

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL**No. 440** Session of
2013

INTRODUCED BY REED, BAKER, BLOOM, KOTIK, NEUMAN, LUCAS, SAYLOR, AUMENT, MILLARD, MICOZZIE, TALLMAN, PICKETT, SCHLEGEL CULVER, STEPHENS, MUSTIO, DAVIS, O'NEILL, VEREB, CUTLER, FLECK, DUNBAR, C. HARRIS, MACKENZIE, KNOWLES, SIMMONS, OBERLANDER, CLYMER, SWANGER, HAHN, HESS, PETRI, HENNESSEY, MASSER, MAJOR, HEFFLEY, HICKERNELL, BENNINGHOFF, ROCK, GROVE, ROSS, GINGRICH, WATSON, MARSICO, EVERETT, S. H. SMITH, MOUL, GILLEN, REESE, QUINN, SABATINA, MURT AND EVANKOVICH, FEBRUARY 4, 2013

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, APRIL 24, 2013

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," in sales tax, further providing for definitions,
11 for credit against tax and for local receivers of use tax; in
12 personal income tax, further providing for definitions, for
13 classes of income and for taxability of partners; providing
14 for tax treatment determined at partnership level and for tax
15 imposed at partnership level; further providing for income of
16 a Pennsylvania S corporation, for income taxes imposed by
17 other states, for general rule, for return of Pennsylvania S
18 corporation and for requirements concerning returns, notices,
19 records and statements; in corporate net income tax, further
20 providing for definitions, for imposition of tax and for
21 reports and payment of tax; and, in realty transfer tax,
22 further providing for definitions, for imposition and for
23 acquired company; further providing for coal waste removal
24 and ultraclean fuels tax credit; and, in inheritance tax,
25 further providing for exemption for poverty.

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

3 Section 1. Sections 201(ddd) and 206 of the act of March 4,
4 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971,
5 amended or added December 23, 2003 (P.L.250, No.46), are amended
6 to read:

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

11 * * *

12 [(ddd) "Call center." The physical location in this
13 Commonwealth:

14 (1) where at least one hundred and fifty employes are
15 employed to initiate or answer telephone calls;

16 (2) where there are at least two hundred telephone lines;
17 and

18 (3) which utilizes an automated call distribution system for
19 customer telephone calls in one or more of the following
20 activities:

21 (A) customer service and support;

22 (B) technical assistance;

23 (C) help desk service;

24 (D) providing information;

25 (E) conducting surveys;

26 (F) revenue collections; or

27 (G) receiving orders or reservations.

28 For purposes of this clause, a physical location may include
29 multiple buildings utilized by a taxpayer located within this
30 Commonwealth.]

1 Section 206. Credit Against Tax.--(a) A credit against the
2 tax imposed by section 202 shall be granted with respect to
3 tangible personal property or services purchased for use outside
4 the Commonwealth equal to the tax paid to another state by
5 reason of the imposition by such other state of a tax similar to
6 the tax imposed by this article: Provided, however, That no such
7 credit shall be granted unless such other state grants
8 substantially similar tax relief by reason of the payment of tax
9 under this article or under the Tax Act of 1963 for Education.

10 [(b) A credit against the tax imposed by section 202 on
11 telecommunications services shall be granted to a call center
12 for gross receipts tax paid by a telephone company on the
13 receipts derived from the sale of incoming and outgoing
14 interstate telecommunications services to the call center under
15 section 1101(a)(2). The following apply:

16 (1) A telephone company, upon request, shall notify a call
17 center of the amount of gross receipts tax paid by the telephone
18 company on the receipts derived from the sale of incoming and
19 outgoing interstate telecommunications services to the call
20 center.

21 (2) A call center that is eligible for the credit in this
22 subsection may apply for a tax credit as set forth in this
23 subsection.

24 (3) By February 15, a taxpayer must submit an application to
25 the department for gross receipts tax paid on the receipts
26 derived from the sale of incoming and outgoing interstate
27 telecommunications services incurred in the prior calendar year.

28 (4) By April 15 of the calendar year following the close of
29 the calendar year during which the gross receipts tax was
30 incurred, the department shall notify the applicant of the

1 amount of the applicant's tax credit approved by the department.

2 (5) The total amount of tax credits provided for in this
3 subsection and approved by the department shall not exceed
4 thirty million dollars (\$30,000,000) in any fiscal year. If the
5 total amount of tax credits applied for by all applicants
6 exceeds the amount allocated for those credits, then the credit
7 to be received by each applicant shall be determined as follows:

8 (i) Divide:

9 (A) the tax credit applied for by the applicant; by

10 (B) the total of all tax credits applied for by all
11 applicants.

12 (ii) Multiply:

13 (A) the quotient under subparagraph (i); by

14 (B) the amount allocated for all tax credits.]

15 Section 1.1. Section 226 of the act is repealed:

16 [Section 226. Local Receivers of Use Tax.--Beginning on and
17 after the effective date of this article, in every county,
18 except in counties of the first class, the county treasurer is
19 hereby authorized to receive use tax due and payable under the
20 provisions of this article from any person other than a
21 licensee. The receiving of such taxes shall be pursuant to rules
22 and regulations promulgated by the department and upon forms
23 furnished by the department. Each county treasurer shall remit
24 to the department all use taxes received under the authority of
25 this section minus the costs of administering this provision not
26 to exceed one per cent of the amount of use taxes received,
27 which amount shall be retained in lieu of any commission
28 otherwise allowable by law for the collection of such tax.]

29 ~~Section 2. Section 301(n.1), (o.3) and (t) of the act,~~
30 ~~amended or added August 31, 1971 (P.L.362, No.93) and July 6,~~

<--

1 ~~2006 (P.L.319, No.67), are amended and the section is amended by~~
2 ~~adding subsections to read:~~

3 SECTION 2. SECTION 301(T) OF THE ACT, ADDED AUGUST 31, 1971 <--
4 (P.L.362, NO.93), IS AMENDED AND THE SECTION IS AMENDED BY
5 ADDING SUBSECTIONS TO READ:

6 Section 301. Definitions.--Any reference in this article to
7 the Internal Revenue Code of 1986 shall mean the Internal
8 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.),
9 as amended to January 1, 1997, unless the reference contains the
10 phrase "as amended" and refers to no other date, in which case
11 the reference shall be to the Internal Revenue Code of 1986 as
12 it exists as of the time of application of this article. The
13 following words, terms and phrases when used in this article
14 shall have the meaning ascribed to them in this section except
15 where the context clearly indicates a different meaning:

16 * * *

17 (d.2) "Corporate item" means an item, including income, gain
18 or loss, deduction or credit determined at the Pennsylvania S
19 corporation level, which is required to be taken into account
20 for a Pennsylvania S corporation's taxable year.

