

**IN THIS ISSUE:**

- GOVERNOR CORBETT SIGNS  
BALANCED BUDGET, ON TIME  
WITHOUT TAX INCREASES *Pages 1-2*
- REVENUE DEPARTMENT DEBUTS  
NEW TAX PRACTITIONER  
E-HOTLINE *Page 3*
- IMPACT OF THE 2011-2012  
BUDGET ON THE DEPARTMENT  
OF REVENUE *Page 3*
- PROCEDURAL CHANGES AT THE  
BOARD OF APPEALS *Page 4*
- REVISED SALES TAX FILING  
FREQUENCY CHANGE *Page 4*
- REVENUE DEPARTMENT  
ANNOUNCES FALL TAX  
SEMINAR SCHEDULE *Page 5*
- 2011 FALL TAX  
SEMINAR AGENDA *Page 6*
- NEARLY \$235 MILLION IN 2010  
PROPERTY TAX/RENT REBATES  
DISTRIBUTED STARTING JULY 1  
TO OLDER ADULTS, RESIDENTS  
WITH DISABILITIES *Page 7*
- FISCAL YEAR 2010-2011  
COLLECTIONS *Page 7*

**GOVERNOR CORBETT SIGNS  
BALANCED BUDGET, ON TIME  
WITHOUT TAX INCREASES**

On June 30, Gov. Tom Corbett signed the 2011-12 budget, which cuts government spending, does not raise taxes, includes property tax reform and restores common sense to the state spending process.

The \$27.15 billion budget cuts overall government spending by more than \$1 billion.

"This reality-based budget marks a return to the Constitutional principles that must guide Pennsylvania's fiscal policy," Corbett said. "It spends no more than we have, and it doesn't pretend we have more than what we have budgeted."

The legislature also agreed to a key economic proposal for school districts – a referendum on any property tax increase that exceeds the rate of inflation, known as Act 1. Under these changes, any property tax increase above the rate of inflation must be approved by the local voters. Taxpayers in each district will be empowered to decide whether they want a property tax increase to fund a particular program.

"This puts taxing and funding decisions where they belong – in the hands of the voters who are footing the bill," Corbett said. "Who knows better how to spend money in our communities than the citizens who live there?"

"Pennsylvania taxpayers are reclaiming the budget process, not just for today, but for years to come," Corbett said. "Together, we have built a solid framework for future budgets."

*Continued on Page 2*

**FAST FACT:**

*The due date for filing Pennsylvania individual and fiduciary income tax returns has been extended to April 17, 2012, to remain consistent with the IRS due date for income tax returns. Since April 15 falls on a Sunday in 2012, the first Pennsylvania estimated tax payment is due Monday, April 16, 2012.*

*Continued from Page 1*

The budget is part of a larger Corbett administration initiative that also includes tort reform - signed into law on June 28 - which reforms how damages are recovered in civil lawsuits, ensuring an equitable framework for litigation in the future and improving Pennsylvania's business climate.

**Highlights of the 2011-12 budget include:**

- State spending is cut by 4.1 percent, or \$1.17 billion, from 2010-11.
- The enacted budget eliminates 66 appropriation line items, cutting \$822 million in annual spending. It reduces funding for more than 226 appropriations and consolidates an additional 52 items, to streamline government.
- Administrative spending is reduced by 4 percent and more than 1,000 positions in state government are eliminated. These reductions are achieved in large part by consolidating programs, targeting inefficiencies and reducing or eliminating discretionary financial grants, commonly known as Walking Around Money, or WAMs.
- This marks the start of a commitment to reduce the cost of running state government by 10 percent over the next four years. It is a change in the culture of taxing and spending that has caused the state's economy to decline.
- This budget consolidates and streamlines economic development programs to focus on job creation and attracting businesses to Pennsylvania. In spite of the many difficult choices, this remains a pro-growth budget, built on the proven theory that lower taxes stimulate investment and jobs.
- The budget honors Corbett's commitment to reinstate the phase-out of the capital stock/foreign franchise tax. That tax was levied on goods and equipment that a company kept in store, even though it had not been sold or put to use. By eliminating this regressive tax, the governor has given more than 100,000 job creators an estimated \$70 million in tax relief. The phase-out of this tax will continue until it is completely eliminated in 2014.

