Governor Edward G. Rendell today reminded taxpayers that PA Tax Amnesty – which waives all penalties and half of the interest for anyone who pays delinquent Pennsylvania taxes between April 26 and June 18 – is halfway over.

“Only 25 days remain for businesses and individuals that owe back taxes to Pennsylvania to take advantage of the Tax Amnesty opportunity,” Governor Rendell said, noting that during the last PA Tax Amnesty 14 years ago, 74 percent of applications and payments were submitted in the final two weeks of the program. “We know there are many, many more people who will take advantage of this opportunity, and we encourage them not to wait until the last minute.

“The June 18 deadline was set by law – it will not be extended. Taxpayers should avoid the last-minute rush and apply now, because after June 18, not only does this offer disappear, but an additional 5 percent penalty is tacked on to all outstanding tax delinquencies.”

To date, the PA Tax Amnesty program received 28,394 completed, or in-process, applications disclosing $50.9 million in previously unpaid Pennsylvania back taxes.

Continued on Page 2

More than one million delinquent taxpayers – from every U.S. state and all Pennsylvania counties – owe more than $2.1 billion in back state taxes eligible for PA Tax Amnesty.
The single largest payment to date was $1.2 million for corporate taxes.

As of this morning, traffic to the PA Tax Amnesty website, www.PATaxPayUp.com, totaled nearly 188,000 hits; and more than 50,000 calls to the PA Tax Amnesty hotline, 1-877-34-PAYUP, were answered.

The PA Tax Amnesty application is only available online at www.PATaxPayUp.com. The website also answers commonly asked Tax Amnesty questions and provides step-by-step application instructions in English and Spanish.

To be considered for PA Tax Amnesty, online applications must be completed and submitted electronically by midnight, Friday, June 18, 2010.

Tax Amnesty payments can be made through a variety of options: by electronic funds transfer, credit or debit card, check, money order or cash. Cash is only accepted at the Harrisburg district office in the lobby of Strawberry Square. All payments must be made electronically or postmarked by midnight, Friday, June 18.

Assistance is available by calling 1-877-34-PAYUP (1-877-347-2987) weekdays between 7:30 a.m. and 7 p.m., or by visiting any of the Department of Revenue’s 17 district offices across Pennsylvania. District offices are listed in the blue pages of local telephone directories, and in-person assistance is available weekdays from 9 a.m. to noon and 1 to 4 p.m.

**About Tax Amnesty:**

For a limited time, the PA Department of Revenue is waiving 100 percent of penalties and half the interest for anyone who applies for Tax Amnesty online at www.PATaxPayUp.com and pays eligible delinquent taxes by June 18.

The 54-day PA Tax Amnesty program, created by Act 48 of 2009, is generally available to all individuals, businesses and other entities with PA tax delinquencies as of June 30, 2009.

The Tax Amnesty period began on April 26 and is expected to net $190 million for the current fiscal year budget by June 18.

After the program ends on June 18, eligible taxpayers that do not take advantage of the PA Tax Amnesty program to settle back taxes will have a 5-percent non-participation penalty added to delinquencies and may face other enforcement actions.

For more information, visit www.PATaxPayUp.com or call 1-877-34-PAYUP (1-877-347-2987) weekdays between 7:30 a.m. and 7 p.m.

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**C. DANIEL HASSELL CONFIRMED AS REVENUE SECRETARY**

C. Daniel Hassell was unanimously confirmed by the Senate as Secretary of the Department of Revenue on April 14 and sworn in on April 27.

“We have a dedicated, talented staff here at Revenue that is very passionate about what they do and mindful of its impact,” Hassell said. “I thank them for their continued support as I move into a new role in the agency.”

Prior to his nomination as Revenue Secretary, Hassell served for three decades as a senior tax policy analyst in a number of positions within the Department of Revenue and Pennsylvania Senate.

Hassell has worked for the Department of Revenue since 1995, and he worked for Revenue from 1981 to 1985. For the nine years he departed from department service, Hassell served as budget specialist for the Pennsylvania Senate Appropriations Committee.
Budget Secretary Mary Soderberg certified in April that $772.5 million in gaming revenue will be available for property tax relief in 2010 – the third year of broad-based property tax relief under the historic Taxpayer Relief Act.

