 9, 1972 (P.L.273, No.66), is amended to read:

Section 301. Definitions.—The following words, terms and phrases when used in this article shall have the meaning ascribed to them in this section except where the context clearly indicates a different meaning. Any reference in this article to the Internal Revenue Code shall include the Internal Revenue Code of 1954, as amended to the date on which this article is effective:

\* \* \*

(d) "Compensation" means and shall include salaries, wages, commissions, bonuses and incentive payments whether based on profits or otherwise, fees, tips and similar remuneration received for services rendered, whether directly or through an agent, and whether in cash or in property.

The term "compensation" shall not mean or include: (i) periodic payments for sickness and disability other than regular wages received during a period of sickness or disability; or (ii) disability, retirement or other payments arising under workmen's compensation acts, occupational disease acts and similar legislation by any government; or (iii) payments commonly recognized as old age or retirement benefits paid to persons retired from service after reaching a specific age or after a stated period of employment; or (iv) payments commonly known as public assistance, or unemployment compensation payments by any governmental agency; or (v) payments to reimburse actual expenses; or (vi) payments made by employers or labor unions for programs covering hospitalization, sickness, disability or death, supplemental unemployment benefits, strike benefits, social security and retirement; or (vii) any compensation received by United States servicemen serving in a combat zone[.]; *or (viii) payments received by a foster parent for in-home care of foster children from an agency of the Commonwealth or a political subdivision thereof or an organization exempt from Federal tax under section 501(c)(3) of the Internal Revenue Code of 1954 which is licensed by the Commonwealth or a political subdivision thereof as a placement agency.*

\* \* \*

Section 7. Section 333 of the act, added August 31, 1971 (P.L.362, No.93), is amended to read:

Section 333. Signing of Returns and Other Documents.—(a) Any return[, declaration,] *other than an estimated return under section 325*, statement or other document required to be made pursuant to this article shall be signed in accordance with regulations or instructions prescribed by the department.

(b) Any return, statement, or other document required of a partnership shall be signed by one or more partners. The fact that a partner's name is signed to a return, statement, or other document, shall be prima facie

evidence for all purposes that such partner is authorized to sign on behalf of the partnership.

(c) The making or filing of any return, declaration, statement or other document or copy thereof required to be made or filed pursuant to this article shall constitute a certification by the person making or filing such return, declaration, statement or other document or copy thereof that the statements contained therein are true and that any copy filed is a true copy.

Section 8. Section 401(3)2(a)(9) and 4 of the act, amended September 9, 1971 (P.L.437, No.105) and June 16, 1994 (P.L.279, No.48), are amended to read:

Section 401. Definitions.—The following words, terms, and phrases, when used in this article, shall have the meaning ascribed to them in this section, except where the context clearly indicates a different meaning:

\* \* \*

(3) "Taxable income." \* \* \*

2. In case the entire business of any corporation, other than a corporation engaged in doing business as a regulated investment company as defined by the Internal Revenue Code of 1954, as amended, is not transacted within this Commonwealth, the tax imposed by this article shall be based upon such portion of the taxable income of such corporation for the fiscal or calendar year, as defined in subclause 1 hereof, and may be determined as follows:

(a) Division of Income.

\* \* \*

(9) [All] (A) *Except as provided in subparagraph (B), all business income shall be apportioned to this State by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus twice the sales factor, and the denominator of which is [three.] four.*

(B) *For purposes of apportionment of the capital stock - franchise tax as provided in section 602 of Article VI of this act, the apportionment fraction shall be the property factor plus the payroll factor plus the sales factor as the numerator, and the denominator shall be three.*

\* \* \*

4. (a) For taxable years beginning in 1982 through taxable years beginning in 1990 and for the taxable year beginning in 1995 and each taxable year thereafter, a net loss deduction shall be allowed from taxable income as arrived at under subclause 1 or, if applicable, subclause 2. For taxable years beginning in 1991, 1992, 1993 and 1994, the net loss deduction allowed for years prior to 1991 shall be suspended, and no carryover of net losses from taxable years 1988, 1989, 1990, 1991, 1992 and 1993 shall be utilized in calculating net income for the 1991, 1992, 1993 and 1994 taxable years, but such net losses may be used as provided in paragraph (c) in calculating net income for the 1995 taxable year and for two taxable years thereafter.

(b) A net loss for a taxable year is the negative amount for said taxable year determined under subclause 1 or, if applicable, subclause 2. Negative

amounts under subclause 1 shall be allocated and apportioned in the same manner as positive amounts.

(c) (1) The net loss deduction shall be the lesser of **[\$500,000] one million dollars (\$1,000,000)** or the amount of the net loss or losses which may be carried over to the taxable year or taxable income as determined under subclause 1 or, if applicable, subclause 2. ***In no event shall the net loss deduction include more than five hundred thousand dollars (\$500,000), in the aggregate, of net losses from taxable years 1988 through 1994.***

(2) A net loss for a taxable year may only be carried over pursuant to the following schedule:

Taxable Year	Carryover
1981	1 taxable year
1982	2 taxable years
1983-1987	3 taxable years
1988	2 taxable years plus 1 taxable year starting with the 1995 taxable year
1989	1 taxable year plus 2 taxable years starting with the 1995 taxable year
1990-1993	3 taxable years starting with the 1995 taxable year
1994	1 taxable year
1995	2 taxable years
1996 and thereafter	3 taxable years

The earliest net loss shall be carried over to the earliest taxable year to which it may be carried under this schedule. The total net loss deduction allowed in any taxable year shall not exceed **[five hundred thousand dollars (\$500,000)] one million dollars (\$1,000,000)**.