21 * * *

22 (n.2) "Partnership item" means an item, including income,
23 gain or loss, deduction or credit determined at the partnership
24 level, which is required to be taken into account for a
25 partnership's taxable year.

26 ~~[(n.1)] (n.3) "Pennsylvania S corporation" means any small <--~~
27 ~~corporation as defined in section 301(s.2) which does not have a~~
28 ~~valid election under section 307 in effect. A qualified~~
29 ~~Subchapter S subsidiary owned by a Pennsylvania S corporation~~
30 ~~shall be treated as a Pennsylvania S corporation without regard~~

1 ~~to whether an election under section 307 has been made with~~
2 ~~respect to the subsidiary.~~

3 * * *

4 ~~(o.3)~~ (O.4) "Publicly traded partnership" means an entity <--
5 defined under section 7704 of the Internal Revenue Code of 1986
6 (Public Law 99-514, 26 U.S.C. § 7704) with equity securities
7 registered with the Securities and Exchange Commission under
8 section 12 of the Securities Exchange Act of 1934 (48 Stat. 881,
9 15 U.S.C. § 78a).

10 ~~[(o.3)] (o.4) "Qualified Subchapter S subsidiary" means a <--~~
11 ~~domestic or foreign corporation which for Federal income tax~~
12 ~~purposes is treated as a qualified Subchapter S subsidiary, as~~
13 ~~defined in section 1361(b)(3)(B) of the Internal Revenue Code of~~
14 ~~1986 (Public Law 99-514, 26 U.S.C. § 1361), as amended to~~
15 ~~January 1, 2005.~~

16 * * *

17 (t) "State" means, except as provided under section 314(a),
18 any state or commonwealth of the United States, the District of
19 Columbia, the Commonwealth of Puerto Rico, any territory or
20 possession of the United States and any foreign country.

21 * * *

22 Section 2.1. Section 303(a)(2) of the act, added August 31,
23 1971 (P.L.362, No.93), is amended and subsection (a)(3) is
24 amended by adding a subparagraph to read:

25 Section 303. Classes of Income.--(a) The classes of income
26 referred to above are as follows:

27 * * *

28 (2) Net profits. The net income from the operation of a
29 business, profession, or other activity, after provision for all
30 costs and expenses incurred in the conduct thereof, determined

1 either on a cash or accrual basis in accordance with accepted
2 accounting principles and practices but without deduction of
3 taxes based on income. For purposes of calculating net income
4 under this paragraph, to the extent a taxpayer properly deducts
5 an amount under section 195(b)(1)(A) of the Internal Revenue
6 Code of 1986 (26 U.S.C. § 195(b)(1)(A)), as amended, and the
7 regulations promulgated under section 195(b)(1)(A) of the
8 Internal Revenue Code of 1986, the taxpayer shall be permitted a
9 deduction in equal amount in the same taxable year.

10 (3) Net gains or income from disposition of property. Net
11 gains or net income, less net losses, derived from the sale,
12 exchange or other disposition of property, including real
13 property, tangible personal property, intangible personal
14 property or obligations issued on or after the effective date of
15 this amendatory act by the Commonwealth; any public authority,
16 commission, board or other agency created by the Commonwealth;
17 any political subdivision of the Commonwealth or any public
18 authority created by any such political subdivision; or by the
19 Federal Government as determined in accordance with accepted
20 accounting principles and practices. For the purpose of this
21 article:

22 * * *

23 (viii) The term "net gains or net income, less net losses"
24 shall not include gain or loss from the exchange of property
25 which is not recognized for Federal income tax purposes under
26 section 1031 of the Internal Revenue Code of 1986 (26 U.S.C. §
27 1031), as amended, and the regulations promulgated under section
28 1031 of the Internal Revenue Code of 1986. For purposes of
29 determining basis under subparagraph (i), section 1031(d) of the
30 Internal Revenue Code of 1986 (26 U.S.C. § 1031(d)), as amended,

1 and the regulations promulgated under section 1031 of the
2 Internal Revenue Code of 1986 shall apply.

3 * * *

4 Section 3. Section 306 of the act, amended June 22, 2001
5 (P.L.353, No.23), is amended to read:

6 Section 306. Taxability of Partners.--[A] Except as provided
7 under section 306.2, a partnership as an entity shall not be
8 subject to the tax imposed by this article, but the income or
9 gain of a member of a partnership in respect of said partnership
10 shall be subject to the tax and the tax shall be imposed on his
11 share, whether or not distributed, of the income or gain
12 received by the partnership for its taxable year ending within
13 or with the member's taxable year.

14 Section 4. The act is amended by adding sections to read:

15 Section 306.1. Tax Treatment Determined at Partnership
16 Level.--The classification or character of a partnership item
17 shall be determined at the partnership level. This section shall
18 not prohibit the department from adjusting a partner's return.

19 Section 306.2. Tax Imposed at Partnership Level.--(a) A
20 partnership underreporting reportable income by more than one
21 million dollars (\$1,000,000) shall be jointly liable with each
22 partner for any part of a deficiency resulting from the
23 treatment of a partnership item by a partner on that partner's
24 return in a manner that is consistent with the treatment of that
25 partnership item on the partnership return. If the tax is paid
26 by the partner, the department may not collect the tax from the
27 partnership. If the tax is paid by the partnership, the
28 department may not collect the tax from a partner.

29 (b) Subsection (a) shall apply to the following
30 partnerships:

1 (1) A partnership which has eleven or more individual
2 partners.

3 (2) A partnership which has at least one partner which is a
4 corporation, limited liability company, partnership or trust.

5 (3) A partnership which has only individual partners and
6 which elects to be subject to this subsection. The election must
7 be included on the partnership return to be filed with the
8 department.

9 (c) This section shall not apply to a publicly traded
10 partnership.

11 (d) Nothing under this section shall require one partner to
12 be liable for the payment of a tax liability of another partner.

13 (e) Appeals involving a deficiency assessed under this
14 section may only be pursued by the partnership and a
15 reassessment or settlement of tax liability shall be binding on
16 the partners.

