



# Senate Finance Committee

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## BILL SUMMARY

### SENATE BILL 952, PN 1155 (SENATOR TOMLINSON)

#### *Summary:*

Amends the Tax Reform Code, further providing for additions to tax.

Eliminates penalties and interest for taxpayers who make estimated tax payments equal to the amount of the taxpayer's tax liability for the preceding tax year.

This legislation would allow Pennsylvania taxpayers to estimate their tax payments in a manner similar to that which is allowed for Federal Income Taxes.

#### *Current Law:*

Section 352 of the Tax Reform Code, Additions, Penalties and Fees, currently provides, in subsection (d)(2), that no addition to tax shall be imposed if the total amount of all payments of estimated tax made on or before the last date prescribed for the payment of such installment equals or exceeds the lesser of:

- (A) The amount which would have been required to be paid on or before such date if the estimated tax were an equal amount to the tax computed, at the rates applicable to the taxable year, but otherwise on the basis of the facts shown on his return for, and the law applicable to, the preceding taxable year; or
- (B) An amount equal to ninety per cent of the tax computed, at the rates applicable to the taxable year, on the basis of the actual income for the months in the taxable year ending before the month in which the installment is required to be paid, or, in the case of a trust or estate, an amount equal to ninety per cent of the applicable percentage of the tax for the taxable year as determined pursuant to section 6654(d)(2)(c)(iii) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §6654), as amended, at rates applicable to the taxable year, computed on an annualized basis in accordance with United States Treasury regulations, based upon the actual income for the months of the taxable year ending with the last day of the second preceding month prior to the month in which the installment is required to be paid.