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## E-FILE MANDATE FOR PAID THIRD-PARTY TAX PREPARERS FOR STATE TAX RETURN OR REPORTS EFFECTIVE IMMEDIATELY

In an effort to increase the rate of electronic filing, the fastest and most cost-effective way for the Department of Revenue to process tax reports, the department will require third-party preparers who prepare at least 11 PA S Corporation/Partnership Information Returns (Form PA-20S/PA-65); 11 Pennsylvania Personal Income Tax Returns (PA-40); 11 Pennsylvania Corporate Tax Reports, (RCT-101); 11 Pennsylvania Liquid Fuels Reports (REV-1096); 11 Sales, Use and Hotel Occupancy Tax Returns (PA-3); or 11 Employer Quarterly Returns of Income Tax Withheld (PA-W3) for tax years beginning on or after Jan. 1, 2013, to file clients' tax reports electronically immediately. This authority was granted the department by Act 71 of 2013.

In determining if a paid tax preparer prepared at least 11 reports or returns, a third-party preparer must include all returns the preparer or his or her members or employees prepare or submit to the department. This includes all original or amended, full-year or part-year returns to the extent that such returns can be e-filed with the department. If a third-party preparer has multiple business locations, the combined total of all the returns for all locations are included.

If the tax software of a preparer required to e-file cannot support electronic filing, such software must be acquired. Once a third-party preparer is subject to this filing mandate, the third-party preparer will continue to be subject to the mandate regardless of how many REV-1096, PA-3 or PA-W3 reports/returns he or she prepares each year.

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### FAST FACT:

Act 71 of 2013 lowers the electronic funds transfer (EFT) threshold from \$10,000 to \$1,000 for taxes other than personal income tax.

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Exceptions to the e-file requirement include the following:

- A paid tax preparer may file a paper report when a taxpayer specifically directs the preparer to do so. This directive must be in a written form, signed by an officer of the corporation and provided to the department upon request.
- A paid tax preparer using tax software that does not support electronic filing of a required attachment to a report may file that attachment in a paper form.
- A tax preparer who proves electronic filing would place undue hardship on the preparer may submit

a written request for a waiver from the department. The request must clearly explain why the filing method causes an undue hardship, and it must be mailed to the appropriate taxing bureau for consideration.

Third-party tax preparers not subject to the electronic filing requirements include volunteer, unpaid preparers; people who provide only support such as typing; employees of a business who prepare tax reports for other employees and officers of the business; and fiduciaries who prepare reports for the trusts and estates they serve.

## ELECTRONIC FUNDS TRANSFER (EFT) THRESHOLD LOWERED TO \$1,000

Act 71 of 2013 lowers the electronic funds transfer (EFT) threshold from \$10,000 to \$1,000 for taxes other than personal income tax. Effective Jan. 1, 2014, payments of \$1,000 or more of any of the following taxes must be made electronically.

- Sales/ Use Tax
- Employer Withholding
- Liquid Fuels Tax
- Fuel Use Tax
- Mutual Thrift Institutions Tax
- Oil Company Franchise Tax
- Malt Beverage Tax
- Motor Carrier Road Tax Tax
- Corporate Net Income Tax
- Capital Stock/Foreign Franchise Tax
- Bank Shares Tax
- Title Insurance and Trust Company Shares Tax

- Insurance Premiums Tax
- Public Utility Realty Tax
- Gross Receipts Tax

Taxpayers subject to the electronic payment requirement must remit the payments by automated clearing house (ACH) debit, ACH credit or credit card.

All payments of these taxes of \$1,000 or more must be made by an approved EFT method, and taxpayers of other payments – regardless of tax type or amount – are encouraged to voluntarily remit payments via EFT.

Businesses making EFT payments should register to file and remit online through e-TIDES. Taxpayers not currently registered for e-TIDES are encouraged to visit [www.etides.state.pa.us](http://www.etides.state.pa.us) for additional information.

Failure to comply with the EFT requirement may result in assessment of penalty of 3 percent on each payment (up to \$500) required to be made by EFT but not made by ACH credit, ACH debit or credit card.

## REVENUE DEPARTMENT REMINDS PRACTITIONERS TO USE FAX COVER SHEET FOR PERSONAL INCOME TAX RETURNS

The Department of Revenue encourages tax practitioners to utilize [fax cover sheet, DEX-93](#), to send information for electronically filed personal income tax returns or for correspondence sent in response to a department request. This fax technology ensures faxed information is correctly identified and processed to the appropriate account within days of fax receipt.

The fax cover sheet provides a safe, effective and efficient way of sending information to the department. Information must be faxed for each individual taxpayer and each tax year. Practitioners and their client can generally expect faster, more accurate account postings and timely refunds when using the DEX-93.

## BOARD OF APPEALS CLARIFIES WHEN POWER OF ATTORNEY DOCUMENTATION IS REQUIRED

Depending on how a petition to the Board of Appeals is signed, a [Power of Attorney/Declaration of Representative form \(REV-677\)](#) may be required to authorize the board to communicate with a taxpayer's representative.

REV-677 authorizes department representatives to speak about confidential tax matters with designated third parties. When a petition is submitted to the Board of Appeals signed only by a taxpayer's representative, the board requires written authorization to discuss confidential tax information with that representative. In this case, the Power of Attorney/Declaration of Representative (REV-677) must directly relate to the periods that

are under appeal and should be dated within 30 days of the time period(s) of the appeal.

Authorization received for a prior appeal may only be used for a subsequent appeal if the written authorization contains the specific time period for which it is effective and that time period must include the subsequent periods under appeal.

In cases where the petitioner and his or her representative sign the petition for appeal, no further documentation is required.

Questions regarding the REV-677 and tax appeals should be directed to the Board of Appeals at 717-783-3664.

## 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.

**2013-2014 General Fund Revenues**  
*Estimated versus Actual Revenue Collections (in millions)*

*Fiscal year-to-date collections through October total \$8.2 billion, which is \$41.8 million, or 0.5 percent, above estimate.*

