

Corporation Tax Information Bulletin Relating to the Calculation of the Bank Shares Tax

**PENNSYLVANIA DEPARTMENT OF REVENUE
ISSUED NOVEMBER 28, 2007**

CORPORATION TAX BULLETIN 2007– 02

VALUATION OF SHARES IN THE CALCULATION OF THE BANK SHARES TAX AFTER THE *ALLFIRST BANK* DECISION

On October 17, 2007, the Pennsylvania Supreme Court held that the bank shares tax is “levied against the financial institution rather than its shareholders.” *Allfirst Bank v. Commonwealth*, 82-83 MAP 2006, 2007 Pa. LEXIS 2173 (2007). Pursuant to this decision, there is no basis for an exemption from bank shares tax based upon the *identity* of the shareholder. Accordingly, financial institutions are no longer permitted to reduce the taxable amount of shares by the value attributed to shares held by charitable, religious or educational institutions.

This change goes into effect for the calculation of the Bank Shares Tax for January 1, 2008, and thereafter.