

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 556 Session of 2017

INTRODUCED BY GREENLEAF AND MARTIN, MARCH 27, 2017

REFERRED TO FINANCE, MARCH 27, 2017

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 personal income tax, further providing for
 11 classes of income and for returns of married individuals,
 12 deceased or disabled individuals and fiduciaries; and
 13 abrogating regulations.

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

16 Section 1. Section 303 of the act of March 4, 1971 (P.L.6,
 17 No.2), known as the Tax Reform Code of 1971, is amended by
 18 adding a subsection to read:

19 Section 303. Classes of Income.--* * *

20 (a.10) A taxpayer may offset a gain in one class of income
 21 with a loss in another class of income. Notwithstanding 1
 22 Pa.C.S. § 1937(a) (relating to references to statutes and
 23 regulations), this subsection shall not affect a change in any
 24 of the following provisions as they exist on June 30, 2015:

1 (1) The definitions of "earned income" and "net profits" in
2 section 501 of the act of December 31, 1965 (P.L.1257, No.511),
3 known as "The Local Tax Enabling Act."

4 (2) The definition of "personal income" in section 302 of
5 the act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known
6 as the "Taxpayer Relief Act."

7 * * *

8 Section 2. Section 331(b) of the act is amended to read:

9 Section 331. Returns of Married Individuals, Deceased or
10 Disabled Individuals and Fiduciaries.--* * *

11 (b) If the income tax liabilities of husband and wife are
12 determined on a joint return, [their] all of the following
13 apply:

14 (1) Their tax liabilities shall be joint and several.

15 (2) A spouse may offset a gain in a class of income with a
16 loss of the other spouse in the same class of income.

17 (3) A spouse may offset a gain in one class of income with a
18 loss of the other spouse in another class of income.

19 * * *

20 Section 3. The following provisions of 61 Pa. Code are
21 abrogated:

22 (1) Section 115.5(d).

23 (2) Section 121.15(c) and (d).

24 Section 4. The following provisions shall apply to taxable
25 years beginning after December 31, 2016:

26 (1) The addition of section 303(a.10) of the act.

27 (2) The amendment of section 331(b) of the act.

28 (3) Section 3 of this act.

29 Section 5. This act shall take effect immediately.