*Photo courtesy Commonwealth Media Services.*



*Governor Tom Corbett signs this year's on-time budget, which controls state spending and does not raise taxes.*

- At the same time, the budget has maintained important tax credit programs. These are the Job Creation and Film Production tax credits. The budget also increases the Research and Development Tax Credits from \$40 million to \$55 million.
- The budget brings state tax policy into line with the federal tax code. It increases the bonus depreciation deduction to 100 percent for property placed into service before January 2012. This gives businesses room to expand and raises the potential for a surge in purchases for Pennsylvania businesses.

"This budget - built on fiscal discipline and effective government - supports free enterprise and job creation," Corbett said. "It's a step toward making Pennsylvania a national leader among states in economic success once again."

To review the budget in its entirety, visit [www.budget.state.pa.us](http://www.budget.state.pa.us).

**STATE TAX CHANGES**

For a summary of the tax changes contained in the fiscal year 2011-12 budget, see the **2011 State Tax Summary**, available on the department's website.

## REVENUE DEPARTMENT DEBUTS NEW TAX PRACTITIONER E-HOTLINE

In response to input from the tax practitioner community, the department has created a dedicated email system for practitioners. This system will allow department representatives to address electronically submitted inquiries in a more timely and efficient manner for both the department and the practitioner community.

This e-hotline is accessible through the Online Customer Service Center at [www.revenue.state.pa.us](http://www.revenue.state.pa.us). Practitioners simply need to select "Submit a Question" and register for an account to access the system. Once registered, correspondence can be submitted by returning to the "Submit a Question" tab, then selecting "Tax Practitioners" from the bottom of the "Tax Category" drop-down menu appearing at the top of the message window.

Department representatives will respond to Tax Practitioner email submissions within two business days.

Electronic attachments can be included with emails, subsequent inquiries may be submitted similar to back-and-forth email threads and practitioners seeking to speak to a representative by phone can make such a request via the dedicated email system.

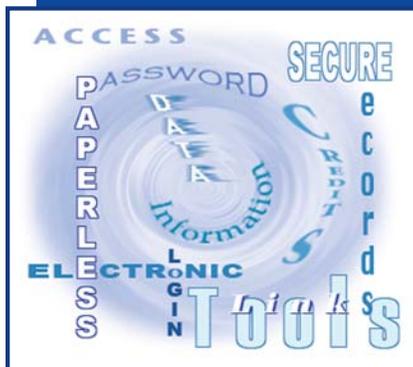
## IMPACT OF THE 2011-2012 BUDGET ON THE DEPARTMENT OF REVENUE

- Revenue's 2011-2012 General Fund budget is \$193.3 million, \$3.6 million, or 1.9 percent, more than its 2010-2011 budget.
- Revenue's general government operations budget decreases by \$2.7 million, or 2 percent, as compared to last year.
- The budget includes \$21.45 million for the modernization project, continuing the effort to improve Revenue's technology and business processes.
- Revenue's budget includes a \$4.3 million augmentation for the next fiscal year, the Enhanced Revenue Collection Account, dedicated to enforcement efforts. Similar funding in 2010-11 provided for 73 staff members and resources that netted a \$70.2 million, or 1,800 percent, return on investment.

To request such a call-back, a practitioner should access the e-hotline, selecting the "Tax Practitioner" option from the drop-down menu, then provide a name, telephone number, reason for the call and time of day that would be convenient for a representative to contact the practitioner by phone.

The department welcomes input from practitioners and taxpayers, and it is grateful for this opportunity to improve customer service and efficiency for our partners in the practitioner community.

## TAX PROFESSIONAL E-SERVICES CENTER



Tax professionals are encouraged to use the department's Tax Professional e-Services Center for easy access to clients' tax information.

Visit the department's [Online Customer Service Center](#) or call 717-787-1392.

