



Pennsylvania Tax Update

www.revenue.state.pa.us

COST-SAVING MEASURES COMING TO E-TIDES FOR TAX YEAR 2004

Beginning with tax year 2004, the Department of Revenue will discontinue mailing Sales and Use Tax and Employer Withholding Tax coupon booklets to taxpayers registered to use the Electronic Tax Information Data Exchange System (e-TIDES) tax-filing Web site. Because e-TIDES provides a comprehensive means to file and pay business taxes, it is no longer cost effective for the Department to print and mail coupon booklets to taxpayers registered to file electronically. "During these tight budgetary times, the Department looks for opportunities such as this to cut costs wherever possible without sacrificing service," said Secretary of Revenue Gregory C. Fajt.



Should the need for paper forms arise, visit the Department's Web site at www.revenue.state.pa.us, click on "Forms and Publications" on the left side of the home page and choose the "Business Taxes" link, or call the 24-hour Forms Ordering Message Service at 1-800-362-2050. Here is a list of the forms you can obtain:

- REV-1705 Tax Account Information Change/Correction Form
- REV-1706 Business/Account Cancellation Form
- REV-563 State/Local Sales Tax Responsible Party Information Form
- PA-3R Sales, Use & Hotel Occupancy Tax Return
- PA-501R Employer Deposit Statement of Withholding Tax

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FEDERAL CHANGES INCREASE FIRST-YEAR BONUS DEPRECIATION

The Jobs and Growth Reconciliation Act of 2003 has a direct effect on the calculation of the Pennsylvania taxable Corporate Net Income Tax (CNI). Under this law, the first-year depreciation allowance is increased to 50 percent from 30 percent for property acquired after May 5, 2003, and placed in service before Jan. 1, 2005.

Act 89 of 2002 addresses the CNI treatment of the 30 percent bonus depreciation as well as the increase to 50%. In the calculation, corporate taxpayers must include the amount of the deduction for depreciation of qualified property claimed and allowable under section 168(k) of the Internal Revenue Code of 1986. Normally, Act 89 would permit full recovery of the 30 percent bonus depreciation by the time the property is fully depreciated, but a portion of the 50 percent bonus depreciation will not be recovered. To recover the full 50 percent bonus depreciation, taxpayers will be allowed to deduct any remaining unrecovered amount in the last taxable year that the property is depreciated.

A more detailed explanation and examples are posted on the Department of Revenue's Web site www.revenue.state.pa.us.

ADDITIONAL CORPORATION TAXES NOW PAYABLE ON E-TIDES

The Electronic Tax Information and Data Exchange System (e-TIDES) Web site has expanded to include Bank Shares, Bank Loans, Insurance Premiums (including Surplus Lines), Marine Insurance Premiums, Mutual Thrift Institutions, Public Utility Realty Tax and Utilities Gross Receipt Tax. Businesses that use e-TIDES to file their returns cut payment posting time to three days from 30 days. After the information is received, taxpayers are notified.

E-TIDES also provides a service known as warehousing, in which corporations using the ACH Debit payment method can initiate an electronic tax payment up to 365 days in advance of the due date. Warehousing stores the transaction and only debits the associated bank account on the date specified.

Businesses are currently able to file returns for Sales and Use Tax, Employer Withholding Tax, Unemployment Compensation and Liquid Fuels and Fuels Taxes on e-TIDES. By law, businesses with liabilities of \$20,000 or more must remit payments electronically. However, the electronic payment option is available to all businesses regardless of the amount of their tax payments. Corporations not registered with the e-TIDES program can obtain an electronic signature and register by visiting the e-TIDES Web site at www.etides.state.pa.us.

The e-TIDES Web site is protected by Secure Socket Layers (SSL) and 128-bit encryption.

Fast Fact:
Businesses
that use
e-TIDES
to file returns
cut payment
posting time
to three days
from 30.

THE TAX UPDATE IS A

BI-MONTHLY NEWSLETTER

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OF REVENUE

GREGORY C. FAJT

SECRETARY OF REVENUE

(717) 787-6960

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COST-SAVING MEASURES *Continued from page 1*

- PA-W3R Employer Quarterly Reconciliation Return
- REV-1667R W-2 Transmittal
- REV-1716 Employer Withholding Period End and Tax Due Dates
- REV-819 Sales & Use Period End and Tax Due Dates (available December 2003)

The PA-3R and PA-W3R forms are only available on the Department's Web site for 10 calendar days prior to the

tax due date through the day after the due date.