"We are continuing to provide statewide property tax relief," Soderberg said. "This is welcome news for Pennsylvanians who are still coping with the effects of the prolonged national recession."

The 2006 Taxpayer Relief Act established the Property Tax Relief Fund as a way to use gaming revenues to reduce property taxes for homeowners. State law requires the budget secretary to certify the actual balance in the fund on April 15 of each year and to project gaming revenues coming into the fund in the next six months.

Soderberg certified that the balance in the Property Tax Relief Fund is $418.1 million, including $83 million in the Property Tax Relief Reserve Fund. Gaming revenue from now through Oct. 15 is projected to add $367.7 million to the relief fund, bringing the total amount in the fund to approximately $785.8 million (including the reserve fund).

Nearly 2.7 million Pennsylvania households saw their property taxes lowered in 2009 because of gaming revenues. The average statewide property tax reduction for each household is expected to be nearly $200 this year.

Homeowners in 66 counties will receive reductions in the school property tax bills they will receive this summer. Philadelphia’s share of funding for broad-based tax relief - $85.9 million in the coming year - will be used to reduce the city's wage tax instead of its property tax, since the wage tax is the greater barrier to economic growth in that city.

Older Pennsylvanians in particular will benefit from the commonwealth's use of gaming revenues to provide property tax relief. Nearly 600,000 older people will be eligible for additional relief through the state’s Property Tax/Rent Rebate Program. Approximately 123,000 older adults will pay no school property taxes again this year, thanks to state-funded property tax relief. Many more will receive rebates in addition to the property tax relief that all homeowners receive.

"Taking into account the funding for the enhanced Property Tax/Rent Rebate Program, we have been able to provide $2.4 billion in total property tax relief since 2006," Soderberg said. "This relief is especially meaningful to older Pennsylvanians on fixed incomes."

The 2006 Taxpayer Relief Act dramatically expanded the Property Tax/Rent Rebate Program. Under the Property Tax/Rent Rebate Program, older and disabled homeowners with incomes up to $35,000 are eligible for rebates of up to $650. Older and disabled homeowners with limited incomes who pay a large share of their income in property taxes or who live in high property-tax areas are eligible for additional rebates of up to $325. Those eligible have until June 30 to apply for the program. Information is available at www.PAPropertyTaxRelief.com or by calling 1-888-222-9190.

Property Tax/Rent Rebates will be distributed beginning on July 1, as specified by law.
2010 GENERAL FUND REVENUES
ESTIMATED VERSUS ACTUAL COLLECTIONS (IN MILLIONS)

In April, monthly collections were $390 million lower than expected. So far this fiscal year, General Fund collections total $22.8 billion, which is $1.1 billion, or 4.6 percent, below estimate.

WITHHOLDING TAX REQUIREMENTS FOR CERTAIN EMPLOYERS CHANGE JUNE 1

Effective June 1, employers that withhold $20,000 or more annually from employee compensation are required to remit those taxes to the Department of Revenue pursuant to a semiweekly schedule.

Affected employers whose payday falls on Wednesday, Thursday or Friday must deposit the tax with the state the Wednesday following the payday. Affected employers whose payday falls on a Saturday, Sunday, Monday or Tuesday must deposit the tax with the state the following Friday.

Employers that must adopt semiweekly payment schedules are encouraged to file and make deposits online, using the Department of Revenue's free electronic filing system, e-TIDES. The use of an unapproved paper form or filing method could result in unnecessary filing errors.

More information – including examples to help employers understand the new requirements and REV-1716, the Schedule of the 2010 Semiweekly Period Ending Dates and Administrative Due Dates – is available on the department’s website. Business taxpayers can also visit the department’s Online Customer Service Center or call 717-787-1064 for information.
NEW FEDERAL LAW STAMPS OUT CIGARETTE TAX EVASION

The Prevent All Cigarette Trafficking Act (PACT Act) was signed into federal law on March 31, amending the Jenkins Act of 1949 and strengthening federal law governing sales and delivery of cigarettes and smokeless tobacco. Beginning June 29, the new law will effectively stamp out online cigarette sales, thereby driving smokers back to brick-and-mortar retail stores in Pennsylvania. The stronger federal law makes cigarette tax evasion much more difficult and risky, and ensures excise and sales taxes due the commonwealth are paid.

