
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2430 Session of
2020

INTRODUCED BY GLEIM, RYAN, ROTHMAN, CIRESI, MOUL, KEEFER AND
ZIMMERMAN, APRIL 24, 2020

REFERRED TO COMMITTEE ON FINANCE, APRIL 24, 2020

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," in personal income tax, further providing for
11 refund or credit of overpayment and providing for interest on
12 overpayments; and, in general provisions, providing for
13 interest on taxes due the Commonwealth and for interest on
14 refund or credit of overpayments; and making related repeals.

15 The General Assembly of the Commonwealth of Pennsylvania
16 hereby enacts as follows:

17 Section 1. Section 346 of the act of March 4, 1971 (P.L.6,
18 No.2), known as the Tax Reform Code of 1971, is amended to read:

19 Section 346. Refund or Credit of Overpayment.--(a) In the
20 case of any payment of tax not due under this article, the
21 department may credit the amount of such overpayment against any
22 liability in respect of the tax imposed by this article on the
23 part of the person who made the overpayment and shall refund any
24 balance to such person.

1 [(b) The department is authorized to prescribe regulations
2 providing for the crediting against the estimated tax for any
3 taxable year of the amount determined to be an overpayment of
4 the tax for a preceding taxable year.]

5 (c) If the taxpayer has paid as an installment of estimated
6 tax more than the correct amount of such installment, the
7 overpayment shall be credited against the unpaid installments,
8 if any. If the amount paid, whether or not on the basis of
9 installments, exceeds the amount determined to be the correct
10 amount of the tax, the overpayment shall be credited or refunded
11 as provided in subsection (a) [or (b)].

12 Section 2. The act is amended by adding sections to read:

13 Section 346.1. Interest on Refund or Credit of
14 Overpayments.--Any tax paid by a taxpayer under this article
15 determined to be an overpayment shall be awarded interest in
16 accordance with Article XXX.

17 Section 3003.23. Interest on Taxes Due the Commonwealth.--

18 (a) All taxes due the Commonwealth shall bear simple interest
19 from the date they become due and payable until paid. The
20 interest rate per annum during each calendar year shall be the
21 interest rate established by the Secretary of the Treasury of
22 the United States under the provisions of the Internal Revenue
23 Code of 1954, effective January 1 of that calendar year without
24 regard to any change or changes in the Federal interest rate
25 during that calendar year. No penalties shall bear any interest.

26 (b) The payment of interest under this section shall not
27 relieve a person from the penalties, commissions or additional
28 tax prescribed by law for neglect or refusal to furnish timely
29 returns or reports to the Department of Revenue or to pay a
30 claim due the Commonwealth from the person.

1 (c) The Secretary of Revenue shall publish the rate of
2 interest for each calendar year in the Pennsylvania Bulletin.

3 (d) (1) In the case of a tentative tax, estimated tax or
4 installment payment, interest shall run on any unpaid amount
5 from the last day the payment is due to the date paid.

6 (2) In the case of tax which is resettled as a result of a
7 final change or correction of taxable income by the Commissioner
8 of Internal Revenue or an agency or court of the United States,
9 interest shall be computed on any additional tax due from thirty
10 days after the corporation receives notice of the final change
11 or correction until paid.

12 (e) Whenever the tax liability of a person is so affected by
13 any payment or credit, settlement or resettlement, assessment or
14 reassessment or determination or redetermination as to change
15 the interest liability of the person, the interest liability
16 shall be recomputed and adjusted by the Department of Revenue
17 and approved by the Department of the Auditor General in cases
18 in which the latter department is required to approve
19 settlements and resettlements, so as to correspond to the tax
20 liability as changed, without the necessity for the filing of a
21 petition or request by the person or by the departments.

22 Section 3003.24. Interest on Overpayments.--(a) Simple
23 interest shall be allowed and paid by the Commonwealth upon an
24 overpayment to the Commonwealth of any tax. The interest shall
25 be allowed and paid for the period during which the Commonwealth
26 retained the overpayment, beginning with the date of the
27 overpayment, except that:

28 (1) A tax actually deducted and withheld at the source shall
29 be deemed to have been overpaid on the last day prescribed for
30 filing the return or report for the taxable year, determined

1 without regard to any extension of time for filing.