17 Section 5. Section 307.8(a) of the act, amended May 7, 1997
18 (P.L.85, No.7), is amended and the section is amended by adding
19 a subsection to read:

20 Section 307.8. Income of a Pennsylvania S Corporation.--(a)
21 A Pennsylvania S corporation shall not be subject to the tax
22 imposed by this article, except as provided under subsection
23 (f), but the shareholders of the Pennsylvania S corporation
24 shall be subject to the tax imposed under this article as
25 provided in this article.

26 * * *

27 (f) (1) A Pennsylvania S corporation underreporting
28 reportable income by more than one million dollars (\$1,000,000)
29 shall be jointly liable with each shareholder for any part of a
30 deficiency resulting from the treatment of a corporate item by

1 any shareholder on the shareholder's return in a manner that is
2 consistent with the treatment of the corporate item on the
3 return of the Pennsylvania S corporation. If the tax is paid by
4 the shareholder, it may not be collected from the
5 corporation.

6 (2) Paragraph (1) shall apply to the following Pennsylvania
7 S corporations:

8 (i) A Pennsylvania S corporation which has eleven or more
9 shareholders.

10 (ii) A Pennsylvania S corporation which elects to be subject
11 to this subsection. The election must be included on the
12 Pennsylvania S corporation return to be filed with the
13 department.

14 (3) Nothing under this section shall require one shareholder
15 to be liable for the payment of a tax liability of another
16 shareholder.

17 (4) Appeals involving the deficiency assessed under this
18 section may be filed only by the Pennsylvania S corporation and
19 a reassessment or settlement of tax liability shall be binding
20 on the shareholders.

21 Section 6. Section 314(a) of the act, amended December 23,
22 1983 (P.L.370, No.90), is amended to read:

23 Section 314. Income Taxes Imposed by Other States.--(a) A
24 resident taxpayer before allowance of any credit under section
25 312 shall be allowed a credit against the tax otherwise due
26 under this article for the amount of any income tax, wage tax or
27 tax on or measured by gross or net earned or unearned income
28 imposed on him or on a Pennsylvania S corporation in which he is
29 a shareholder, to the extent of his pro rata share thereof
30 determined in accordance with section 307.9, by another state

1 with respect to income which is also subject to tax under this
2 article. For purposes of this subsection and notwithstanding
3 section 301(t), the term "state" shall only include a state of
4 the United States, the District of Columbia, the Commonwealth of
5 Puerto Rico and any territory or possession of the United
6 States.

7 * * *

8 Section 7. Section 324 of the act, amended June 22, 2001
9 (P.L.353, No.23), is amended to read:

10 Section 324. General Rule.--(a) When a partnership, estate,
11 trust or Pennsylvania S corporation receives income from sources
12 within this Commonwealth for any taxable year and any portion of
13 the income is allocable to a nonresident partner, beneficiary,
14 member or shareholder thereof, the partnership, estate, trust or
15 Pennsylvania S corporation shall pay a withholding tax under
16 this section at the time and in the manner prescribed by the
17 department; however, notwithstanding any other provision of this
18 article, all such withholding tax shall be paid over on or
19 before the fifteenth day of the fourth month following the end
20 of the taxable year.

21 (b) This section shall not apply to any publicly traded
22 partnership as defined under section 7704 of the Internal
23 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 7704) with
24 equity securities registered with the Securities and Exchange
25 Commission under section 12 of the Securities Exchange Act of
26 1934 (48 Stat. 881, 15 U.S.C. § 78a).

27 Section 8. Section 330.1 of the act, amended or added
28 December 23, 1983 (P.L.370, No.90) and July 13, 1987 (P.L.325,
29 No.59), is amended to read:

30 Section 330.1. Return of Pennsylvania S Corporation.--(a)

1 Every Pennsylvania S corporation shall make a return for each
2 taxable year, stating specifically all items of gross income and
3 deductions, the names and addresses of all persons owning stock
4 in the corporation at any time during the taxable year, the
5 number of shares of stock owned by each shareholder at all times
6 during the taxable year, the amount of money and other property
7 distributed by the corporation during the taxable year to each
8 shareholder, the date of each distribution, each shareholder's
9 pro rata share of each item of the corporation for the taxable
10 year and such other information as the department may require.

11 (b) The return shall be filed on or before thirty days after
12 the date when the corporation's Federal income tax return is
13 due.

14 (c) Every Pennsylvania S corporation shall also submit to
15 the department a true copy of the income tax return filed with
16 the Federal Government at the time the return required under
17 subsection (a) is filed.

18 (d) Each Pennsylvania S corporation required to file a
19 return under subsection (a) for a taxable year shall, on or
20 before the day on which the return for the taxable year was
21 filed, furnish to each person who is a shareholder at any time
22 during the taxable year a copy of one or both of the following
23 showing their share of income and any other information as may
24 be required by the department:

25 (1) The Resident Schedule of Shareholder/Partner/Beneficiary
26 Pass Through Income, Loss and Credits (Schedule RK-1) form.

27 (2) The Nonresident Schedule of
28 Shareholder/Partner/Beneficiary Pass Through Income, Loss and
29 Credits (Schedule NRK-1) form.

30 Section 9. Section 335 of the act, amended or added August

1 31, 1971 (P.L.362, No.93), December 23, 2003 (P.L.250, No.46)
2 and July 2, 2012 (P.L.751, No.85), is amended to read:

3 Section 335. Requirements Concerning Returns, Notices,
4 Records and Statements.--(a) The department may prescribe by
5 regulation for the keeping of records, the content and form of
6 returns, declarations, statements and other documents and the
7 filing of copies of Federal income tax returns and
8 determinations. The department may require any person, by
9 regulation or notice served upon such person, to make such
10 returns, render such statements, or keep such records, as the
11 department may deem sufficient to show whether or not such
12 person is liable for tax under this article.

13 (b) (1) When required by regulations prescribed by the
14 department:

15 (i) Any person required under the authority of this article
16 to make a return, declaration, statement, or other document
17 shall include in such return, declaration, statement or other
18 document such identifying number as may be prescribed for
19 securing proper identification of such person.

20 (ii) Any person with respect to whom a return, declaration,
21 statement, or other document is required under the authority of
22 this article to make a return, declaration, statement, or other
23 document with respect to another person, shall request from such
24 other person, and shall include in any such return, declaration,
25 statement, or other document, such identifying number as may be
26 prescribed for securing proper identification of such other
27 person.

28 (2) For purposes of this section, the department is
29 authorized to require such information as may be necessary to
30 assign an identifying number to any person.