The PACT Act mandates the following:

- Internet and mail-order retailers that sell cigarettes and smokeless tobacco must comply with the excise tax laws and reporting and stamping requirements of every state into which they ship cigarettes.

- Further, such sellers must comply with other state and local laws and regulations regarding tobacco directories, minimum pricing, licensing, rebates and fire-safe standards.

- Online cigarette and smokeless tobacco retailers must verify the age of every purchaser to prevent sales to minors.

- The U.S. Postal Service is prohibited from knowingly shipping cigarettes or smokeless tobacco. (A few years ago UPS, FedEx and DHL agreed not to ship tobacco products, so shipping options are now greatly limited.)

- Companies that ship cigarettes or smokeless tobacco must verify the age of the person accepting delivery at a residence, to prohibit receipt of such products by minors.

The act exempts cigars and pipe tobacco from these requirements.

A violation of any provision of the PACT Act is a felony offense, and the act grants enforcement authority to the federal Bureau of Alcohol, Tobacco, Firearms and Explosives to inspect online tobacco sellers’ records and inventories, ensuring compliance with the new law. Further, state attorneys general are empowered by the act to bring action in U.S. district courts to prevent and address violations of the PACT Act.

The PACT Act will effectively stamp out online cigarette sales, forcing many tobacco consumers to return to local brick-and-mortar retailers. This levels the playing field for Pennsylvania businesses that will no longer lose sales to online cigarette vendors offering price discounts through tax evasion tactics. Further, it helps states enforce equitable taxation and fairness: The cigarette tax is the same regardless of whether the products are purchased from an online retailer, a mail-order retailer or in a store. The PACT Act makes it nearly impossible for some people to avoid paying cigarette tax by purchasing products online, while other people who purchase cigarettes in a Pennsylvania store must pay it.

TAX PROFESSIONAL E-SERVICES CENTER

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

Visit the department’s Online Customer Service Center or call 717-787-1392.
NEW INHERITANCE TAX FORM, REV-1500, MUST BE USED BEGINNING JULY 1

Starting July 1, a revised REV-1500, Inheritance Tax Return for a Resident Decedent, must be used to file with Registers of Wills offices. The new REV-1500 is to be used for any deceased PA resident’s estate, regardless of the decedent’s date of death.

The updated form will be available in PDF and fill-in format on the department’s website, www.revenue.state.pa.us, in early June. It can be distinguished from prior versions of the form by the following changes:

• The revised form has no "Firm Name" line in the Correspondent Section on Page 1.
• The revised form has no penalty lines on Page 3.
• The revised form features no shaded areas.

Older versions of the return submitted after July 1 will be rejected by Registers of Wills and returned to taxpayers.

Tax practitioners are asked to discard prior versions of the form and use the revised form beginning July 1.

Software vendors have been advised of the changes to REV-1500. However, practitioners who prepare inheritance tax returns via vendor-produced software are encouraged to contact their software vendors to ensure the form upgrades will be available by July 1.

The revisions were made to REV-1500 so that returns may be scanned and processed more effectively by the department.

Questions regarding the revised REV-1500 can be directed to the department’s Inheritance Tax Division at 717-787-8327.

REALTY TRANSFER TAX STATEMENT OF VALUE, REV-183, RECENTLY REVISED

The Department of Revenue recently revised REV-183, Realty Transfer Tax Statement of Value, used to claim exemption from realty transfer tax and/or report full consideration for tax payment when nominal consideration is shown on a deed.

The revised REV-183 is now available in PDF and fill-in format at www.revenue.state.pa.us. It can be distinguished from prior versions of the form by the following changes:

• The revised form draws greater attention to Section C, Date of Acceptance of Document, where the taxpayer is to enter the date immediately to the right of the emboldened section header.
• The revised form features an additional YES/NO question in Section E clarifying whether the transfer was part of an assignment or relocation.
• The revised form includes a new exemption category in Section F for transfer from a trust, and it requires the taxpayer to provide the date of transfer and attach a copy of the trust document if the trust was amended since the date of transfer.