(d) No loss shall be a carryover from a taxable year when the corporation elects to be treated as a Pennsylvania S corporation pursuant to section 307 of Article III of this act to a taxable year when the corporation is subject to the tax imposed under this article.

(e) Paragraph (d) shall not prevent a taxable year when a corporation is a Pennsylvania S corporation from being considered a taxable year for determining the number of taxable years to which a net loss may be a carryover.

(f) For purposes of the net loss deduction, the short taxable year of a corporation, after the revocation or termination of an election to be treated as a Pennsylvania S corporation pursuant to sections 307.3 and 307.4 of Article III of this act, shall be treated as a taxable year.

(g) In the case of a change in ownership by purchase, liquidation, acquisition of stock or reorganization of a corporation in the manner

described in section 381 or 382 of the Internal Revenue Code of 1954, as amended, the limitations provided in the Internal Revenue Code with respect to net operating losses shall apply for the purpose of computing the portion of a net loss carryover recognized under paragraph (3)4(c) of this section. When any acquiring corporation or a transferor corporation participated in the filing of consolidated returns to the Federal Government, the entitlement of the acquiring corporation to the Pennsylvania net loss carryover of the acquiring corporation or the transferor corporation will be determined as if separate returns to the Federal Government had been filed prior to the change in ownership by purchase, liquidation, acquisition of stock or reorganization.

\* \* \*

Section 9. Section 402 of the act, amended June 16, 1994 (P.L.279, No.48), is amended to read:

Section 402. Imposition of Tax.—Every corporation shall be subject to, and shall pay for the privilege of (i) doing business in this Commonwealth; or (ii) carrying on activities in this Commonwealth; (iii) having capital or property employed or used in this Commonwealth; or (iv) owning property in this Commonwealth, by or in the name of itself, or any person, partnership, association, limited partnership, joint-stock association, or corporation, a State excise tax at the rate of twelve per cent per annum upon each dollar of taxable income of such corporation received by, and accruing to, such corporation during the calendar year 1971 and the first six months of 1972 and at the rate of eleven per cent per annum upon each dollar of taxable income of such corporation received by, and accruing to, such corporation during the second six months of calendar year 1972 through the calendar year 1973 and at the rate of nine and one-half per cent per annum upon each dollar of taxable income of such corporation received by, and accruing to, such corporation during the calendar years 1974, 1975 and 1976 and at the rate of ten and one-half per cent per annum upon each dollar of taxable income of such corporation received by, and accruing to, such corporation during the calendar year 1977 through the calendar year 1984 and at the rate of nine and one-half per cent per annum upon each dollar of taxable income of such corporation received by and accruing to such corporation during the calendar year 1985 through calendar year 1986 and at the rate of eight and one-half per cent per annum upon each dollar of taxable income of such corporation received by and accruing to such corporation during the calendar year 1987 through the calendar year 1990 and at the rate of ten and one-half per cent per annum upon each dollar of taxable income of such corporation received by and accruing to such corporation during calendar year 1991 through the calendar year [1996] 1994 and at the rate of nine and ninety-nine hundredths per cent per annum upon each dollar of taxable income of such corporation received by and accruing to such corporation during the calendar year [1997] 1995 and during each calendar year thereafter, with an additional surtax equal to one and seventy-five hundredths per cent per annum upon each dollar of taxable income of such corporation received by and accruing to such corporation during calendar year



1991 and through calendar year 1993 and with an additional surtax equal to one and forty-nine hundredths per cent per annum upon each dollar of taxable income of such corporation received by and accruing to such corporation during calendar year 1994 [and with an additional surtax equal to forty-nine hundredths per cent per annum upon each dollar of taxable income of such corporation received by and accruing to such corporation during calendar year 1995 and with an additional surtax equal to one-quarter of one per cent per annum upon each dollar of taxable income of such corporation received by and accruing to such corporation during calendar year 1996] and with no surtax during calendar year [1997] 1995 and each calendar 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 403 of this article, in which case, such tax, at the rate of twelve per cent, shall be levied, collected, and paid upon all taxable income received by, and accruing to, such corporation during the first six months of the fiscal year commencing in the calendar year 1972 and at the rate of eleven per cent, shall be levied, collected, and paid upon all taxable income received by, and accruing to, such corporation during the second six months of the fiscal year commencing in the calendar year 1972 and during the fiscal year commencing in the calendar year 1973 and at the rate of nine and one-half per cent, shall be levied, collected, and paid upon all taxable income received by, and accruing to, such corporation during the fiscal year commencing in the calendar years 1974, 1975 and 1976 and at the rate of ten and one-half per cent, shall be levied, collected, and paid upon all taxable income received by, and accruing to, such corporation during the fiscal year commencing in the calendar year 1977 through the fiscal year commencing in 1984 and at the rate of nine and one-half per cent, shall be levied, collected, and paid upon all taxable income received by and accruing to such corporation during the fiscal year commencing in 1985 through the fiscal year commencing in 1986 and at the rate of eight and one-half per cent per annum upon each dollar of taxable income of such corporation received by and accruing to such corporation during the fiscal year commencing in 1987 through the fiscal year commencing in 1990 and at the rate of ten and one-half per cent per annum upon each dollar of taxable income of such corporation received by and accruing to such corporation during the fiscal year commencing in 1991 through the fiscal year commencing in [1996] 1994 and at the rate of nine and ninety-nine hundredths per cent per annum upon each dollar of taxable income of such corporation received by and accruing to such corporation during the fiscal year commencing in [1997] 1995 and during each fiscal year thereafter, with an additional surtax equal to one and seventy-five hundredths per cent per annum upon each dollar of taxable income of such corporation received by and accruing to such corporation during the fiscal year commencing in 1991 and through fiscal year 1993 and with an additional surtax equal to one and forty-nine hundredths per cent per annum upon each dollar of taxable income of such corporation received by and accruing to such corporation during fiscal year 1994 [and with an

