

## 2014 State Tax Summary

### **Act 131 of 2014** **HB 1177, PN 4092**

#### **Local Option Cigarette Tax**

- A first class city may authorize a school district to levy an additional \$.10 per cigarette tax within its borders to benefit the school district. The \$2.00 per pack excise tax includes cigarettes and little cigars.
- The tax shall be collected and remitted to the Department in the same manner as the statewide cigarette tax imposed under Article XII of the Tax Reform Code. Any exemptions allowed under Article XII also apply to the local option tax.
- Effective September 24, 2014.

### **Act 193 of 2014** **HB 46, PN 3761**

#### **Organ and Bone Marrow Tax Credits**

- Reenacts the provisions of the Organ and Bone Marrow Donor Act, providing a non-refundable tax credit to an employer granting a paid leave of absence, not in excess of 5 working days or the hourly equivalent, to an employee donating an organ or bone marrow.
- The tax credit is equal to the amount of employee compensation paid during the leave, the cost of replacement help (if any), and miscellaneous expenses connected to the absence.
- The tax credit can be used against taxes due under Personal Income Tax, Corporate Net Income Tax, Capital Stock and Franchise Tax, Bank and Trust Company Shares Tax, Title Insurance Companies Share Tax, Insurance Premiums Tax or Mutual Thrift Institutions Tax.
- Applies to tax years beginning after December 31, 2010, however, applications for tax credits must be filed by the 15<sup>th</sup> day of the fourth month following the close of the business firm's taxable year.
- Effective October 31, 2014

### **Act 194 of 2014** **HB 91, PN 4310**

#### **Educational Improvement Tax Credit (EITC) & Educational Opportunity Scholarship Tax Credit (EOSTC) Programs**

- Combines EITC and EOSTC Programs, allowing businesses to apply for an alternate tax credit if the preferred credit is not available. Also allows the Department of Community and Economic Development (DCED) to transfer unused credits from one program year to another after January 1<sup>st</sup> of each fiscal year.



- Career and technical schools now qualify to receive funding from the EITC Program.
- Allows for credits to be distributed through more than one level of pass-through entities.
- Awarded credits may now be applied to the income tax of a spouse filing a joint tax return or towards corporate net income tax, capital stock & foreign franchise tax, bank shares tax, title insurance company shares tax, insurance premiums tax, mutual thrift institutions tax, and malt beverage tax.
- Effective October 31, 2014

### **City Revitalization and Improvement Zones (CRIZ) Pilot Zones**

- Boroughs and townships may create a “contracting authority” for the purpose of designating a CRIZ “pilot zone”. Only one pilot zone will be approved by the Commonwealth.
- Effective October 31, 2014.

**Act 203 of 2014  
HB 2377, PN 4291**

### **Tax Exemptions for Emergency Response**

- Effective for 2015, certain out-of-state businesses and employees responding to a declared disaster emergency in Pennsylvania will not be required to remit the following so long as the work being performed is disaster emergency-related work 10 days or less before the declared disaster emergency or 60 days or less after the declared disaster emergency:
  - State income taxes
  - Net or gross receipts
  - Local income taxes
  - Local services taxes or licensing fees
  - State or local business licensing/registration requirements
  - Pennsylvania Public Utility Commission/regulatory requirements
  - Unemployment insurance
  - Sales and use tax or property tax on equipment brought into the State on a temporary basis
- Out-of-state businesses and employees will continue to pay transactional taxes such as sales and use tax related to the consumption of materials or services, fuel taxes, hotel taxes, and car rental fees.