## PROCEDURAL CHANGES AT THE BOARD OF APPEALS

The Board of Appeals has made several changes recently, including acceptance of petitions by fax, an opportunity to provide proof of mailing on certain petitions and distribution of acknowledgement letters by email.

Beginning in August, the Board of Appeals will accept faxed petitions at 717-346-2011. The Board will consider petitions faxed by midnight Eastern Standard Time on the date that the petition is required to be filed in order to be considered timely.

Also beginning in August, petitions received within 15 days after their due dates will not be denied outright. Rather, the petitioner will be given opportunity to provide proof of timely filing. If a petition is mailed, proof of timely filing is a postmark by the U. S. Postal Service on or prior to the final day on which the petition is required to be filed, per 72 P. S. § 1003.6. The Board will not accept a private metered stamp such as Pitney Bowes as proof of timely filing.

The due date for filing Pennsylvania individual and fiduciary income tax returns has been extended to April 17, 2012, to remain consistent with the IRS due date for income tax returns. Since April 15 falls on a Sunday in 2012, the first Pennsylvania estimated tax payment is due on Monday, April 16, 2012.

Additionally, in order to continue to streamline operations, the board is adjusting how it sends acknowledgements of petitions, sending acknowledgements by email to petitioners who request email correspondence.

Finally, the Board has developed a new procedure for hand-delivered petitions in order to save time for individuals delivering petitions. All hand-delivered petitions should be delivered to the Harrisburg Taxpayer Service Center in the lobby of Strawberry Square by 5 p.m. on the petition due date. Those hand-delivering petitions are encouraged to bring any additional copies for which time-stamps are sought. The Board will accept the date and time stamp of the Taxpayer Assistance Center as the date of filing for the petition.

## REVISED SALES TAX FILING FREQUENCY CHANGE

With the passage of Act 26 of 2011, businesses that reported or should have reported sales, use and hotel occupancy tax of \$25,000 or more for the third quarter of 2010 are now required to make prepayments of tax due and file a single monthly return by the 20th of the month.

Monthly prepayments must be at least 50 percent of the sales and use tax liability from the same month of the previous year. The return submitted the same month as the prepayment reports the prior month's liability and includes payment for remaining liability due for the prior month.

For example, on Aug. 22, the following is due, since the 20th falls on a Saturday:

- The August 2011 prepayment, which is at least half the sales and use tax paid in August 2010;
- The July 2011 return reporting the full liability for July 2011; and
- The remaining payment for July 2011, which is the full July 2011 liability minus the amount prepaid by July 20.

Note that separate payments must be remitted for the current month's prepayment and the prior month's tax due.

If you implemented changes to accommodate the semimonthly filing frequency under Act 48 of 2009, or if you remitted prepayments based on the actual sales tax collected from the first day of the month through the 15th of the month rather than 50 percent of the liability from the same month of the previous year, you must make the 50 percent prepayments as outlined above to comply with Act 26 by no later than Jan. 1, 2012.

All businesses making prepayments should register to file and remit online using e-TIDES. Using this free electronic filing method will reduce unnecessary filing errors and assessments. If you are not currently registered to file using e-TIDES, visit [www.etides.state.pa.us](http://www.etides.state.pa.us) for additional information.

For more information about this change, or for a schedule of return due dates (REV-819), please visit the department's Online Customer Service Center at [www.revenue.state.pa.us](http://www.revenue.state.pa.us).

## REVENUE DEPARTMENT ANNOUNCES FALL TAX SEMINAR SCHEDULE

### Opportunity for Tax Professionals to Earn Continuing Professional Education Credits

Secretary of Revenue Daniel Meuser encourages tax professionals to learn about changes to state tax laws and policies during one-day seminars to be held across the state this fall.

The Department of Revenue's fall tax seminars educate Pennsylvania tax professionals on personal income tax, unemployment compensation, corporate taxes, sales/use tax, inheritance tax and compliance initiatives. Resources available to tax practitioners at [www.revenue.state.pa.us](http://www.revenue.state.pa.us) - which enable tax

professionals to establish tax accounts for new businesses, file tax returns and pay state taxes online - are also detailed.