additional surtax equal to forty-nine hundredths per cent per annum upon each dollar of taxable income of such corporation received by and accruing to such corporation during the fiscal year commencing in 1995 and with an additional surtax equal to one-quarter of one per cent per annum upon each dollar of taxable income of such corporation received by and accruing to such corporation during the fiscal year commencing in 1996] and with no surtax during the fiscal year commencing in [1997] 1995 and each fiscal year thereafter. No penalty prescribed by subsection (e) of section 3003 shall be assessed against a corporation for the additional tax which may be due as a result of the increase in tax rate from nine and one-half per cent to ten and one-half per cent imposed retroactively by this section for the calendar year 1977 or for the fiscal year commencing in 1977.

Section 10. The definition of "capital stock value" and clause (1) of the definition of "processing" in section 601(a) of the act, amended December 23, 1983 (P.L.360, No.89) and June 16, 1994 (P.L.279, No.48), are amended and the definition of "processing" in subsection (a) is amended by adding a clause to read:

Section 601. Definitions and Reports.—(a) The following words, terms and phrases when used in this Article VI shall have the meaning ascribed to them in this section, except where the context clearly indicates a different meaning:

\* \* \*

"Capital stock value." The amount computed pursuant to the following formula: the product of one-half times the sum of the average net income capitalized at the rate of nine and one-half per cent plus seventy-five per cent of net worth, from which product shall be subtracted [seventy-five thousand dollars (\$75,000)] *one hundred thousand dollars (\$100,000)*, the algebraic equivalent of which is

$$(.5 \times (\text{average net income} / .095 + (.75) (\text{net worth}))) - [\$75,000] \text{ } \$100,000$$

\* \* \*

"Processing." The following activities when engaged in as a business enterprise:

(1) The *filtering or heating of honey, the cooking or freezing of fruits, vegetables, mushrooms, fish, seafood, meats or poultry*, when the person engaged in such business packages such property in sealed containers for wholesale distribution.

*(1.1) The processing of vegetables by cleaning, cutting, coring or chopping and treating to preserve, sterilize or purify and substantially extend the useful shelf life of the vegetables, when the person engaged in such activity packages such property in sealed containers for wholesale distribution.*

\* \* \*

Section 11. Sections 901(3), 902 and 903 of the act, amended or added August 4, 1991 (P.L.97, No.22), are amended to read:

Section 901. Definitions.—The following terms, when used in this act, shall have the meaning ascribed to them in this section:

\* \* \*

**[(3) “Annuity consideration” means all sums received as consideration for annuity contracts by any insurance company, whether received in money or in the form of notes, credits or any other substitutes for money and whether collected in this Commonwealth or elsewhere. Annuity considerations shall not include:**

**(i) sums received in connection with the funding of a pension qualified or exempt under section 401, 403, 404, 408, 457 or 501 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401, 403, 404, 408, 457 or 501); or**

**(ii) sums received through or on behalf of the Bureau of Lottery of the Department of Revenue pursuant to the act of August 26, 1971 (P.L.351, No.91), known as the “State Lottery Law.”]**

Section 902. (a) Imposition of Tax.—Every insurance company, as herein defined, transacting business in the Commonwealth of Pennsylvania, shall pay to the department, a tax at the rate of two per cent of the gross premiums [and annuity considerations] received from business done within this Commonwealth during each calendar year, except that any insurance company which was not subject to this tax prior to 1971 shall be taxed at the rate of one per cent for the year 1971 and thereafter at the rate of two per cent.

(b) Disposition of Taxes.—The taxes paid by foreign fire insurance companies under this act shall continue to be distributed and used for firemen’s relief pension or retirement purposes, as provided by section two of the act, approved the twenty-eighth day of June, one thousand eight hundred ninety-five (Pamphlet Laws 408), as amended; and the taxes paid by foreign casualty insurance companies under this act shall continue to be distributed and used for police pension, retirement or disability purposes as provided by the act, approved the twelfth day of May, one thousand nine hundred forty-three (Pamphlet Laws 259), as amended.

(c) Other Taxes.—All other taxes received under this act shall be credited to the General Fund for general revenue purposes.

Section 903. Annual Report.—Every insurance company shall make a report to the department on a form prescribed by it on or before April 15 of each year, showing the gross premiums [and annuity considerations] received from business transacted in the Commonwealth during the year ending December 31 preceding. When making such report, the insurance company shall compute and pay to the Commonwealth the tax upon the gross premiums [and annuity considerations] received from business transacted within this Commonwealth during such preceding year.