1 (c) (1) Every partnership, estate or trust having a
2 resident partner or a resident beneficiary or every partnership,
3 estate or trust having any income derived from sources within
4 this Commonwealth shall make a return for the taxable year
5 setting forth all items of income, loss and deduction, and such
6 other pertinent information as the department may by regulations
7 prescribe. Such return shall be filed on or before the fifteenth
8 day of the fourth month following the close of each taxable
9 year. For purposes of this subsection, "taxable year" means year
10 or period which would be a taxable year of the partnership if it
11 were subject to tax under this article.

12 (2) Every partnership, estate or trust required to file a
13 return under paragraph (1) shall also file with the department a
14 true copy of the income tax return filed with the Federal
15 Government at the time the return required under paragraph (1)
16 is filed.

17 (3) Every partnership, estate or trust required to file a
18 return under paragraph (1) for any taxable year shall, on or
19 before the day the return is filed, furnish to each partner or
20 nominee for another person or to each beneficiary to whom the
21 income or gains of the estate or trust is taxable, a copy of one
22 or both of the following showing their share of income and any
23 other information as may be required by the department:

24 (i) The Resident Schedule of Shareholder/Partner/Beneficiary
25 Pass Through Income, Loss and Credits (Schedule RK-1) form.

26 (ii) The Nonresident Schedule of
27 Shareholder/Partner/Beneficiary Pass Through Income, Loss and
28 Credits (Schedule NRK-1) form.

29 (4) Failure to file a timely return as required under
30 paragraph (2) and failure to furnish a copy of the returns

1 required under paragraph (3) shall result in a penalty of fifty
2 dollars (\$50) for each individual return or individual copy
3 required.

4 (d) The department may prescribe regulations requiring
5 returns of information to be made and filed on or before
6 February 28 of each year as to the payment or crediting in any
7 calendar year of amounts of ten dollars (\$10) or more to any
8 taxpayer. Such returns may be required of any person, including
9 lessees or mortgagors of real or personal property, fiduciaries,
10 employers and all officers and employes of this Commonwealth, or
11 of any municipal corporation or political subdivision of this
12 Commonwealth having the control, receipt, custody, disposal or
13 payment of interest, rents, salaries, wages, premiums,
14 annuities, compensations, remunerations, emoluments or other
15 fixed or determinable gains, profits or income, except interest
16 coupons payable to bearer. A duplicate of the statement as to
17 tax withheld on compensation required to be furnished by an
18 employer to an employe, shall constitute the return of
19 information required to be made under this section with respect
20 to such compensation.

21 (e) Any person who is required to make a form W-2G return to
22 the Secretary of the Treasury of the United States in regard to
23 taxable gambling or lottery winnings from sources within this
24 Commonwealth shall file a copy of the form with the department
25 by March 1 of each year or, if filed electronically, by March 31
26 of each year.

27 (f) The following apply:

28 (1) Any person who:

29 (i) makes payments of income from sources within this
30 Commonwealth;

1 (ii) makes payments of nonemployee compensation or payments
2 under an oil and gas lease under subparagraph (i) to a resident
3 or nonresident individual, an entity treated as a partnership
4 for tax purposes or a single member limited liability company;
5 and

6 (iii) is required to make a form 1099-MISC return to the
7 Secretary of the Treasury of the United States with respect to
8 the payments shall file a copy of form 1099-MISC with the
9 department and send a copy of form 1099-MISC to the payee by the
10 Federal filing deadline each year.

11 (2) If the payor is required to perform electronic filing
12 for Pennsylvania employer withholding purposes, the form 1099-
13 MISC shall be filed electronically with the department.

14 (g) (1) Every estate, trust, Pennsylvania S Corporation or
15 partnership, other than a publicly traded partnership, shall
16 maintain at the end of the entity's taxable year an accurate
17 list of partners, members, beneficiaries or shareholders. The
18 list shall include the name, current address and tax
19 identification number of all existing partners, members,
20 beneficiaries or shareholders and of all partners, members,
21 beneficiaries or shareholders, who were admitted or who withdrew
22 during the taxable year, including the date of withdrawal and
23 admittance.

24 (2) If the entity under paragraph (1) does not maintain an
25 accurate list as required, the tax, penalty and interest with
26 respect to the entity shall be considered the tax, penalty and
27 interest of the partnership, estate, trust or Pennsylvania S
28 Corporation and of the general partner, tax matters partner,
29 corporate officer or trustee.

30 Section 10. Section 401(3)1 and 2(a)(17) of the act, amended

1 September 9, 1971 (P.L.437, No.105), are amended, clause (3)1 is
2 amended by adding a phrase, subclause 2(a) is amended by adding
3 a paragraph, paragraphs (3)4(c)(1)(A) and 2(B) are amended by
4 adding subparagraphs and the section is amended by adding
5 clauses to read:

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

10 * * *

11 (3) "Taxable income." 1. * * *

12 (t) (1) Except as provided in paragraph (2), (3) or (4) for
13 taxable years beginning after December 31, 2014, and in addition
14 to any authority the department has on the effective date of
15 this paragraph to deny a deduction related to a fraudulent or
16 sham transaction, no deduction shall be allowed for an
17 intangible expense or cost, or an interest expense or cost,
18 paid, accrued or incurred directly or indirectly in connection
19 with one or more transactions with an affiliated entity. In
20 calculating taxable income under this paragraph, when the
21 taxpayer is engaged in one or more transactions with an
22 affiliated entity that was subject to tax in this Commonwealth
23 or another state or possession of the United States on a tax
24 base that included the intangible expense or cost, or the
25 interest expense or cost, paid, accrued or incurred by the
26 taxpayer, the taxpayer shall receive a credit against tax due in
27 this Commonwealth in an amount equal to the apportionment factor
28 of the taxpayer in this Commonwealth multiplied by the greater
29 of the following:

30 (A) the tax liability of the affiliated entity with respect

1 to the portion of its income representing the intangible expense
2 or cost, or the interest expense or cost, paid, accrued or
3 incurred by the taxpayer; or

4 (B) the tax liability that would have been paid by the
5 affiliated entity under subparagraph (A) if that tax liability
6 had not been offset by a credit.

7 The credit issued under this paragraph shall not exceed the
8 taxpayer's liability in this Commonwealth attributable to the
9 net income taxed as a result of the adjustment required by this
10 paragraph.

11 (2) The adjustment required by paragraph (1) shall not apply
12 to a transaction that was directly related to a valid business
13 purpose.

