



IN THIS ISSUE:

- REVENUE DEPARTMENT LAUNCHES REMOTE EXAMINATION OF SALES AND USE TAX RETURNS

Page 1

- REVENUE DEPARTMENT COMBATS ID THEFT AND REFUND FRAUD ON MANY FRONTS

Pages 1 & 2

- TIPS TO PREVENT PROCESSING ERRORS ON THE RCT-128C

Page 2

REVENUE DEPARTMENT LAUNCHES REMOTE EXAMINATION OF SALES AND USE TAX RETURNS

The Pennsylvania Department of Revenue is establishing a new unit in Harrisburg to conduct remote examinations of sales and use tax returns. The pilot program will focus on non-filers, unregistered taxpayers and under reporters for sales tax and underreporting or nonpayment of use tax on purchases where sales tax was not charged.

The department will compare a business's reported activity with information from various sources, including the Internal Revenue Service, other Pennsylvania state agencies and third-parties. If a difference is identified, the department will send a letter to the business asking for an explanation.

Further, businesses that have not registered for a sales tax license may receive a "Notice of Non-Registrant" from the department asking them to complete a questionnaire. This information will help determine whether the business must collect and remit sales tax and/or other taxes.

If a business did not file a sales tax return or filed without making the necessary payment, they may receive a "Delinquent Tax Return" notice from the department.

Information about sales and use tax and how to register to collect and remit the tax is available at www.revenue.pa.gov.

REVENUE DEPARTMENT COMBATS ID THEFT AND REFUND FRAUD ON MANY FRONTS

Helping taxpayers prevent identity theft and stopping refund fraud are top priorities for the Department of Revenue. To help combat the increased threat of both, the department has established a new Personal Income Tax Fraud Investigation Unit. Launched a few weeks ago, the unit works with taxpayers, practitioners and attorneys to help identity theft victims and looks for fraudulent returns to prevent tax dollars from going to a scammer.

Continued on Page 2

Continued from Page 1

As part of that effort, the department constantly shares and receives information from the Internal Revenue Service, tax administrators in other states and tax preparers about potential fraud. The information helps the department to update automated filters to identify potentially fraudulent returns and ask the taxpayer to verify their identity.

The department is also making the ID verification process more convenient for its customers. The department is in the process of transitioning away from asking taxpayers to verify their identity by phone to an online quiz on the department's website.

Identity theft is a serious crime, and people whose identities are stolen can spend months or years repairing the mess thieves made of their names and credit records. Identity theft can result in lost job opportunities; denial of loans for things like housing, automobiles and education; and perhaps even misdirected criminal charges.

If you believe you may be a victim of identity theft or discover a fraudulent PA personal income tax return was filed using your identity, please contact the Fraud Investigation Unit at 717-772-9297 or RA-RVPITFRAUD@pa.gov for assistance.

TIPS TO PREVENT PROCESSING ERRORS ON THE REPORT OF CHANGE IN CORPORATE NET INCOME TAX

Providing complete and accurate information with the **Report of Change in Corporate Net Income Tax, RCT-128C**, is necessary for smooth processing by the department. Here are some tips to help you avoid a suspension of your return:

- Please complete all demographic information, tax year beginning and end dates and all values that support calculations of the tax.
- If filing the **Report of Change in Corporate Net Income Tax** due to a federal audit, include a copy of the Revenue Agent's Report, (Federal Form 4549-A). If the report is on a consolidated basis, you must also include a separate company breakdown of the changes.

Also include the Federal 1120X if you are filing to report changes to the IRS by the taxpayer.

In both cases, the date "Notice of Final Change" received from the IRS or date filed with the IRS must be noted. If not, a \$5.00 a day penalty may be

assessed. For tax years beginning prior to Jan. 1, 2013, changes in federal taxable income must be reported to the department within 30 days of the change. This has been extended to six months for tax years beginning after Dec. 31, 2012.

Any taxpayer claiming a net operating loss deduction is required to provide a completed **Net Operating Loss Deduction Schedule, RCT-103** showing limitation on the deduction in effect for the tax year being reported. The RCT-103 can be found on the department's website at www.revenue.pa.gov under the forms and publications tab.

To prevent return processing issues related to apportionment, both a numerator and denominator, as originally filed or as adjusted by the audit, must be completed. Writing the word "none" or "as originally filed" or simply recording a percentage for apportionment will cause apportionment to be calculated at 100 percent in Pennsylvania.

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.