Section 12. Section 1101(a) of the act, amended August 4, 1991 (P.L.97, No.22), is amended to read:

Section 1101. Imposition of Tax.—(a) General Rule.—Every [railroad company,] pipeline company, conduit company, steamboat company, canal

company, slack water navigation company, transportation company, and every other company, association, joint-stock association, or limited partnership, now or hereafter incorporated or organized by or under any law of this Commonwealth, or now or hereafter organized or incorporated by any other state or by the United States or any foreign government, and doing business in this Commonwealth, and every copartnership, person or persons owning, operating or leasing to or from another corporation, company, association, joint-stock association, limited partnership, copartnership, person or persons, any [railroad,] pipeline, conduit, steamboat, canal, slack water navigation, or other device for the transportation of freight, passengers, baggage, or oil, except taxicabs, motor buses [and], motor omnibuses *and railroads*, and every limited partnership, association, joint-stock association, corporation or company engaged in, or hereafter engaged in, the transportation of freight or oil within this State, and every telephone company, telegraph company, express company, gas company, palace car company and sleeping car company, now or hereafter incorporated or organized by or under any law of this Commonwealth, or now or hereafter organized or incorporated by any other state or by the United States or any foreign government and doing business in this Commonwealth, and every limited partnership, association, joint-stock association, copartnership, person or persons, engaged in telephone, telegraph, express, palace car or sleeping car business in this Commonwealth, shall pay to the State Treasurer, through the Department of Revenue, a tax of forty-five mills with a surtax equal to five mills upon each dollar of the gross receipts of the corporation, company or association, limited partnership, joint-stock association, copartnership, person or persons, received from passengers, baggage, and freight transported wholly within this State, from telegraph or telephone messages transmitted wholly within this State, from express, palace car or sleeping car business done wholly within this State, or from the sales of gas to the public from a public utility, except gross receipts derived from sales to any municipality owned or operated public utility and except gross receipts derived from the sales for resale, to persons, partnerships, associations, corporations or political subdivisions subject to the tax imposed by this act upon gross receipts derived from such resale and from the transportation of oil done wholly within this State. The gross receipts of gas companies shall include the gross receipts from the sale of artificial and natural gas, but shall not include gross receipts from the sale of liquefied petroleum gas.

\* \* \*

Section 13. Section 1101.2 of the act is repealed.

Section 14. Sections 1904-A(c) and 1905-A of the act, added June 16, 1994 (P.L.279, No.48), are amended to read:

Section 1904-A. Tax Credit.—\* \* \*

(c) The total amount of tax credit granted for programs approved under this act shall not exceed [fourteen million seven hundred fifty thousand dollars (\$14,750,000)] *sixteen million seven hundred fifty thousand dollars (\$16,750,000)* of tax credit in any fiscal year, subject to the following:

(1) two million dollars (\$2,000,000) of the total amount of tax credit shall be allocated for comprehensive service projects, but the Secretary of Community Affairs may reallocate any unused portion of the two million dollars (\$2,000,000) for any other program authorized by this act if insufficient applications are made for comprehensive service projects; and

(2) four million dollars (\$4,000,000) of the total amount of tax credit shall be set aside exclusively for private companies which make qualified investments to rehabilitate, expand or improve buildings or land which promote community economic development and which occur in portions of impoverished areas which have been designated as enterprise zones.

**Section 1905-A. Grant of Tax Credit.**—The Department of Revenue shall grant a tax credit against any tax due under Article IV, VI, VII, VII-A, VIII, VIII-A, IX, X or XV of this act, or any tax substituted in lieu thereof in an amount which shall not exceed fifty per cent of the total amount invested during the taxable year by the business firm or twenty per cent of qualified investments by a private company in programs approved pursuant to section 1904-A of this act: Provided, That a tax credit of up to seventy per cent of the total amount invested during the taxable year by a business firm or up to thirty per cent of the amount of qualified investments by a private company may be allowed for investment in programs where activities fall within the scope of special program priorities as defined with the approval of the Governor in regulations promulgated by the Secretary of the Department of Community Affairs. Regulations establishing special program priorities are to be promulgated during the first month of each fiscal year and at such times during the year as the public interest dictates. Such credit shall not exceed two hundred fifty thousand dollars (\$250,000) annually, except in the case of comprehensive service projects which shall be allowed an additional credit equal to seventy per cent of the qualifying investments made in comprehensive service projects; however, such additional credit shall not exceed one hundred seventy-five thousand dollars (\$175,000) annually. No tax credit shall be granted to any bank, bank and trust company, insurance company, trust company, national bank, savings association, mutual savings bank or building and loan association for activities that are a part of its normal course of business. Any tax credit not used in the period the investment was made may be carried over for the next five succeeding calendar or fiscal years until the full credit has been allowed. The total amount of all tax credits allowed pursuant to this act shall not exceed **[fourteen million seven hundred fifty thousand dollars (\$14,750,000)] sixteen million seven hundred fifty thousand dollars (\$16,750,000)** in any one fiscal year.

Section 15. Section 2010(e) of the act, added December 22, 1989 (P.L.775, No.110), is amended to read:

**Section 2010. Limited Tax Credits.**—\* \* \*

(e) Upon receipt from a taxpayer of a certificate from the secretary issued under subsection (c), the Secretary of Revenue shall grant a tax credit or credits in the amount certified against any tax then due or thereafter

becoming due from the taxpayer under this article. No credit shall be allowed against any tax due for any taxable period ending after December 31, [1994] 1998.

Section 16. Section 2107(d) of the act, added June 16, 1994 (P.L.279, No.48), is reenacted to read:

Section 2107. Transfers Subject to Tax.—\* \* \*

(d) All succeeding interests which follow the interest of a surviving spouse in a trust or similar arrangement, to the extent specified in section 2113, are transfers subject to tax as if the surviving spouse were the transferor.

Section 17. Sections 2108(b) and 2111(k) and (m) of the act, amended June 16, 1994 (P.L.279, No.48), are amended to read:

Section 2108. Joint Tenancy.—\* \* \*

(b) [This] *Except as provided in subsection (c), this* section shall not apply to property [and] *or* interests in property passing by right of survivorship to the survivor of husband and wife.