14 (3) The adjustment required by paragraph (1) shall not apply
15 to a transaction between a taxpayer and an affiliated entity
16 domiciled in a foreign nation which has in force a comprehensive
17 income tax treaty with the United States providing for the
18 allocation of all categories of income subject to taxation, or
19 the withholding of tax, on royalties, licenses, fees and
20 interest for the prevention of double taxation of the respective
21 nations' residents and the sharing of information.

22 (4) The adjustment required by paragraph (1) shall not apply
23 to a transaction where an affiliated entity directly or
24 indirectly paid, accrued or incurred a payment to a person who
25 is not an affiliated entity, if the payment is paid, accrued or
26 incurred on the intangible expense or cost, or interest expense
27 or cost, and is equal to or less than the taxpayer's
28 proportional share of the transaction. The taxpayer's
29 proportional share shall be based on relative sales, assets,
30 liabilities or another reasonable method.

1 2. In case the entire business of any corporation, other
2 than a corporation engaged in doing business as a regulated
3 investment company as defined by the Internal Revenue Code of
4 1986, is not transacted within this Commonwealth, the tax
5 imposed by this article shall be based upon such portion of the
6 taxable income of such corporation for the fiscal or calendar
7 year, as defined in subclause 1 hereof, and may be determined as
8 follows:

9 (a) Division of Income.

10 * * *

11 (16.1) Sales, other than sales under paragraphs (16) and
12 (17), are in this State as follows:

13 (A) The sale, lease, rental or other use of real property,
14 if the real property is located in this State. If real property
15 is located both in and outside this State, the sale is in this
16 State based upon the percentage of total assessed value of the
17 real property located in this State.

18 (B) (I) The rental, lease or licensing of tangible personal
19 property, if the customer first obtained possession of the
20 tangible personal property in this State.

21 (II) If the tangible personal property is subsequently taken
22 out of this State, the taxpayer may use a reasonably determined
23 estimate of usage in this State to determine the extent of sale
24 in this State.

25 (C) (I) The sale of service, if the service is delivered to
26 a location in this State. If the service is delivered both to a
27 location in and outside this State, the sale is in this State
28 based upon the percentage of total value of the service
29 delivered to a location in this State.

30 (II) If the state or states of assignment under subparagraph

1 (I) cannot be determined for a customer who is an individual
2 that is not a sole proprietor, a service is deemed to be
3 delivered at the customer's billing address.

4 (III) If the state or states of assignment under
5 subparagraph (I) cannot be determined for a customer, except for
6 a customer under subparagraph (II), a service is deemed to be
7 delivered at the location from which the services were ordered
8 in the customer's regular course of operations. If the location
9 from which the services were ordered in the customer's regular
10 course of operations cannot be determined, a service is deemed
11 to be delivered at the customer's billing address.

12 (17) Sales, other than sales [of tangible personal property]
13 under paragraphs (16) and (16.1), are in this State if:

14 (A) The income-producing activity is performed in this
15 State; or

16 (B) The income-producing activity is performed both in and
17 outside this State and a greater proportion of the income-
18 producing activity is performed in this State than in any other
19 state, based on costs of performance.

20 * * *

21 4. * * *

22 (c) (1) The net loss deduction shall be the lesser of:

23 (A) * * *

24 (V) For taxable years beginning after December 31, 2013, the
25 greater of twenty-five per cent of taxable income as determined
26 under subclause 1 or, if applicable, subclause 2 or four million
27 dollars (\$4,000,000);

28 (VI) For taxable years beginning after December 31, 2014,
29 the greater of thirty per cent of taxable income as determined
30 under subclause 1 or, if applicable, subclause 2 or five million

1 dollars (\$5,000,000); or

2 * * *

3 (2) * * *

4 (B) The earliest net loss shall be carried over to the
5 earliest taxable year to which it may be carried under this
6 schedule. The total net loss deduction allowed in any taxable
7 year shall not exceed:

8 * * *

9 (V) The greater of twenty-five per cent of taxable income as
10 determined under subclause 1 or, if applicable, subclause 2 or
11 four million dollars (\$4,000,000) for taxable years beginning
12 after December 31, 2013.

13 (VI) The greater of thirty per cent of taxable income as
14 determined under subclause 1 or, if applicable, subclause 2 or
15 five million dollars (\$5,000,000) for taxable years beginning
16 after December 31, 2014.

17 * * *

18 (8) "Intangible expense or cost." Royalties, licenses or
19 fees paid for the acquisition, use, maintenance, management,
20 ownership, sale, exchange or other disposition of patents,
21 patent applications, trade names, trademarks, service marks,
22 copyrights, mask works or other similar expenses or costs.

23 (9) "Interest expense or cost." A deduction allowed under
24 section 163 of the Internal Revenue Code of 1986 (26 U.S.C. §
25 163) to the extent that such deduction is directly related to an
26 intangible expense or cost.

27 (10) "Affiliated entity." A person with a relationship to
28 the taxpayer during all or any portion of the taxable year that
29 is any of the following:

30 (i) a stockholder who is an individual, or a member of the

1 stockholder's family as set forth in section 318 of the Internal
2 Revenue Code of 1986 (26 U.S.C. § 318), if the stockholder and
3 the members of the stockholder's family own, directly,
4 indirectly, beneficially or constructively, in the aggregate,
5 more than fifty per cent of the value of the taxpayer's
6 outstanding stock;

7 (ii) a stockholder, or a stockholder's partnership, limited
8 liability company, estate, trust or corporation, if the
9 stockholder and the stockholder's partnerships, limited
10 liability companies, estates, trusts and corporations own
11 directly, indirectly, beneficially or constructively, in the
12 aggregate, more than fifty per cent of the value of the
13 taxpayer's outstanding stock;

14 (iii) a corporation, or a party related to the corporation
15 in a manner that would require an attribution of stock from the
16 corporation to the party or from the party to the corporation
17 under the attribution rules of the Internal Revenue Code of
18 1986, if the taxpayer owns, directly, indirectly, beneficially
19 or constructively, more than fifty per cent of the value of the
20 corporation's outstanding stock. The attribution rules of
21 section 318 of the Internal Revenue Code of 1986 shall apply for
22 purposes of determining whether the ownership requirements of
23 this definition have been met;

24 (iv) a component member as defined in section 1563(b) of the
25 Internal Revenue Code of 1986 (26 U.S.C. § 1563(b)); or

26 (v) a person to or from whom there is attribution of stock
27 ownership in accordance with section 1563(e) of the Internal
28 Revenue Code of 1986.

