

2018 STATE TAX SUMMARY

Act 42 of 2018: Fiscal Code Changes

- **Property Tax/Rent Rebate Program:** Effective for claim year 2018 and thereafter, retired federal civil service employees receiving benefit payments from the Civil Service Retirement System (CSRS) who did not have to contribute to Social Security for that equivalent period of employment will be able to exclude 50% of the average annual Social Security benefit amount from their PTRR income on claim forms reporting their eligibility income for Property Tax and Rent Rebate purposes.
- **Neighborhood Improvement Zone:** Adds the definition of “entertainment business financial management firm” to enable the contracting authority to identify the responsible party required to fulfill reporting compliance on behalf of a qualified business, for concerts or other performances in a facility in the zone. This change is effective immediately.
- **Entertainment Economic Enhancement Program (formerly referred to as the Concert Rehearsal and Tour Tax Credit):** For fiscal year 2018-19 only, the number of tours that may be awarded tax credits for qualified rehearsal and tour expenses increases to 10 tours. The Department of Community and Economic Development in consultation with the Department of Revenue may advance the award of tax credits for qualified rehearsal and tour expenses incurred or to be incurred to a maximum of two additional tours in fiscal year 2018-19.

Act 52 of 2018: Tax Reform Code

- **Gross Receipts Tax:** Excludes from Gross Receipts Tax the sales of telephones, telephone handsets, modems, tablets, and related accessories, including cases, chargers, holsters, clips, hands-free devices, screen protectors and batteries from both landline receipts and mobile telecommunications receipts. The department is developing further guidance on the telecommunications equipment exclusion that will be posted on its website in the near future. Act 52 is effective immediately and retroactively applies to gross receipts from transactions occurring on or after January 1, 2004, except claims for refund or credit for a tax paid prior to the effective date.

Act 72 of 2018: Corporate Tax

- **Bonus Depreciation:** For property placed in service after September 27, 2017, companies can take an additional deduction under Internal Revenue Code §167 and 168 on their Pennsylvania return, which generally would be depreciation under modified acceleration cost recovery system or other accounting methods. The department has further guidance on bonus depreciation in [Corporation Tax Bulletin 2018-03](#), which can be found on the department’s website. Act 72 is effective immediately for tax years beginning on or after January 1, 2017.