\* \* \*

Section 2111. Transfers Not Subject to Tax.—\* \* \*

(k) Property subject to a power of appointment, whether or not the power is exercised, and notwithstanding any blending of such property with the property of the donee, is exempt from inheritance tax in the estate of the donee of the power of appointment[, **except as provided in section 2113**].

\* \* \*

(m) [Transfers of property to or for the use of a husband or wife of the decedent are exempt from inheritance tax.] Property owned by husband and wife with right of survivorship is exempt from inheritance tax. *If the ownership was created within the meaning of section 2107(c)(3), the entire interest transferred shall be subject to tax under section 2107(c)(3) as though a part of the estate of the spouse who created the co-ownership.*

\* \* \*

Section 18. Section 2112(d) and (g) of the act, added August 4, 1991 (P.L.97, No.22) and June 16, 1994 (P.L.279, No.48), are amended to read:

Section 2112. Exemption for Poverty.—\* \* \*

(d) Notwithstanding any other provision of this article, transfers of property to or for the use of any eligible transferee who meets the standards of eligibility established by this section as the test for poverty shall be deemed a separate class [of] subject [of] *to* taxation and, as such, shall be entitled to the benefit of the following exemptions from taxation on transfers of property as a credit against the tax imposed by this article:

(1) For decedents dying on or after January 1, 1992, and before January 1, 1993, the lesser of:

(i) Two per cent of the taxable value of the property of the decedent transferred to or for the use of the transferee.

(ii) Two per cent of one hundred thousand dollars (\$100,000) of the taxable value of the property of the decedent transferred to or for the use of the transferee.

(2) For decedents dying on or after January 1, 1993, and before January 1, 1994, the lesser of:

(i) Four per cent of the taxable value of the property of the decedent transferred to or for the use of the transferee.

(ii) Four per cent of one hundred thousand dollars (\$100,000) of the taxable value of the property of the decedent transferred to or for the use of the transferee.

(3) For decedents dying on or after January 1, 1994, *and before January 1, 1995*, the lesser of:

(i) Six per cent of the taxable value of the property of the decedent transferred to or for the use of the transferee.

(ii) Six per cent of one hundred thousand dollars (\$100,000) of the taxable value of the property of the decedent transferred to or for the use of the transferee.

\* \* \*

(g) This section shall not apply to the estates of decedents dying on or after [January 1, 1998] *January 1, 1995*.

Section 19. Sections 2113 and 2116(a)(1.1) of the act, amended or added June 16, 1994 (P.L.279, No.48), are amended to read:

Section 2113. Trusts and Similar Arrangements for Spouses.—[In the case of a transfer of property for the sole use of the transferor's surviving spouse during the surviving spouse's lifetime, all succeeding interests which follow the interest of the surviving spouse shall not be subject to tax as transfers by the transferor, but rather shall be deemed to be transfers subject to tax by the surviving spouse of the property held in the trust or similar arrangement at the death of the surviving spouse. The succeeding interests shall be valued at the death of the surviving spouse and taxed at the tax rates applicable to dispositions by the surviving spouse. Any exemption from tax based upon the kind or location of property shall be based upon the kind or location of property held in the trust or similar arrangement at the surviving spouse's death.]

*(a) In the case of a transfer of property for the sole use of the transferor's surviving spouse during the surviving spouse's entire lifetime, all succeeding interests which follow the interest of the surviving spouse shall not be subject to tax as transfers by the transferor if the transfer was made by a decedent dying on or after January 1, 1995, provided that the transferor's personal representative may elect, on a timely filed inheritance tax return, to have this section not apply to a trust or similar arrangement or portion of a trust or similar arrangement.*

*(b) Succeeding interests not subject to tax as transfers by the transferor by reason of subsection (a) shall be deemed to be transfers subject to tax by the surviving spouse of the property held in the trust or similar arrangement at the death of the surviving spouse. The tax on that property shall be based upon its value at the death of the surviving spouse, the tax rates applicable to dispositions by the surviving spouse or by the transferor, whichever are lower, and any exemptions relating to the kind or location*

*of property held in the trust or similar arrangement at the surviving spouse's death.*

*(c) Subsection (b) shall apply even if the succeeding interests not subject to tax as transfers by the transferor by reason of subsection (a) were also not subject to tax by reason of an exemption based upon the kind or location of property at the transferor's death.*

*(d) This section shall not apply to inter vivos transfers otherwise exempt from inheritance tax.*

Section 2116. Inheritance Tax.—(a)\* \* \*

(1.1) Inheritance tax upon the transfer of property passing to or for the use of a husband or wife shall be:

(i) At the rate of three per cent for estates of decedents dying on or after July 1, 1994, and before [January 1, 1996.

(ii) At the rate of two per cent for estates of decedents dying on or after January 1, 1996, and before January 1, 1997.

(iii) At the rate of one per cent for estates of decedents dying on or after January 1, 1997, and before January 1, 1998.] *January 1, 1995.*

*(ii) At a rate of zero per cent for estates of decedents dying on or after January 1, 1995.*

\* \* \*

Section 20. Section 2130 of the act, amended or added August 4, 1991 (P.L.97, No.22) and June 16, 1994 (P.L.279, No.48), is reenacted and amended to read:

Section 2130. Deductions Not Allowed.—The following are not deductible:

**(1) The value of assets claimed for the spouse's allowance under 20 Pa.C.S. § 2102 (relating to share of surviving spouse).]**

(2) Claims of a former spouse, or others, under an agreement between the former spouse and the decedent, insofar as they arise in consideration of a relinquishment or promised relinquishment of marital or support rights.