Tax practitioners are asked to discard prior versions of the form and use the revised form going forward.

Questions regarding the revised REV-183 can be directed to the department’s Realty Transfer Tax Division at 717-783-8104.
BUSINESSES APPLAUDED FOR REGISTERING USING REVENUE’S WEBSITE

The Department of Revenue appreciates those businesses that use the Internet to register. Overall, the number of business applications submitted electronically has increased from 50 percent in 2001 to 87 percent in 2010, as of April 25.

Businesses may register for employer withholding accounts from the Department of Revenue, satisfy business registration requirements through the Department of State and register for unemployment compensation accounts from the Department of Labor & Industry online at www.paopenforbusiness.com.

The online business registration interview guides users through the process of registering an enterprise with the departments of Labor & Industry, Revenue and State. The website is also designed for:

- Users unfamiliar with Pennsylvania taxes, services and business registration requirements; and
- Enterprises that have not registered a limited liability company, corporation, limited partnership, limited liability partnership or fictitious name with the Department of State.

To explore all of the department’s electronic services, visit the Department of Revenue’s e-Services Center.

RECORD NUMBER OF PENNSYLVANIANS FILE STATE INCOME TAXES ELECTRONICALLY

More than 3.5 million taxpayers, or about 66 percent of all individual taxpayers, filed 2009 Pennsylvania personal income tax returns electronically this year, setting a new record for electronic filing.

“Pennsylvanians who file income taxes electronically do themselves and the state a great service,” said Secretary of Revenue C. Daniel Hassell, who noted the state has received 4 percent more tax returns electronically so far this year compared to the total number of returns filed last year. “Individuals who file electronically get their refund faster while state government saves $3.49 in processing costs per return.”

Taxpayers who use the “e-file” option may have refunds deposited directly into bank accounts, or they may pay balances due electronically. This year, more than 808,000 taxpayers chose to directly deposit refunds; more than 254,000 paid taxes using the debit/credit option; and more than 18,000 individuals paid state taxes by credit card.

Taxpayers are encouraged to visit the Department of Revenue’s website for information and tax filing resources. By selecting online services at www.revenue.state.pa.us, taxpayers can file returns, make payments (including estimated payments), check the status of returns and refunds, update information, pay taxes by credit/debit card, access online customer service, review answers to commonly asked questions and download tax forms.
GOVERNOR RENDELL: LATEST PERFORMANCE REPORT SHOWS CHALLENGES AND SUCCESSES AS COMMONWEALTH AGENCIES OPERATE IN TOUGH ECONOMIC CLIMATE

Report’s Findings Will Help with Decisions on Future Budgets

The latest Governor’s Report on State Performance shows taxpayers and the General Assembly how state agencies continued to serve citizens during a time of budget cuts and economic uncertainty.

The report – the third of its kind from the Rendell administration – promotes government transparency by providing details on the goals, accomplishments and challenges of 31 state agencies in the 2008-09 fiscal year.

“This report should be considered in the context of the extremely difficult economic climate that prevailed during the 2008-09 fiscal year, and that continues to be felt in Pennsylvania and across the nation,” the Governor said. “The agencies under my jurisdiction carried out their work in the shadow of severe budget constraints – including a general hiring freeze, a freeze on cabinet and non-union salaries, and spending cuts of nearly $500 million.”

Department of Revenue highlights, featured on Pages viii, 18, 44-45 and 96 of the report include the following:

**Cumulative business tax cuts of $1.3 billion in 2008-09, including:**

- $1.2 billion from the continuing phase out of the capital stock/foreign franchise tax;
- $45.7 million from an increased sales factor in the corporate net income tax formula; and
- $66.2 million from an increased cap on net operating loss carry-forward deductions.

**Increased rates of electronic tax filing and electronic business registration**

- The number of electronically filed returns in 2009 was 6 percent higher than 2008.
- Eighty-two percent of businesses submitted electronic applications in 2008, an increase of 36 percent since 2003.
- Electronic filing saves Pennsylvania more than $1.8 million each year.

