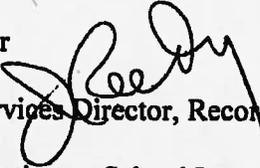


MEMORANDUM

City of Philadelphia

Date: 12/30/16

TO: Sozi Pedro Tulante, City Solicitor

FROM: Jeanne Reedy, Administrative Services Director, Records Dept. 

SUBJECT: Advertisement of Proposed Regulations – School Income Tax – Section 203 –
Income Included in Tax Base – Pennsylvania State Lottery Cash Prizes

The above Regulations promulgated by the Department of Revenue were received in the Department of Records on 11/28/16 for filing and advertising.
Inasmuch as there were no requests for hearings, these Regulations became effective 12/29/16.

CC: Frank Breslin, Revenue Commissioner
Joseph F. Procopio Jr., Manager - Technical Staff /
Marisa Waxman, First Deputy Revenue Commissioner
Tilahun Afessa, Director of Tax Policy

This is an amendment to the School Income Tax Regulations to make Pennsylvania State Lottery cash prizes subject to the School Income tax effective for Tax Year 2016 and thereafter. Section 50 (2) of Pennsylvania's Act 84 of 2016 repealed *Section 312. Tax Exemption of the State Lottery Law* (i.e. 72 P.S. § 3761-312).

SCHOOL INCOME TAX REGULATIONS

ARTICLE I GENERAL PROVISIONS

Section 101. Definitions.

Section 203. Income Included in Tax Base.

The following items received by any resident directly, or through an agent, whether in cash or property, shall be included as income subject to this tax. Losses in one class of income may not be used to offset income in another. (i.e., a loss from the short-term sale of property may not be offset against income from any other source.) This list of items to be included in the tax base is not all-inclusive.

(a) DIVIDENDS.

(g) PRIZES AND AWARDS. Including net gambling gains [excluding] inclusive of [Pa] Pennsylvania State Lottery [net gains] cash prizes but excluding Pennsylvania State Lottery noncash prizes.

This regulation amendment is effective for Tax Year 2016 and thereafter.

Underline and bold denote new language.

Brackets [] and bold denote language deleted.



Date: 11-17-16

Frank Breslin CPA, Revenue Commissioner