A nominal fee is charged for each seminar by the host institution. Participants receive continuing professional education (CPE) credits upon successful completion of the seminar. Space in many of the locations is limited, so those interested in attending should reserve a seat as soon as possible. Preregistration is required.

## 2011 FALL TAX SEMINAR SCHEDULE

SPONSOR	DAY	DATE	CONTACT PERSON	CONFERENCE LOCATION
<b>CPE Forum of Central PA</b> 601 Hawthorne Drive, Suite 2-B Hollidaysburg, PA 16648	Thursday	09-22-2011	<b>Kelly Park</b> 814-695-1558 kelly.park@wfadvisors.com	<b>The Casino</b> 300 Lakemont Park Blvd. Altoona, PA 16602
<b>Lehigh Valley PSPA</b>	Tuesday	09-27-2011	<b>Sherry DeAgostino</b> 1-800-270-3352 execdir@pspa-state.org	<b>Breinigsville Holiday Inn Conf. Center</b> 7736 Adrienne Drive Breinigsville, PA 18013
<b>Harrisburg PSPA</b>	Thursday	09-29-2011	<b>Sherry DeAgostino</b> 1-800-270-3352 execdir@pspa-state.org	<b>Penn State Univ. Harrisburg Campus</b> Capital Union Bldg., 777 W. Harrisburg Pike, Middletown, PA 17057
<b>Philadelphia Tri-County Chapter PSPA</b> 745 Burmont Road Drexel Hill, PA 19026	Tuesday	10-18-2011	<b>Andy Piernock</b> 267-318-7510 andrewpiernock@comcast.net	<b>Springfield Country Club</b> 400 W. Sproul Road (Rte. 320) Springfield, PA 19064
<b>Alvernia University</b> 400 St. Bernadine St. Reading, PA 19607	Thursday	10-20-2011	<b>Alan D. Ross, C.P.A.</b> 610-372-9911 Aross@RossCpa.com	<b>Alvernia University</b> 400 Saint Bernadine St. Reading, PA 19607
<b>Duquesne University School of Bus. and Admin.</b> 701 Rockwell Hall Pittsburgh, PA 15282-0104	Wednesday	10-26-2011	<b>Pat Police</b> 412-396-1643 police@duq.edu	<b>Duquesne Union Hall</b> Duquesne University Campus Pittsburgh, PA 15282-0104
<b>Wilkes University Continuing Education Dept.</b> 84 W. South St. Wilkes-Barre, PA 18766	Thursday	11-03-2011	<b>Margaret Petty</b> 570-408-4460 Margaret.Petty@wilkes.edu	<b>The Woodlands Inn and Resort</b> Highway 315 Wilkes-Barre, PA 18766
<b>Neumann University Division of Business &amp; Information Mgt.</b> 1 Neumann Drive Aston, PA 19014-1298	Thursday	11-17-2011	<b>Janet Massey</b> 610-558-5588 jmassey@neumann.edu	<b>Neumann University</b> Thomas A. Bruder, Jr. Life Center Bldg. 1 Neumann Drive Aston, PA 19014
<b>Penn State University</b> 1600 Woodland Road Abington, PA 19001	Wednesday	12-14-2011	<b>Theresa Bloom</b> 215-881-7402 tmb17@psu.edu	<b>Penn State University Abington Campus</b> Abington, PA 19001