**Continued focus on delinquent tax collections**

- Delinquent collections totaled $700 million for 2008-09.
- The department has increased tax collections 29 percent since 2003-2004, Governor Rendell’s first full year in office.
- The department increased its delinquent tax collection 29 percent since 2003-04 and in 2008-09 collected more than $11 in delinquent taxes for every dollar spent on enforcement.

**Lottery success in funding programs for older Pennsylvanians**

- 2008-09 was the second-best year for Lottery ticket sales in the Lottery’s 37-year history and the best year for instant ticket sales.
- Ticket sales totaled $3.088 billion, only $1.1 million less than the previous year’s record.
- Ranked sixth nationally in annual sales and fifth in annual profits, the Pennsylvania Lottery in 2008-09 sold 59.7 percent more tickets and yielded 21.7 percent more in net revenues than in 2001-02.
- Nearly $1 billion was contributed to programs benefiting older Pennsylvanians in 2008-09.

**Increased assistance to eligible homeowners and renters through the Property Tax/Rent Rebate Program**

- In 2008-09, the department issued more than 580,500 rebates – 2.9 percent more rebates to older Pennsylvanians and people with disabilities than in 2007 and 79.1 percent more rebates than in 2002.
DEADLINE APPROACHES FOR RETAILERS TO CLEAR OUT NON-FIRE-SAFE CIGARETTE STOCK

Retailers are reminded they have until July 1 to purge existing inventories of non-fire-safe cigarettes in accordance with the Cigarette Fire Safety and Firefighter Protection Act of 2008. Beginning July 1, only tested, certified and stamped self-extinguishing cigarettes may be sold in Pennsylvania. By that date, all Pennsylvania cigarette retailers must have removed from stock all cigarettes not certified with fire-safe package marking approved by the PA Department of Revenue.

Cigarette manufacturers certified to sell fire-safe cigarettes in Pennsylvania are required to provide stamping agents and wholesalers with copies of their certifications. Manufacturers and wholesalers are, in turn, required to provide retailers with similar copies of certifications and approved package markings so retailers may easily identify certified fire-safe cigarette brands.

Retailers found selling non-fire-safe cigarettes after July 1 may be subject to fines up to $500 for each first offense and $5,000 for subsequent offenses.

The Cigarette Fire Safety and Firefighter Protection Act does not alter the way taxes are remitted to the department, affect cigarette sales guidelines and restrictions or alter existing retailer license requirements.

Any questions regarding the fire-safe cigarette requirements may be directed to the department’s Bureau of Business Trust Fund Taxes at 717-783-9374.

DEPARTMENT OF REVENUE TO COMBINE POTTsville AND READING DISTRICT OFFICES

The Department of Revenue will consolidate its Pottsville and Reading district offices in Reading, a move that will save taxpayers an estimated $27,000 in reduced operating costs.

The Pottsville district office, located at 115 S. Centre St., will close permanently at the close of business Friday, June 18. All five permanent, full-time Pottsville district office employees will be placed into the same or similar positions in Reading.

Area residents seeking help filing state taxes or completing Property Tax/Rent Rebate program applications may call or visit one of the following district offices for assistance:

<table>
<thead>
<tr>
<th>Reading</th>
<th>Scranton</th>
<th>Sunbury</th>
</tr>
</thead>
<tbody>
<tr>
<td>625 Cherry St.</td>
<td>Samters Building</td>
<td>535 Chestnut St.</td>
</tr>
<tr>
<td>Suite 239</td>
<td>101 Penn Ave.</td>
<td>570-988-5520</td>
</tr>
<tr>
<td>610-378-4401</td>
<td>Room 200</td>
<td></td>
</tr>
<tr>
<td></td>
<td>570-963-4585</td>
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Taxpayers are also encouraged to visit the Department of Revenue’s website for information and tax filing resources. At www.revenue.state.pa.us, taxpayers can file returns, make payments (including estimated payments), check the status of returns and refunds, update information, pay taxes by credit/debit card, access online customer service, review answers to commonly asked questions and download tax forms.

After the Pottsville and Reading district offices are consolidated, the department will have 16 district offices.