(3) Litigation expenses of beneficiaries.

(4) Indebtedness secured by real property or tangible personal property, all of which has its situs outside of this Commonwealth, except to the extent the indebtedness exceeds the value of the property.

Section 21. Section 2144(e.1) of the act, added June 16, 1994 (P.L.279, No.48), is reenacted and amended to read:

Section 2144. Source of Payment.—\* \* \*

(e.1) In the absence of a contrary intent appearing in the *will or other instrument of transfer* creating the trust or similar arrangement, and in the absence of a contrary [direction by the surviving spouse] *intent appearing in the will or other instrument of transfer of the surviving spouse which expressly refers to the trust or similar arrangement*, the inheritance tax, including interest, due at the death of a surviving spouse with respect to a trust or similar arrangement to which section 2113(b) is applicable shall be paid out of the *residue of the principal of the trust or similar arrangement[.] and charged as a general administration expense of the trust or similar*



*arrangement.* The payment shall be made by the trustee or other fiduciary in possession of the property and, if not so paid, shall be made by the transferee of [such principal.] *the residue of the trust or similar arrangement.*

\* \* \*

Section 22. The act is amended by adding an article to read:

**ARTICLE XXIX-A  
TAX AMNESTY PROGRAM**

*Section 2901-A. Definitions.—The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:*

*“Amnesty period.” The time period of ninety consecutive days established by the Governor during the fiscal year beginning July 1, 1995, and ending June 30, 1996.*

*“Department.” The Department of Revenue of the Commonwealth.*

*“Eligible tax.” Any tax imposed by the Commonwealth for deposit in the General Fund or the Motor License Fund or the Liquid Fuels Tax Fund for taxes delinquent as of December 31, 1993. The term includes any interest or penalty on an eligible tax. The term excludes any tax imposed by a political subdivision.*

*“Program.” The tax amnesty program as provided for in this article.*

*“Taxpayer.” Any person, association, fiduciary, partnership, corporation or other entity required to pay or collect any of the eligible taxes. The term shall not include a taxpayer who, prior to the amnesty period has received notice that he is the subject of a criminal investigation for an alleged violation of any law imposing an eligible tax or who, prior to the amnesty period, has been named as a defendant in a criminal complaint alleging a violation of any law imposing an eligible tax or is a defendant in a pending criminal action for an alleged violation of any law imposing an eligible tax.*

*Section 2902-A. Establishment of Amnesty Program.—(a) There is hereby established a tax amnesty program which shall be administered by the department.*

*(b) The program shall apply to a taxpayer who is delinquent on payment of a liability for an eligible tax as of June 1, 1995, including a liability for returns not filed, liabilities according to records of the department as of June 1, 1995, liabilities not reported, underreported or not established, but delinquent as of June 1, 1995.*

*Section 2903-A. Required Payment.—(a) Subject to section 2904-A, all taxpayers who participate in the program shall comply with all of the following:*

*(1) During the amnesty period, file a tax amnesty return in such form and containing such information as the department shall require. A tax amnesty return shall be considered to be timely filed if it is postmarked during the amnesty period.*

(2) *During the amnesty period, make payment of all taxes and interest due the Commonwealth in accordance with the tax amnesty return that is filed.*

(3) *File complete tax returns for all years for which the taxpayer previously has not filed a tax return and file complete amended returns for all years for which the taxpayer underreported eligible tax liability.*

(b) *The department shall not collect the penalties owed by a taxpayer who participates in the program under subsection (a). The department shall not pursue an administrative or judicial proceeding against a taxpayer with respect to any eligible tax that is disclosed on a tax amnesty return.*

**Section 2904-A. Amnesty Contingent on Continued Compliance.**—*Notwithstanding any other provision of this article, the department may assess and collect from a taxpayer all penalties foregone through the tax amnesty program established in this article if, within two years after the end of the amnesty program, either of the following occurs:*

(1) *the taxpayer granted amnesty under this article becomes delinquent for three consecutive periods in payment of taxes due or filing of returns required on a semimonthly, monthly, quarterly or other basis and the taxpayer has not contested the tax liability through a timely valid administrative or judicial appeal; or*

(2) *the taxpayer granted amnesty under this article becomes delinquent and is eight or more months late in payment of taxes due or filing of returns on an annual basis and the taxpayer has not contested the liability through a timely valid administrative or judicial appeal.*

**Section 2905-A. Limitation of Deficiency Assessment.**—*If, subsequent to the amnesty period, the department issues a deficiency assessment with respect to a tax amnesty return, the department shall have the authority to impose penalties and to pursue a criminal action only with respect to the difference between the amount shown on that tax amnesty return and the current amount of tax.*

**Section 2906-A. Overpayment of Tax.**—*Notwithstanding any other provisions of this or any other act, if an overpayment of eligible tax is refunded or credited within one hundred eighty days after the tax amnesty return is filed, no interest shall be allowed on the overpayment.*

**Section 2907-A. Previously Paid Interest and Penalties.**—*No refund or credit shall be allowed for any interest or penalty on eligible taxes paid to the department prior to the amnesty period.*

**Section 2908-A. Proceedings Relating to Tax Amnesty Return Barred.**—*Participation in the program is conditioned upon the taxpayer's agreement that the right to protest or pursue an administrative or judicial proceeding with regard to tax amnesty returns filed under the program or to claim any refund of money paid under the program is barred.*

**Section 2909-A. Undisclosed Liabilities.**—*Nothing in this article shall be construed to prohibit the department from instituting civil or criminal proceedings against any taxpayer with respect to any amount of tax that is not disclosed on the tax amnesty return.*