29 (11) "Valid business purpose." A purpose, other than the
30 avoidance or reduction of taxation, which alone or in

1 combination with other purposes constitute the primary
2 motivation for a business activity or transaction. A transaction
3 done at arm's length terms shall be presumed to be directly
4 related to a valid business purpose.

5 Section 11. Section 402(b) of the act, amended June 29, 2002
6 (P.L.559, No.89), is amended to read:

7 Section 402. Imposition of Tax.--* * *

8 (b) The annual rate of tax on corporate net income imposed
9 by subsection (a) for taxable years beginning for the calendar
10 year or fiscal year on or after the dates set forth shall be as
11 follows:

12 Taxable Year	Tax Rate
13 January 1, 1995[, and	
14 each taxable year	
15 thereafter] <u>to</u>	
16 <u>December 31, 2014</u>	9.99%
17 <u>January 1, 2015, to</u>	
18 <u>December 31, 2015</u>	<u>9.89%</u>
19 <u>January 1, 2016, to</u>	
20 <u>December 31, 2016</u>	<u>9.69%</u>
21 <u>January 1, 2017, to</u>	
22 <u>December 31, 2017</u>	<u>9.49%</u>
23 <u>January 1, 2018, to</u>	
24 <u>December 31, 2018</u>	<u>9.29%</u>
25 <u>January 1, 2019, to</u>	
26 <u>December 31, 2019</u>	<u>8.96%</u>
27 <u>January 1, 2020, to</u>	
28 <u>December 31, 2020</u>	<u>8.63%</u>
29 <u>January 1, 2021, to</u>	
30 <u>December 31, 2021</u>	<u>8.3%</u>

1 January 1, 2022, to
2 December 31, 2022 7.97%
3 January 1, 2023, to
4 December 31, 2023 7.64%
5 January 1, 2024, to
6 December 31, 2024 7.31%
7 January 1, 2025, and
8 each taxable year
9 thereafter 6.99%

10 * * *

11 Section 12. Section 403(d) of the act, amended October 18,
12 2006 (P.L.1149, No.119), is amended to read:

13 Section 403. Reports and Payment of Tax.--* * *

14 (d) If the officers of any corporation shall neglect, or
15 refuse to make any report as herein required, or shall knowingly
16 make any false report, [the following percentages of the amount
17 of the tax shall be added by the department to the tax
18 determined to be due on the first one thousand dollars (\$1,000)
19 of tax ten per cent, on the next four thousand dollars (\$4,000)
20 five per cent, and on everything in excess of five thousand
21 dollars (\$5,000) one per cent, no such] a penalty of five
22 hundred dollars (\$500) plus an additional one per cent for every
23 dollar of tax determined to be due in excess of twenty-five
24 thousand dollars (\$25,000) shall be added to the tax determined
25 to be due. No amounts added to the tax shall bear any interest
26 whatsoever.

27 * * *

28 Section 12.1. The definitions of "document," "real estate"
29 and "real estate company" in section 1101-C of the act, amended
30 July 2, 1986 (P.L.318, No.77), are amended to read:

1 Section 1101-C. Definitions.--The following words when used
2 in this article shall have the meanings ascribed to them in this
3 section:

4 * * *

5 "Document." Any deed, instrument or writing which conveys,
6 transfers, devises, vests, confirms or evidences any transfer or
7 devise of title to real estate in this Commonwealth, but does
8 not include wills, mortgages, deeds of trust or other
9 instruments of like character given as security for a debt and
10 deeds of release thereof to the debtor, land contracts whereby
11 the legal title does not pass to the grantee until the total
12 consideration specified in the contract has been paid or any
13 cancellation thereof unless the consideration is payable over a
14 period of time exceeding thirty years or instruments which
15 solely grant, vest or confirm a public utility easement.
16 "Document" shall also include a declaration of acquisition
17 required to be presented for recording under section 1102-C.5 of
18 this article.

19 * * *

20 "Real estate."

21 (1) Any lands, tenements or hereditaments [within this
22 Commonwealth], including, without limitation, buildings,
23 structures, fixtures, mines, minerals, oil, gas, quarries,
24 spaces with or without upper or lower boundaries, trees and
25 other improvements, immovables or interests which by custom,
26 usage or law pass with a conveyance of land, but excluding
27 permanently attached machinery and equipment in an industrial
28 plant.

29 (2) A condominium unit.

30 (3) A tenant-stockholder's interest in a cooperative housing

1 corporation, trust or association under a proprietary lease or
2 occupancy agreement.

3 "Real estate company." A corporation or association which
4 [is] meets any of the following:

5 (1) Is primarily engaged in the business of holding,
6 selling or leasing real estate ninety per cent or more of the
7 ownership interest in which is held by thirty-five or fewer
8 persons and which:

9 [(1)] (i) derives sixty per cent or more of its annual gross
10 receipts from the ownership or disposition of real estate; or

11 [(2)] (ii) holds real estate, the value of which comprises
12 [ninety] fifty per cent or more of the value of its entire
13 tangible asset holdings exclusive of tangible assets which are
14 freely transferable and actively traded on an established
15 market.

16 (2) Owns a direct or indirect interest in a real estate
17 company. An indirect ownership interest is an interest in a
18 corporation or association whose purpose is the ownership of a
19 real estate company either by itself or as part of a tiered
20 structure of corporations or associations.

21 * * *

22 Section 12.2. Section 1102-C of the act, amended July 2,
23 1986 (P.L.318, No.77), is amended to read:

24 Section 1102-C. Imposition of Tax.--Every person who makes,
25 executes, delivers, accepts or presents for recording any
26 document or in whose behalf any document is made, executed,
27 delivered, accepted or presented for recording, shall be subject
28 to pay for and in respect to the transaction or any part
29 thereof, or for or in respect of the vellum parchment or paper
30 upon which such document is written or printed, a State tax at

1 the rate of one per cent of the value of the real estate within
2 this Commonwealth represented by such document, which State tax
3 shall be payable at the earlier of the time the document is
4 presented for recording or within thirty days of acceptance of
5 such document or within thirty days of becoming an acquired
6 company.

7 Section 12.3. Section 1102-C.5(a) of the act, amended July
8 2, 2012 (P.L.751, No.85), is amended to read:

9 Section 1102-C.5. Acquired Company.--(a) A real estate
10 company is an acquired company upon a change in the ownership
11 interest in the company, however effected, if the change:

12 (1) does not affect the continuity of the company; and

13 (2) of itself or together with prior changes has the effect
14 of transferring, directly or indirectly, ninety per cent or more
15 of the total ownership interest in the company within a period
16 of three years.