2 (2) An amount overpaid as estimated tax, tentative tax or
3 installment payment for a taxable year shall be deemed to have
4 been overpaid on the last day prescribed for filing the final
5 return or report for the taxable year, determined without regard
6 to any extension of time for filing.

7 (3) An overpayment made before the last day prescribed for
8 payment shall be considered made on the last day.

9 (4) An amount claimed to be overpaid with respect to which
10 an administrative review or appellate procedure is initiated in
11 the manner provided by law by the taxpayer shall be deemed to
12 have been overpaid sixty days following the date of initiation
13 of the review or procedure.

14 (5) (i) If an overpayment of tax is refunded or credited
15 within sixty days after the last date prescribed for filing the
16 final return or report of the tax, determined without regard to
17 any extension of time for filing, or, in case the final return
18 or report is filed after the last day, and is refunded or
19 credited within sixty days after the date the final return or
20 report is filed, no interest shall be allowed on the
21 overpayment.

22 (ii) For the purpose of this paragraph, a final return or
23 report shall be deemed to have been filed only if, when it is
24 received by the Department of Revenue, it has been submitted on
25 a permitted form containing:

26 (A) the taxpayer's name, address and identifying number and
27 the required signature; and

28 (B) sufficient required information, either on the permitted
29 form or attachments thereto, to permit the verification of tax
30 liability shown on the return.

1 (6) A tax paid to an officer, licensee or collector shall be
2 deemed to have been overpaid no earlier than the first date that
3 the tax is required by law to be reported and transmitted to the
4 department by the officer, licensee or collector.

5 (7) No overpayment of interest or penalty shall bear any
6 interest.

7 (b) Interest on overpayments shall be allowed and paid at
8 the rate as is prescribed for underpayments under section 346.1
9 less two per cent.

10 (c) Interest on overpayments of the tax imposed under this
11 article shall be allowed and paid at the same rate as is
12 prescribed for underpayments under section 346.1.

13 (d) Interest on overpayments shall be allowed and paid as
14 follows:

15 (1) In the case of a cash refund, from the date of the
16 overpayment to a date preceding the date of the Commonwealth's
17 refund check by not more than thirty days.

18 (2) In the case of a credit for an overpayment, from the
19 date of the overpayment to:

20 (i) the date of the Commonwealth's notice to the taxpayer of
21 the final determination of the credit; or

22 (ii) the date as of which the credit is applied, whichever
23 first occurs: provided, however, that in the case of a cash
24 refund of a previously determined credit, interest shall be
25 allowed and paid on the amount of the credit from a date ninety
26 days after the filing of a petition for a cash refund to a date
27 preceding the date of the refund check by not more than thirty
28 days whether or not the refund check is accepted by the taxpayer
29 after tender to the taxpayer.

30 (3) The taxpayer's acceptance of the Commonwealth's check

1 shall be without prejudice to any right of the taxpayer to claim
2 any additional overpayment and interest thereon. Tender of a
3 refund check shall be deemed acceptance thereof for the purposes
4 of this section.

5 (e) Interest on overpayment shall not be allowed or paid if
6 a taxpayer indicates an intent to carry forward a refund or
7 credit to be applied in a succeeding taxable year.

8 (f) For purposes of this section, "overpayment" means a
9 payment of tax which is determined in the manner provided by law
10 not to be legally due.

11 Section 3. Repeals are as follows:

12 (1) The General Assembly finds that the repeals under
13 paragraph (2) are necessary to effectuate this act.

14 (2) Sections 806 and 806.1 of the act of April 9, 1929
15 (P.L.343, No.176), known as The Fiscal Code, are repealed.

16 Section 4. A reference in any other act to former section
17 806 or 806.1 of the act of April 9, 1929 (P.L.343, No.176),
18 known as The Fiscal Code, shall be deemed to be a reference to
19 section 3003.23 or 3003.24, respectively, of the act of March 4,
20 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

21 Section 5. This act shall take effect in 60 days.