## 2011 FALL TAX SEMINAR AGENDA

*See Page 5 for Seminar Schedule Dates*

TIME	TOPIC	PRESENTER
8:30 - 9:45 a.m.	<b>INTRODUCTION &amp; PERSONAL INCOME TAX UPDATES</b> <ul style="list-style-type: none"> <li>➤ 2011 Tax Law Changes</li> <li>➤ 2011 Forms Changes</li> <li>➤ Common PIT Forms Filing Errors</li> </ul>	<b>David A. Braden, CPA</b> <b>Donald E. Bianchi, CPA or</b> <b>Allen Daugherty</b> <i>Bureau of Individual Taxes</i>
9:45 - 10:00 a.m.	<b>Break</b>	
10:00 - 11:00 a.m.	<b>PASS THROUGH BUSINESS UPDATES</b> <ul style="list-style-type: none"> <li>➤ PA S Corporation Operations</li> <li>➤ Allocation &amp; Apportionment of Income</li> <li>➤ AAA &amp; Accumulated E&amp;P</li> <li>➤ Terminations and Revocations</li> </ul>	<b>Regis Egan</b> <i>Pass Through Business Office</i>
11:00 a.m. - Noon	<b>CORPORATION TAXES UPDATES</b> <ul style="list-style-type: none"> <li>➤ Forms Changes</li> <li>➤ E-File Mandate</li> <li>➤ Legislative Changes</li> <li>➤ LLCs</li> </ul>	<b>Michael Answine, Joseph Clover,</b> <b>Jeffrey A. Creveling, John</b> <b>Naccarato or Greg Skotnicki</b> <i>Bureau of Corporation Taxes</i>
Noon - 1:00 p.m.	<b>Lunch</b>	
1:00 - 2:00 p.m.	<b>SALES TAX</b> <ul style="list-style-type: none"> <li>➤ Taxable Services</li> <li>➤ Manufacturing</li> <li>➤ Mining</li> <li>➤ Updates</li> </ul>	<b>Kenneth A. Perry, CPA,</b> <b>Karen A. Shaw or</b> <b>Mark Balistrieri, CPA,</b> <i>Bureau of Audits</i>
2:00 - 2:30 p.m.	<b>REVENUE MODERNIZATION PROJECT INTEGRATED TAX SYSTEM CONVERSION UPDATE</b> <ul style="list-style-type: none"> <li>➤ Project Background and Goals</li> <li>➤ Project Scope and Timeline</li> <li>➤ Project Benefits</li> </ul>	<b>Donald Sheridan or</b> <b>Thomas L. Van Kirk</b> <i>Integrated Tax System Business Operations Office</i>
2:30 - 2:45 p.m.	<b>Break</b>	
2:45 - 3:30 p.m.	<b>UNEMPLOYMENT COMPENSATION TAX (LABOR AND INDUSTRY)</b> <ul style="list-style-type: none"> <li>➤ Regulation Updates</li> <li>➤ Act 72</li> <li>➤ UCMS Updates</li> </ul>	<b>Thomas Daniels, Kenneth</b> <b>Kuklar or Dinesh Parekh</b> <i>Labor &amp; Industry</i>
3:30 - 4:30 p.m.	<b>BUSINESS USE TAX AND VOLUNTARY COMPLIANCE INITIATIVES</b> <ul style="list-style-type: none"> <li>➤ Stimulating Voluntary Compliance</li> <li>➤ Use Tax - Business Taxpayers</li> <li>➤ Use Tax - Consumers/Individual Taxpayers</li> <li>➤ Other Compliance &amp; Collection Initiatives</li> </ul>	<b>James Foster, Kevin Milligan,</b> <b>William Hartman, CPA or</b> <b>Mark Balistrieri, CPA</b> <i>Enforcement Planning, Analysis and Discovery</i>

**In compliance with the Americans with Disabilities Act, the department will make every effort to provide an alternative format to persons with disabilities about the content of the seminars.**

## NEARLY \$235 MILLION IN 2010 PROPERTY TAX/RENT REBATES DISTRIBUTED STARTING JULY 1 TO OLDER ADULTS, RESIDENTS WITH DISABILITIES

### Deadline to Apply for Rebate Program Extended to Dec. 31

The deadline to apply for Pennsylvania's Property Tax/Rent Rebate Program for older adults and residents with disabilities has been extended from June 30 to Dec. 31, and more than 498,000 senior homeowners, renters and people with disabilities were issued rebates totaling \$234.2 million on July 1.

"Property tax and rent rebates, combined with general property tax relief from slots gaming, provide significant support to older Pennsylvanians and residents with disabilities," said Secretary of Revenue Daniel Meuser. "Governor Corbett is extending the rebate program deadline because he wants to be sure everyone who is eligible has time to apply for the tax relief they're owed."