To answer any questions regarding this matter or to request a coupon booklet, visit the Department's *Online Customer Service Center* located at www.revenue.state.pa.us.

We appreciate your business using e-TIDES as we work toward a paperless environment.

PENNSYLVANIA DEPARTMENT OF REVENUE (DOR)
2003 FALL TAX SEMINAR AGENDA
 SEE PAGE 3 FOR SEMINAR SCHEDULE DATES

Tax Update

TIME	TOPIC	PRESENTER
8:30 - 8:45 AM	INTRODUCTION	
8:45 - 10:00 AM	PERSONAL INCOME TAX > Changes to PIT Forms and Instructions > PA PIT Guide > Legislative Changes and "New" PA PIT and IRS Code Differences	<i>Thomas A. Frascella, Jr. (DOR)</i>
10:00 - 10:15 AM	BREAK	
10:15 - 11:00 AM	REVENUE WEB SITE SERVICES & BUSINESS TAX ELECTRONIC FILING PROGRAMS	<i>Debbie L. Wise, Tom VanKirk (DOR)</i>
11:00 - 11:45 AM	DEPARTMENT OF LABOR AND INDUSTRY > Unemployment Compensation Tax Matters Update	<i>John Grady, Timothy McGarvey, Jim Diffendal (L & I)</i>
11:45 - NOON	QUESTIONS AND ANSWERS	
Noon - 1:00 PM	LUNCH	
1:00 - 2:00 PM	SALES AND USE TAX > Taxable Services > Nexus and Internet Sales > Definition of "Purchase Price" > Legislative Changes and Recent Court Decisions	<i>Kenneth Perry, CPA, Martin Smith, CPA, Karen Shaw (DOR)</i>
2:00 - 2:45 PM	CORPORATION TAXES > Decoupling – Adjustment to Federal Taxable Income associated with Federal Bonus Depreciation > Qualified Subchapter S Subsidiaries – Election Process and Filing of Reports > Estimated Settlements > Legislative Changes	<i>Jeffrey A. Creveling, Joseph Clover, Cathy Benson (DOR)</i>
2:45 - 3:00 PM	BREAK	
3:00 - 4:00 PM	INHERITANCE TAX AND ESTATE TAX > Changes to PA Inheritance Tax Law > Discussion of tax rates, taxable assets and allowable deductions > Common mistakes in the filing and administration of an estate > Filing of protests or appeals	<i>Shawn E. Young (DOR)</i>
4:00 - 4:30 PM	QUESTIONS AND ANSWERS	

In compliance with the Americans with Disabilities Act, the Department will make every effort to provide an alternative format to persons with disabilities.