17 (3) For the purposes of paragraph (2), a transfer occurs
18 within a period of three years of another transfer or transfers
19 if, during the period[:

20 (i) the transferring party provides a legally binding
21 commitment, enforceable at a future date, to execute the
22 transfer;

23 (ii) the terms of the transfer are fixed and not subject to
24 negotiation; and

25 (iii) the transferring party receives full consideration, in
26 any form, in exchange for the transfer.], the transferring party
27 provides the transferee a legally binding commitment or option,
28 enforceable at a future date, to execute the transfer.

29 * * *

30 Section 12.4. Article XVIII-A of the act, added May 12, 1999

1 (P.L.26, No.4), is repealed:

2 [ARTICLE XVIII-A

3 COAL WASTE REMOVAL AND ULTRACLEAN FUELS

4 TAX CREDIT

5 Section 1801-A. Short Title.--This article shall be known
6 and may be cited as the "Coal Waste Removal and Ultraclean Fuels
7 Act."

8 Section 1802-A. Definitions.--The following words, terms and
9 phrases, when used in this article, shall have the meanings
10 ascribed to them in this section, except where the context
11 clearly indicates a different meaning:

12 "Department" means the Department of Revenue of the
13 Commonwealth.

14 "Developer" means the owner-operator of a facility, as
15 defined in this section, or the operator of the facility that
16 has sold the facility in new condition to a third party from
17 whom that operator has simultaneously leased back the facility
18 for a minimum period of twelve years.

19 "Facility" includes all plant and equipment purchased or
20 constructed by or on behalf of the developer which is used
21 within this Commonwealth by the developer to produce one or more
22 qualified fuels.

23 "Internal Revenue Code" means the Internal Revenue Code of
24 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.).

25 "Qualified fuels" means those fuels produced from
26 nontraditional coal culm and silt feedstocks as defined in
27 section 29(c) of the Internal Revenue Code of 1986 (Public Law
28 99-514, 26 U.S.C. § 29(c)).

29 "Qualifying property" means tangible personal property and
30 other forms of tangible property which qualify for investment

1 tax credit treatment and which meet all of the following
2 requirements:

3 (1) Be acquired through a purchase, as defined under section
4 179(d)(2) of the Internal Revenue Code (26 U.S.C. § 179(d)(2)),
5 or constructed by the developer for its own use.

6 (2) Be depreciable under section 167 of the Internal Revenue
7 Code (26 U.S.C. § 167).

8 (3) Have a useful life of greater than or equal to four
9 years.

10 (4) Be located within this Commonwealth.

11 (5) Be used by the developer in the production of qualified
12 fuels.

13 (6) Be acquired by purchase or constructed on or after
14 January 1, 2000, and before January 1, 2013.

15 (7) Not be the subject of any tax credit otherwise available
16 to the developer under this act.

17 "Tax credit base" means only the cost or other basis of
18 qualifying property that is properly transferred to the
19 facility's basis for depreciation for Federal income tax
20 purposes between January 1, 2000, and December 31, 2012.

21 Section 1803-A. Investment Tax Credits Program.--(a) A
22 developer of a new facility for the production of one or more
23 qualified fuels shall be allowed an investment tax credit
24 against the taxes imposed under Articles II, IV and VI of this
25 act. The amount of the credit shall be computed as a percentage
26 applied to the cost or other basis for Federal income tax
27 purposes of qualifying property.

28 (b) (1) The investment tax credit shall be computed as
29 fifteen per cent of the tax credit base.

30 (2) The maximum investment tax credit available for

1 application, whether claimed by one or more taxpayers, shall not
2 exceed fifteen per cent of the capital cost of the facility.

3 (3) Any amount of allowable investment tax credit not used
4 in the tax year for which the credit was claimed can be carried
5 forward by the claiming taxpayer to succeeding years until the
6 full amount of allowable credit has been used.

7 (c) (1) The developer, upon notice to the department as
8 specified by the department, may sell or assign, in whole or in
9 part, any investment tax credit afforded under this section to
10 one or more taxpayers if no claim for allowance of such credit
11 has been filed.

12 (2) A taxpayer recipient by purchase or assignment of any
13 portion of the developer's investment tax credit under paragraph
14 (1) shall initially claim such credit, upon notice to the
15 department of the derivative basis of the credit in compliance
16 with procedures specified by the department, for the tax year in
17 which the purchase or assignment is made, but in no event
18 subsequent to the filing of an income tax return for the year
19 2012.

20 (3) Any taxpayer who acquires any portion of the developer's
21 investment tax credit by sale or assignment for value and
22 without notice by the developer of any irregularity or
23 invalidity shall not suffer any disallowance of the credit or
24 the imposition of any adjustment or fraud penalty attributable
25 to conduct by the developer.

26 (d) (1) If prior to the expiration of any qualifying
27 property's useful life, as used to calculate depreciation for
28 Federal income tax purposes, the developer, upon mandatory
29 notice to the department in compliance with procedures specified
30 by the department, disposes of any qualifying property, in a

1 transaction other than a sale-leaseback transaction, upon which
2 the department has previously allowed an investment tax credit
3 claimed by any taxpayer, a portion of all such credit shall be
4 recaptured and added to the developer's tax liability for the
5 tax year in which the qualifying property is disposed.

6 (2) The portion of the investment tax credit previously
7 allowed, which is subject to recapture from the developer, shall
8 be equal to a fraction whose numerator is the number of years
9 remaining to fully depreciate for Federal income tax purposes
10 the qualifying property disposed and whose denominator is the
11 total number of years over which the property otherwise would
12 have been subject to depreciation by the developer.

13 (3) In calculating the recapture percentage, the year of
14 disposition of the qualifying property is considered a year of
15 remaining depreciation.

16 (e) The department shall verify the validity of any claim
17 for allowance of any investment tax credit afforded under this
18 section and, in the case of a fraudulent claim, may assess
19 against the developer a penalty of one hundred and twenty-five
20 per cent of the credit improperly claimed.

21 (f) The tax credits authorized by this section shall not
22 exceed eighteen million dollars (\$18,000,000) in the aggregate
23 during any year.

24 Section 1804-A. Contract Required.--(a) In order for a
25 developer to claim investment tax credits under this article,
26 the developer must enter into a contract with the Commonwealth
27 that provides as follows:

28 (1) The term of the contract shall be twenty-five years,
29 beginning with the first tax year in which the investment tax
30 credits are claimed.

