

STATEMENTS OF POLICY

Title 61—REVENUE

DEPARTMENT OF REVENUE

[61 PA. CODE CH. 60]

Building Maintenance or Building Cleaning Services

The Department of Revenue (Department) has adopted a statement of policy under the authority in § 3.2 (relating to statements of policy). The statement of policy amends § 60.1 (relating to building maintenance or building cleaning services) and takes effect immediately upon publication in the *Pennsylvania Bulletin*.

This statement of policy is promulgated by the Department to reflect a legislative change made to the definition of "building maintenance or building cleaning services" that was set forth in the act of May 24, 2000 (P. L. 106, No. 23) (72 P. S. § 7201(aa)). Additionally, the Department is amending the examples of services that are not building maintenance services or building cleaning services under § 60.1(e) to include maintenance or repairs on residential air-conditioning equipment and parts.

Specific questions relating to information provided in this statement of policy should be directed to the Department of Revenue, Office of Chief Counsel, Dept. 281061, Harrisburg, PA 17128-1061.

(Editor's Note: Title 61 of the *Pennsylvania Code* is amended by amending a statement of policy in § 60.1 to read as set forth in Annex A.)

GREGORY C. FAJT,
Secretary

Fiscal Note: 15-433. No fiscal impact; (8) recommends adoption.

Annex A

TITLE 61. REVENUE

PART I. DEPARTMENT OF REVENUE

Subpart B. GENERAL FUND REVENUES

ARTICLE II. SALES AND USE TAX

CHAPTER 60. SALES AND USE TAX PRONOUNCEMENTS—STATEMENTS OF POLICY

§ 60.1. Building maintenance or building cleaning services.

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(b) *Scope.*

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(2) Between October 1, 1991, and January 1, 1992, painting and wallpapering of buildings, other than new construction, and maintenance services or cleaning services of boilers, furnaces or parts thereof were taxable. Effective January 1, 1992, the following services are not taxable: the interior painting, wallpapering and application of other like coverings to walls, ceilings or floors; the exterior painting of buildings; and maintaining, cleaning, or repairing of boilers, furnaces or parts thereof. Effective July 1, 2000, the maintenance or repairs of residential air-conditioning equipment or parts thereof are not taxable.

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(e) Examples of services which are not building maintenance services or building cleaning services. The following are examples of services which are not building maintenance services or building cleaning services:

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(13) Maintenance of residential air-conditioning equipment or parts thereof (effective July 1, 2000).

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[Pa.B. Doc. No. 06-392. Filed for public inspection March 10, 2006, 9:00 a.m.]

DEPARTMENT OF REVENUE

[61 PA. CODE CH. 125]

[Correction]

Allowance of Deduction for Cost Depletion and Percentage Depletion

The text of the statement of policy which appeared at 36 Pa.B. 959 and 960 (February 25, 2006), is being reprinted in its entirety to reflect the text as deposited by the Department of Revenue.

Annex A

TITLE 61. REVENUE

PART I. DEPARTMENT OF REVENUE

Subpart B. GENERAL FUND REVENUES

ARTICLE V. PERSONAL INCOME TAX

CHAPTER 125. PERSONAL INCOME TAX PRONOUNCEMENTS—STATEMENTS OF POLICY DEPLETION

§ 125.51. Allowance of deduction for cost depletion.

(a) *General rule.* In the case of mines, oil and gas wells, other natural deposits, and timber, there shall be allowed as a deduction in computing income a reasonable allowance for depletion. In any case in which it is ascertained as a result of operations or development work that the recoverable units are greater or less than the prior estimate thereof, the prior estimate (but not the basis for depletion) shall be revised and the allowance under this section for subsequent taxable years shall be based on the revised estimate.

(b) *Recoverable units.* Recoverable units are the number of units (for example—tons, pounds, ounces or barrels) of minerals, oil or gas in the ground and economically worth extracting, estimated according to the best available information and industry standards.

(c) *Special rules.*

(1) *Leases.* In the case of a lease, the deduction under this section shall be apportioned between the lessor and lessee in accordance with Federal Income Tax requirements.

(2) *Life tenant and remainderman.* In the case of property held by one person for life with remainder to another person, the deduction under this section shall be computed as if the life tenant were the absolute owner of the property and shall be allowed to the life tenant.

(3) *Property held in trust.* In the case of property held in trust, the deduction under this section shall be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the instrument creating the trust, or, in the absence of those provisions, on the basis of the trust income allocable to each.

(4) *Property held by estate.* In the case of a decedent's estate, the deduction under this section shall be apportioned between the estate and the heirs, legatees and devisees on the basis of the income of the estate allocable to each.

(5) *Basis for depletion.* The basis on which depletion is to be allowed in respect of any property shall be the adjusted basis for the purpose of determining the gain upon the sale or other disposition of the property.

§ 125.52. Percentage depletion.

(a) *Deduction.* A deduction for percentage depletion shall be allowed only in the following set of circumstances:

(1) The deduction is allowable in computing Federal taxable income.

(2) Insufficient information is available to estimate the amount of recoverable units in accordance with industry standards.

(3) The cost of the recoverable units is fixed and certain.

(4) The cost of the recoverable units has not been fully recovered.

(b) *Effective date.* This section will apply for taxable years beginning on or after January 1, 2005.

[Pa.B. Doc. No. 06-330. Filed for public inspection February 24, 2006, 9:00 a.m.]