2003 FALL TAX SEMINAR SCHEDULE

SPONSOR	DAY	DATE	CONTACT PERSON	CONFERENCE LOCATION
PA Chapter of National Association of Tax Professionals P.O. Box 214 371 W. Lincoln Ave., Rt. 422 Myerstown, PA 17067-0214	Friday	09-12-2003	Kathryn Bowman 1-800-726-2871	Days Inn Butler, PA 16001
CPE Forum of Central PA 1321 11th Ave., Suite 1 P.O. Box 2210 Altoona, PA 16603	Tuesday	09-16-2003	Kelly Park (814) 941-2486	The Casino 300 Lakemont Park Blvd. Altoona, PA 16602
Kutztown University Accounting and Finance Dept. DeFrancesco Bldg., Room 131 Kutztown, PA 19510	Thursday	09-18-2003	David Wagman (610) 683-4580	Kutztown University Kutztown, PA 19510
University of Scranton Center for Continuing Education St. Thomas Hall, Room. 587 Scranton, PA 18510-4639	Tuesday	09-23-2003	Carolyn Matrone (570) 941-7582	Radisson Hotel 700 Lackawanna Ave. Scranton, PA 18503
CPA/Law Forum of the Lehigh Valley 5050 Tilghman St., Suite 400 Allentown, PA 18104	Wednesday	09-24-2003	Lydia Blake (610) 398-5374	Sheraton Inn-Jet Port 3400 Airport Road Allentown, PA 18103-9318
CPE Forum of Central PA 1331 12th Ave. P.O. Box 2210 Altoona, PA 16601	Thursday	09-25-2003	Kelly Park (814) 941-2486	Pennsylvania College of Technology College Ave Williamsport, PA 17701
Waynesboro Chamber of Commerce Penn State Mont Alto 323 East Main St. Waynesboro, PA 17268	Wednesday	10-01-2003	Carol Henicle (717) 762-7123	Penn State Mont Alto Continuing Education Center Chambersburg Mall Chambersburg, PA 17201
Penn State University Erie Campus 5091 Station Road Erie, PA 16563-1000	Wednesday	10-08-2003	Linda Morris (814) 898-6103	Quality Inn & Suites 8040 Perry Highway, I 90 & Route 97 Erie, PA 16509
Duquesne University School of Bus. and Admin 701 Rockwell Hall Pittsburgh, PA 15282-0104	Thursday	10-09-2003	Elaine Franks (412) 396-1642	Duquesne Union Hall Duquesne University Campus Pittsburgh, PA 15282-0104
Villanova University College of Commerce and Finance Bartley Hall 800 Lancaster Ave Villanova, PA 19085-1678	Friday	10-17-2003	Nancy Carpenter (610) 519-4340	Villanova University Bartley Hall Villanova, PA 19085-1678
PA Department of Revenue (Limited to Government Employees)	Monday	10-20-2003	Richard Santo (717) 787-8346	The State Museum of PA Auditorium Third and North Streets Harrisburg, PA 17108
Albright College 1621 N. 13th St. Reading, PA 19604-1708	Tuesday	10-28-2003	Alan D. Ross, C.P.A. (610) 372-9911 Lois Kubinak (610) 921-7247	Albright College Campus Center Reading, PA 19603
Wilkes University Continuing Education Dept. 215 South Franklin St. Wilkes-Barre, PA 18766	Thursday	10/30/2003	Margaret Steele (570) 408-4462	The Woodlands Inn and Resort Highway 315 Wilkes-Barre, PA 18766
Harrisburg Area Community College 3300 Cameron Street Road Harrisburg, PA 17110	Wednesday	11-05-2003	David Root (717) 780-2561	Rose Lehrman Art Center Harrisburg Area Community College 1 HACC Drive Harrisburg, PA 17110-2999
Penn State University Ogontz Campus 1600 Wood Land Road Abington, PA 19001	Wednesday	11-12-2003	Theresa Bloom (215) 881-7402	Holiday Inn 432 Pennsylvania Ave. Fort Washington, PA 19034-3458
Neumann College Continuing Education Dept. 1 Neumann Drive Aston, PA 19014-1298	Thursday	11-20-2003	Lois Ritacco (610) 558-5629	Neumann College Life Conference Center Aston, PA 19014-1297

Tax Update

AUTOMATIC EXTENSIONS TO FILE PERSONAL INCOME TAX RETURNS FOR MILITARY COMBAT PERSONNEL



Secretary of Revenue Gregory C. Fajt announced that Pennsylvanians serving in the armed forces in combat zones or qualified hazardous duty areas will be allowed the same additional time to file their 2002 state income tax returns and make payments of the tax due that is permissible under the Internal Revenue Code for federal income tax purposes.

Under the state income tax law, the deadline is automatically extended for 180 days from the last day of a person's duty in a combat zone or qualified hazardous duty, or the last day of any continuous hospitalization for injury incurred in one of these areas. There is no need to apply for an extension of time to file. No late-filing penalties, underpayment penalties or interest will accrue in those 180 days.

When filing returns, please mark "Combat Zone or Hazardous Duty Area" at the top of the return and include a copy of military orders. Mail return to: PA Department of Revenue, Bureau of Individual Taxes, Regarding: Combat Zone, Department 280600, Harrisburg, PA 17128-0600.

For more information, call the Department's Taxpayer Service and Information Center at (717) 787-8201 or refer to the Internal Revenue Service **Publication 3, Armed Forces' Tax Guide** available on the IRS's Web site at www.irs.gov.

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LIQUID FUELS AND FUELS TAX NOW PAYABLE BY CREDIT CARD

Businesses can now use credit cards to make regular monthly and/or delinquent Liquid Fuels and Fuels Tax payments via the Internet at www.officialpayments.com, over the telephone at 1-800-2PAY-TAX (1-800-272-9829) or by going to the Department of Revenue's Web site at www.revenue.state.pa.us.

Businesses have the option of paying Sales and Use Tax and Employer Withholding Tax using credit cards. Individuals are now able to use this method to make

current year balance due payments, delinquent payments, quarterly estimated payments and extension payments. Credit card payments are credited the day of the transaction, so taxpayers can avoid late payment penalties.

A 2.5 percent convenience fee, based on the tax due, is charged by the vendor to process the transaction. MasterCard, Visa, Discover and American Express cards are accepted.



Cards

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DEPARTMENT OF REVENUE PRESS OFFICE 1131 STRAWBERRY SQUARE HARRISBURG, PA 17128-1100
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