**Section 2910-A. Duties of Department.**—(a) *The department shall develop regulations to implement the provisions of this article. The regulations must be published in the Pennsylvania Bulletin within ninety days of the effective date of this article and shall contain, but not be limited to, the following information:*

(1) *An explanation of the program and the requirements for eligibility for the program.*

(2) *The dates during which a tax amnesty return may be filed.*

(3) *A specimen copy of the tax amnesty return.*

(b) *The department shall publicize the program to maximize public awareness of and participation in the program. The department shall coordinate to the highest degree possible its publicity efforts and other actions taken to implement this article.*

(c) **Report.**—*The department shall issue a report to the General Assembly within one hundred eighty days after the end of the amnesty period detailing the implementation of the program. The report shall contain, but not be limited to, the following information:*

(1) *A detailed breakdown of the department's administrative costs in implementing the program.*

(2) *The number of tax amnesty returns filed and a breakdown of the number and dollar amount of revenue raised for each tax by calendar year during which the tax period ended. In addition, the gross revenues shall be broken down into the following categories:*

(i) *Amounts represented by assessments receivable established by the department on or before the first day of the amnesty period.*

(ii) *All other amounts.*

(3) *The total dollar amount of revenue collected by the program.*

(4) *The total dollar amount of penalties forgiven under the program.*

(5) *The demographic characteristics of tax amnesty participants, including standard industrial codes of participants, type of taxpayer (individual, partnership, corporation or other entity), size of tax liability and geographical location.*

(d) *The department shall notify in writing all known tax delinquents at their last known address of the existence of the tax amnesty program. The sole purpose of the letter sent by the department to taxpayers must be notification of the program.*

**Section 2911-A. Method of Payment.**—*All tax payments under the program shall be made by certified check, money order, cash or its equivalent.*

**Section 2912-A. Exemption from Review Process.**—*Notwithstanding any law to the contrary, the regulations issued by the department for the program shall be exempt from the regulatory review process provided in the act of June 25, 1982 (P.L.633, No.181), known as the "Regulatory Review Act."*

**Section 2913-A. Use of Revenue.**—All revenue generated by this article shall be deposited into a restricted revenue account in the General Fund. Revenue from the restricted revenue account shall be distributed as follows:

(1) Repayment of any cost for administration of the program to the department.

(2) An amount not exceeding sixty-seven million dollars (\$67,000,000) from General Fund sources shall be deposited into the General Fund. If delinquent tax collections in the General Fund for fiscal year 1995-1996 fall below the level of the previous year, an additional amount equal to the difference shall be deposited into the General Fund.

(3) All revenue from Motor License Fund sources shall be deposited in the Motor License Fund no later than June 30, 1996.

(4) All revenue from Liquid Fuels Tax Fund sources shall be deposited in the Liquid Fuels Tax Fund no later than June 30, 1996.

**Section 2914-A. Penalties for Certain Corporate Officers.**—If an officer or officers of a corporation or association intentionally neglect or refuse to make reports to the Auditor General, or to the department, or successively to the Auditor General and to the department, as required by law, for any two successive tax years, the officer or officers commit a misdemeanor and shall, upon conviction, be sentenced to pay a fine of not less than two thousand five hundred dollars (\$2,500) nor more than five thousand dollars (\$5,000). This fine shall be in addition to any fine or prison sentence under section 1704 of the act of April 9, 1929 (P.L.343, No.176), known as "The Fiscal Code."

**Section 2915-A. Further Examination of Books and Records.**—(a) The department or any of its authorized agents is hereby authorized to examine the books, papers and records of any taxpayer or other persons in order to verify the accuracy and completeness of any return or report made or, if no return or report was made, to ascertain and assess any tax or other liability owed the Commonwealth.

(b) The department may determine, by desk, field or other audit, the amount of tax or other liability required to be paid to the Commonwealth. The department may determine the liability based upon the facts contained in the return or report being audited or other information in the department's possession. The department may determine the liability based upon a reasonable statistical sample or test audit performed in accordance with the regulations of the department when the individual being audited does not have complete records of transactions or when the review of each transaction or invoice would place an undue burden on the department to conduct an audit in a timely and efficient manner.

(c) The taxpayer may challenge the accuracy of a statistical sample or test audit by providing clear and convincing evidence that the method used for a statistical sample or test audit is erroneous, lacks a rational basis or produces a different result when the complete records are considered.

**Section 2916-A. Additional Penalty.**—(a) Subject to the limitations provided under subsection (b), a penalty of fifteen per cent of the unpaid

*tax liability and penalties and interest shall be levied against a taxpayer subject to an eligible tax if the taxpayer had failed to remit an eligible tax due or had an unreported or underreported liability for an eligible tax on or after the first day following the end of the amnesty period.*

*(b) The penalty provided in this section shall not apply to a taxpayer who:*

*(1) has paid the liability in full or entered into a duly approved and executed deferred payment plan on or before the last day of the amnesty period; or*

*(2) has filed a timely and valid administrative or judicial appeal contesting the liability on or before the last day of the amnesty period.*

*(c) The penalty provided by this section shall be in addition to all other penalties provided by law.*

*Section 2917-A. Application of Penalty and Powers.—Sections 2914-A and 2915-A of this article shall apply to all taxes collected by the department.*

*Section 2918-A. Construction.—Except as expressly provided in this article, this article shall not:*

*(1) be construed to relieve any person, corporation or other entity from the filing of returns or from any taxes, penalties or interest imposed by the provisions of any laws;*