As of June 24, the Revenue Department had received more than 567,000 rebate applications. More than 600,000 older Pennsylvanians and residents with disabilities are expected to benefit from the program this year.

An estimated 120,000 senior homeowners will have school property taxes completely eliminated when rebates combine with \$612.1 million in slots gaming-funded general property tax relief that all homeowners will see itemized on school district property tax bills this summer.

The rebate program benefits eligible Pennsylvanians age 65 and older; widows and widowers age 50 and older; and people with disabilities age 18 and older. The income limit is \$35,000

a year for homeowners and \$15,000 annually for renters, and half of Social Security income is excluded.

The maximum standard rebate is \$650, but supplemental rebates for qualifying homeowners can boost rebates to \$975. The Revenue Department automatically calculates supplemental rebates for qualifying homeowners. Rebates will continue to be distributed as claims are approved through the rest of the year.

Residents can obtain Property Tax/Rent Rebate claim forms (PA-1000) and related information online at [www.revenue.state.pa.us](http://www.revenue.state.pa.us) or by calling 1-888-222-9190. Forms and assistance also are available at Department of Revenue district offices (listed in the government section of phone directories), local Area Agencies on Aging, senior centers and state legislators' offices.

Claimants who already applied for Property Tax/Rent Rebates may check the status of claims online at [www.revenue.state.pa.us](http://www.revenue.state.pa.us) or by calling, toll-free, 1-888-PATAXES.

The Property Tax/Rent Rebate Program is one of five programs supported by the Pennsylvania Lottery. Since the program's 1971 inception, older and disabled adults have received more than \$4.8 billion worth of property tax and rent relief. The expanded portion of the rebate program is paid for with revenue from slots gaming.

## FISCAL YEAR 2010-2011 COLLECTIONS

Pennsylvania collected \$3.2 billion in General Fund revenue in June, which was \$246.1 million, or 8.3 percent, more than anticipated, Secretary of Revenue Daniel Meuser reported. Fiscal year 2010-11 General Fund collections totaled \$27.5 billion, which is \$785.5 million, or 2.9 percent, above estimate.

Sales tax receipts totaled \$1 billion for June, \$72.2 million above estimate. Sales tax collections for the fiscal year totaled \$8.6 billion, which is \$252.9 million, or 3 percent, more than anticipated.

Personal income tax (PIT) revenue in June was \$1 billion, \$115.5 million above estimate. This brought fiscal-year PIT collections to \$10.4 billion, which is \$311.2 million, or 3.1 percent, above estimate.

June corporation tax revenue of \$502.5 million was \$32.3 million above estimate. Fiscal-year corporation tax collections totaled \$4.9 billion, which is \$245.4 million, or 5.3 percent, above estimate.

Inheritance tax revenue for the month was \$80.2 million, \$9.2 million above estimate. This brought the fiscal-year total to \$805.2 million, which is \$34.3 million, or 4.5 percent above estimate.

Realty transfer tax revenue was \$29.5 million for June, \$1.7 million below estimate, bringing the fiscal-year total to \$279.2 million, which is \$39.4 million, or 12.4 percent less than anticipated.

Other General Fund tax revenue, including cigarette, malt beverage, liquor and table games taxes, totaled \$131.4 million for the month, \$6.9 million below estimate and bringing the fiscal-year total to \$1.5 billion, which is \$30.1 million, or 2 percent, below estimate.

Non-tax revenue totaled \$443.8 million in June, \$25.5 million above estimate, bringing the fiscal-year total to \$1 billion, which is \$11.2 million, or 1.1 percent, above estimate.

In addition to the General Fund collections, the Motor License Fund received \$192.3 million for the month, \$19.1 million above estimate. Fiscal-year collections for the fund – which include the commonly known gas and diesel taxes, as well as other licenses, fine and fee revenues – total \$2.5 billion, which is \$197.6 million, or 8.5 percent, above estimate.