



Senate Finance Committee

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BILL SUMMARY

Legislation: Senate Bill 491, P.N. 454
Sponsor: Senator Folmer
Act Amended: The Local Tax Enabling Act
Date: November 20, 2013

Bill Summary

Amends the Local Tax Enabling Act (Act 511 of 1965) to clarify and build upon the reforms of Act 32 of 2008 by providing for the following:

- Defines “farmer” and “farming”.
- Allows taxpayers to use the Annual Local Earned Income Tax Return form available on the Department of Community and Economic Development’s website to file the final return.
- Taxable income shall exceed \$12,000 before quarterly returns are required to be filed.
- Add safe harbor estimated tax provisions (i.e., last year’s income and the current year rates).
- Incorporates farmer estimated tax provisions to parallel those used by the Pennsylvania Department of Revenue.
- Corrects certain estimated income tax payment due dates so they no longer occur before the close of the quarter to which they relate.
- Change the due date of returns if the last day of the month falls on a Saturday, Sunday, or legal holiday.
- For employers with less than 250 employees, a tax officer may not require the electronic filing of quarterly returns or individual withholding statements unless all tax officers in the Commonwealth utilize the same electronic data format and web interface for electronic data submissions.

Effective date: 180 days

Current Law

The Local Tax Enabling Act references “farmers” but does not provide a definition. Act 32 requires farmers to make estimated tax payments in quarters 1, 2, 3, and 4 while the Department of Revenue only requires farmers to make a single estimated tax payment for the entire year, which is payable when the fourth quarter estimate is due or to file their income tax return and pay all income tax liability on or before March 1 of the succeeding year. Act 32 also requires taxpayers to make declarations of income and pay estimated taxes by June 15th and September 15th based on income quarters that end on June 30th and September 30th, respectively.

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