*(2) affect or terminate any petitions, investigations, prosecutions, legal or otherwise, or other proceedings pending under the provisions of any such laws; or*

*(3) prevent the commencement or further prosecution of any proceedings by the proper authorities of the Commonwealth for violation of any such laws or for the assessment, settlement, collection or recovery of taxes, penalties or interest due to the Commonwealth under any such laws.*

*Section 2919-A. Suspension of Inconsistent Acts.—All acts or parts of acts inconsistent with the provisions of this article are suspended to the extent necessary to carry out the provisions of this article.*

Section 23. The act is amended by adding a section to read:

*Section 3003.10. Commercial Printers.—For purposes of defining the phrases “doing business in this Commonwealth,” “carrying on activities in this Commonwealth,” “having capital or property employed or used in this Commonwealth” or “owning property in this Commonwealth” in section 401 of Article IV and substantially similar phrases in section 601 of Article VI, the following activities shall be excluded:*

*(1) Owning or leasing of tangible or intangible property by a person who has contracted with an unaffiliated commercial printer for printing, provided that:*

*(i) the property is for use by the commercial printer; and*

*(ii) the property is located at the Pennsylvania premises of the commercial printer.*

*(2) Visits by a person's employes or agents to the premises in this Commonwealth of an unaffiliated commercial printer with whom the person has contracted for printing in connection with said contract.*

*(3) Owning of printed matter and other items packaged therewith by a person who has contracted with an unaffiliated commercial printer for printing on the premises of such unaffiliated commercial printer prior to delivery of the property regardless of to whom or by whom the printed matter is delivered or mailed.*

Section 24. The following acts and parts of acts are repealed to the extent specified:

Section 43(4)(ii) of the act of June 16, 1994 (P.L.279, No.48), entitled "An act amending the act of March 4, 1971 (P.L.6, No.2), entitled 'An act relating to tax reform and State taxation by codifying and enumerating certain subjects of taxation and imposing taxes thereon; providing procedures for the payment, collection, administration and enforcement thereof; providing for tax credits in certain cases; conferring powers and imposing duties upon the Department of Revenue, certain employers, fiduciaries, individuals, persons, corporations and other entities; prescribing crimes, offenses and penalties,' further defining 'manufacture' for sales tax purposes; excluding magazine subscriptions and certain office building cleaning services from sales and use tax; providing specific situs provisions for local sales tax collection; further providing for special tax provisions for poverty and for Pennsylvania S corporations; requiring all employers to withhold wage taxes levied by cities of the first class; further providing for the taxation of business trusts, for loss carryforward and for the rate of corporate net income tax; repealing corporate net income tax revenue allocations to the Industrial Development Fund; further defining 'capital stock value' for capital stock and franchise tax purposes; further providing for the bank shares tax, for the alternative bank shares tax and for the tax on title insurance companies; providing for the disclosure of certain gross receipts taxes; excluding transfers to family farm partnerships; providing for the imposition of a tax on the gross receipts of vehicle rental companies renting private passenger motor vehicles and for the collection and disposition of the tax revenues; providing a tax credit to certain business firms who contribute to neighborhood organizations and whose activities tend to upgrade impoverished areas; further providing for malt beverage limited tax credit; exempting spousal transfers from inheritance taxation; providing for the taxation of certain spousal trusts; providing for a transportation assistance fund; imposing additional powers and duties on the Department of Revenue; and making repeals," insofar as it limits the amendment or addition of Article XXI from applying to the estates of decedents dying on or after January 1, 1995.

Section 25. Tentative tax payments required under section 3003 of the act on or after the effective date of the repeal of section 901(3) and the amendments of sections 902 and 903 shall be computed by applying the current tax rate to 90% of the tax base, excluding annuity business for the full immediate prior year.

Section 26. This act shall apply as follows:

(1) The amendment of section 301(d) of the act shall apply to the tax year beginning January 1, 1995, and to each tax year thereafter.

(2) The amendment or addition of sections 401(3)2(a)(9) and 4 and 402, the definition of "capital stock value," the amendment of clause (1) and the addition of clause (1.1) in the definition of "processing" in section 601(a) and the amendment or addition of section 1101(a) and section 3003.10 shall apply to the tax year beginning January 1, 1995, and to each tax year thereafter.

(3) The repeal of section 1101.2 of the act shall apply to the tax year beginning January 1, 1995, and to each tax year thereafter.

(4) The amendment or reenactment of sections 2107(d), 2108(b), 2111(k) and (m), 2112(d) and (g), 2113, 2116(a)(1.1), 2130 and 2144(e.1) of the act shall apply to the estates of decedents dying on or after January 1, 1995, and to inter vivos transfers made by decedents dying on or after January 1, 1995, without regard to the date of the transfer.

(5) The amendment of sections 333, 901(3), 902 and 903 shall apply to the tax year beginning January 1, 1996, and to each tax year thereafter.

Section 27. This act shall be retroactive as follows:

(1) The addition of section 204(52) of the act shall be retroactive to August 4, 1991.

(2) The amendment of section 2010(e) of the act shall be retroactive to December 31, 1994.

Section 28. This act shall take effect as follows:

(1) The amendment or addition of sections 201(b)(4), (d)(1) and (1.1), (i), (m) and (ll), 202(c), 204(5), 1904-A(c) and 1905-A shall take effect July 1, 1995, or immediately, whichever is later.

(2) The addition of sections 2914-A, 2915-A and 2917-A of the act shall take effect July 1, 1996.

(3) The remainder of this act shall take effect immediately.

APPROVED—The 30th day of June, A.D. 1995.

THOMAS J. RIDGE