

**MEMO# 6040**

July 14, 1994

# **PENNSYLVANIA LEGISLATION TAXING BUSINESS TRUSTS AS CORPORATIONS EXEMPTS INVESTMENT COMPANIES AND ADVISORS**

July 14, 1994 TO: TAX COMMITTEE NO. 23-94 PENNSYLVANIA MEMBERS RE: PENNSYLVANIA LEGISLATION TAXING BUSINESS TRUSTS AS CORPORATIONS EXEMPTS INVESTMENT COMPANIES AND ADVISORS \_\_\_\_\_

Pennsylvania recently passed legislation that for the first time treats business trusts that are taxable as corporations for federal income tax purposes as corporations for Pennsylvania tax purposes. The legislation excludes from corporation status any business trust treated as a regulated investment company as defined in Internal Revenue Code Section 851 and "any related domestic or foreign business trust which confines its activities in this Commonwealth to the maintenance, administration and management of intangible investments of regulated investment companies." Attached is a copy of the applicable provisions of the legislation. The legislation is effective for taxable years beginning on and after January 1, 1995. We will keep you informed of further developments. Peter J. Cinquegrani Assistant Counsel - Tax Attachment

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