1 (2) The developer shall make periodic payments to the
2 Commonwealth, which payments may not exceed in the aggregate
3 forty-six million eight hundred thousand dollars (\$46,800,000)
4 over the term of the contract.

5 (3) The periodic payments shall occur every five years and
6 each payment shall be nine million three hundred sixty thousand
7 dollars (\$9,360,000), except as provided in paragraphs (4), (5)
8 and (6).

9 (4) For the first five-year period, the amount specified in
10 paragraph (3) shall be reduced by:

11 (i) An amount equal to the business losses of the developer,
12 if any, relating to the facility that are sustained in the first
13 and second years of the contract, provided such amount does not
14 exceed three million seven hundred forty-four thousand dollars
15 (\$3,744,000) for both years.

16 (ii) Allowable offsets identified in subsection (b),
17 provided that such offsets do not exceed nine million three
18 hundred sixty thousand dollars (\$9,360,000).

19 (5) For the remaining five-year periods, the amount
20 specified in paragraph (3) shall be reduced by the amount of
21 allowable offsets identified in subsection (b), provided that
22 such offsets do not exceed nine million three hundred sixty
23 thousand dollars (\$9,360,000) during any five-year period.

24 (6) To the extent the amount of allowable offsets during any
25 five-year period exceeds nine million three hundred sixty
26 thousand dollars (\$9,360,000), the excess may be carried over
27 and added to the allowable offsets taken in the following five-
28 year period, provided that the excess is applied first.

29 (b) For purposes of this section, "allowable offset"
30 includes all of the following:

1 (1) An amount equal to the corporate net income tax, capital
2 stock and franchise tax and personal income tax related to the
3 construction, ownership and operation of the facility.

4 (2) An amount equal to all personal income tax withheld from
5 the developer's employes.

6 (3) An amount equal to all sales and use tax related to the
7 operation and construction of the facility.

8 (4) The amount paid by the developer of any new tax enacted
9 by the Commonwealth following the effective date of this
10 article.

11 Section 1805-A. Requirements.--Tax credits authorized by
12 this article shall not be granted unless the developer has
13 obtained an investment tax credit from the Federal Government or
14 an investment by a person other than an agency or
15 instrumentality of the Commonwealth, or any combination thereof,
16 in an amount equal to or greater than the tax credit granted by
17 this article.]

18 Section 13. Section 2112 of the act, amended or added August
19 4, 1991 (P.L.97, No.22), June 16, 1994 (P.L.279, No.48) and June
20 30, 1995 (P.L.139, No.21), is repealed:

21 [Section 2112. Exemption for Poverty.--(a) The General
22 Assembly, in recognition of the powers contained in section 2(b)
23 (ii) of Article VIII of the Constitution of Pennsylvania which
24 provides therein for the establishing as a class or classes of
25 subjects of taxation the property or privileges of persons who
26 because of poverty are determined to be in need of special tax
27 provisions or tax exemptions, hereby declares as its legislative
28 intent and purpose to implement such powers under such
29 Constitutional provision by establishing a tax exemption as
30 hereinafter provided in this section.

1 (b) The General Assembly, having determined that there are
2 persons within this Commonwealth the value of whose incomes and
3 estates are such that the imposition of an inheritance tax under
4 this article would cause them hardship and economic burden and
5 having further determined that poverty is a relative concept
6 inextricably joined with the ability to maintain assets
7 inherited upon the death of a spouse, deems it to be a matter of
8 public policy to provide an exemption from taxation for
9 transfers of property to or for the use of that class of persons
10 hereinafter designated in order to relieve their hardship and
11 economic burden.

12 (c) Any claim for a tax exemption hereunder shall be
13 determined in accordance with the following:

14 (1) The transferee is the spouse of the decedent at the date
15 of death of the decedent.

16 (2) The value of the estate of the decedent does not exceed
17 two hundred thousand dollars (\$200,000) after reduction for
18 actual liabilities of the decedent as evidenced by a written
19 agreement.

20 (3) The average of the joint exemption income of the
21 decedent and the transferee for the three taxable years, as
22 defined in Article III, immediately preceding the date of death
23 of the decedent does not exceed forty thousand dollars
24 (\$40,000).

25 (d) Notwithstanding any other provision of this article,
26 transfers of property to or for the use of any eligible
27 transferee who meets the standards of eligibility established by
28 this section as the test for poverty shall be deemed a separate
29 class subject to taxation and, as such, shall be entitled to the
30 benefit of the following exemptions from taxation on transfers

1 of property as a credit against the tax imposed by this article:

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

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

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

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

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

13 (ii) Four per cent of one hundred thousand dollars
14 (\$100,000) of the taxable value of the property of the decedent
15 transferred to or for the use of the transferee.

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

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

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

23 (e) For nonresident decedents, the credit provided in this
24 section shall bear the same ratio as that of the decedent's
25 estate in this Commonwealth bears to the decedent's total estate
26 without regard to situs.

27 (f) The credit provided in this section shall not be greater
28 than the tax imposed.

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

1 Section 14. The following shall apply:

2 (1) A tax credit may not be granted under section 206(b)
3 of the act after June 30, 2013.

4 (2) The amendment or addition of the following
5 provisions of the act shall apply to tax years beginning
6 after December 31, 2013:

7 (i) Section 301(d.2), ~~(n.1), (n.2), (o.3)~~ (N.2), <--
8 (O.4) and (t).

9 (ii) Section 303(a)(2).

10 (iii) Section 306.

11 (iv) Section 306.1.

12 (v) Section 306.2.

13 (vi) Section 307.8(a) and (f).

14 (vii) Section 314(a).

15 (viii) Section 324.

16 (ix) Section 330.1.

17 (x) Section 335.

18 (xi) Section 401(3)1(t), 2(a)(16.1) and (17) and
19 (8), (9), (10) and (11) and 4(c)(1)(A)(V) and (VI) and
20 2(B)(V) and (VI).

21 (xii) Section 402(b).

22 (xiii) Section 403(d).

23 (3) The addition of section 303(a)(3)(viii) shall apply
24 to tax years beginning after December 31, 2015.

25 Section 15. This act shall take effect as follows:

26 (1) The following shall take effect January 1, 2014, or
27 immediately, whichever is later:

28 (i) The amendment of the definitions of "document,"
29 "real estate" and "real estate company" in section 1101-C
30 of the act.

1 (ii) The amendment of sections 1102-C and
2 1102-C.5(a) of the act.

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