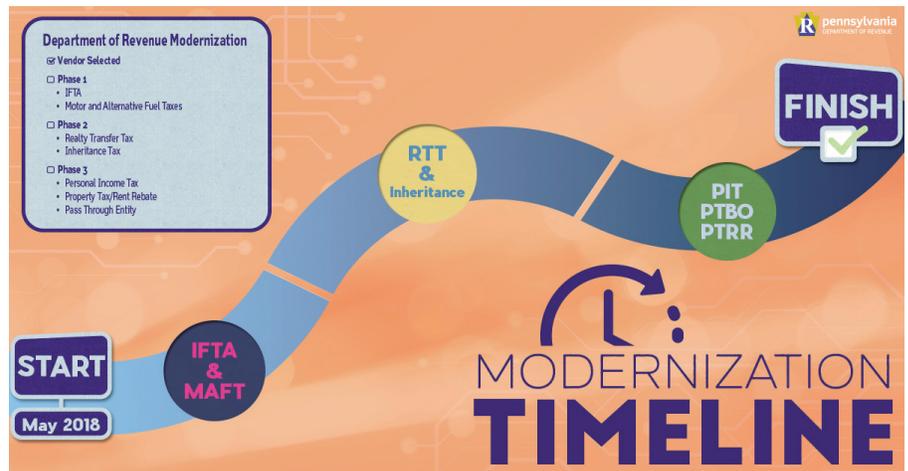




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MODERNIZATION PROJECT KICKS OFF



The Department of Revenue's Modernization Timeline

The Department of Revenue's modernization project officially kicked off on May 14 with the arrival of a team of experts from Fast Enterprises, LLC, the vendor that will be working with the department to implement a new system to process more than five tax types.

FAST has successfully implemented its GenTax software package in more than 29 states, including California, Massachusetts, Illinois and Georgia; in three Canadian provinces; and in seven European, Asian-Pacific and Caribbean countries. According to the company, its software "adapts to diverse revenue agency requirements through configuration, not customization," and is built to boost efficiency and cost savings.

"This project will help us greatly improve our customer service with a product that has been proven in many other states and countries throughout the world," Revenue Secretary Dan Hassell said. "It will put a reliable system in place that will allow the department to respond quickly to ever-changing tax laws."

The department's work with FAST is scheduled to be broken into three rollouts, starting first with motor and alternative fuel taxes and the international fuel tax agreement (IFTA) tax. The second rollout will include realty transfer tax and inheritance tax. The final rollout will include personal income tax, pass through entity processing and the Property Tax/Rent Rebate Program.

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FAST was selected as the department's vendor in March 2018. That decision was made after the department issued a request for proposals in January 2017 with the goal of acquiring a new, commercial-off-the-shelf solution for the in-scope taxes and programs.

Taking a broad view, this phase of the department's modernization project will impact approximately

6.7 million taxpayers, or 52 percent of Pennsylvania's population.

"The No. 1 goal in the department's strategic plan is to continually improve customer service," Secretary Hassell said. "We're confident this project will help us take a big step forward in that regard."

DEPARTMENT ACKNOWLEDGES RETIREMENT OF BOB COYNE



Left to right: Governor Tom Wolf, Robert Coyne, Secretary of Revenue Dan Hassell

Governor Tom Wolf stopped by the Department of Revenue in April to acknowledge Bob Coyne, the department's Executive Deputy Secretary for Revenue, for his 32 years of service to the commonwealth.

Mr. Coyne retired after an illustrious career that included a 12-year stint as an attorney with the Pennsylvania Office of Attorney General and 20 years in various executive-level positions at the Department of Revenue. Mr. Coyne is also an Army veteran and served in the Pennsylvania National Guard. He retired from the Pennsylvania National

Guard with the rank of colonel from the position of State Staff Judge Advocate, the senior military legal advisor to Pennsylvania's Adjutant General.

Governor Wolf, a former Revenue Secretary himself, presented Mr. Coyne with a commendation for his public service. Current Revenue Secretary Dan Hassell also thanked Mr. Coyne for his service and contributions to the Department of Revenue. Past Revenue Secretaries Eileen McNulty and Gregory Fajt also attended a recognition ceremony to wish Mr. Coyne well.

DEPARTMENT OF REVENUE EMPLOYEES RECEIVE GOVERNOR'S AWARDS FOR EXCELLENCE



Governor Tom Wolf, third from left, presented Governor's Awards for Excellence to seven Department of Revenue employees.

Governor Tom Wolf on May 9 presented Governor's Awards for Excellence to seven employees from the Department of Revenue for their efforts to address electronic sales suppression, an illegal practice that involves a person using software to systematically delete or alter sales and tax records.

"This method of stealing is a high-tech twist on removing cash from the till. It robs the commonwealth of revenue that funds essential services," Governor Wolf said. "The employees being recognized have been leaders in developing a method to identify this illegal activity. I commend the work they are doing to ensure that our tax laws are enforced fairly and that all businesses are operating on a level playing field."

Governor's Awards for Excellence recognize employees for exemplary job performance or service that reflects initiative, leadership, innovation and increased efficiency.

Electronic sales suppression occurs when illegal software — known as zappers or phantom-ware — is used to falsify point of sale records. The practice is widespread throughout the nation and in Pennsylvania it annually results in millions of dollars in lost tax revenue.

Realizing this was a significant problem, Department of Revenue employees in 2014 started working with other tax administration agencies, including those in California, Washington, Minnesota and Connecticut, to learn more about the issue.

The department used new procedures and analytical methods as it developed an evidence-based program to detect anomalies indicative of electronic sales suppression. Using this data, the department launched a pilot audit program to focus on certain businesses in the restaurant industry suspected of sales suppression.

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Continued from Page 3 – Department of Revenue Employees Receive Governor’s Awards for Excellence

The audit program resulted in the department recovering \$6 million to date in tax revenue — a sum that includes sales, corporate and personal income taxes. Additionally, many businesses identified through the audit program have improved compliance, leading to the payment of an additional \$775,000 per year in state taxes that would likely have been concealed if not for the department’s work.

“This is a problem throughout the country that is adversely impacting the vast majority of businesses that follow the law and pay their taxes on time,” Revenue Secretary Dan Hassell said. “We are committed to continuing this program and increasing awareness of this important issue.”

As part of that effort, Department of Revenue employees have led several outreach and education seminars this year to raise awareness and

underscore the department’s work to address underreporting and electronic sales suppression.

The Revenue employees receiving Governor’s Awards for Excellence are: William Hartman, Adam Hovne, Kenneth Perry, Louis Dondero, Kevin Dale, Charles Snyder and Michael Answine.

As a reminder, engaging in electronic sales suppression is a criminal offense. In 2016, the Pennsylvania legislature passed Act 84, which made it a misdemeanor to purchase, install, use, sell, transfer or possess an electronic sales suppression device. Each violation is punishable by up to one year in prison and a \$10,000 fine.



GETTING TAX ANSWERS MADE EASY

The department’s **Online Customer Service Center** is an easy and secure way to get answers to **3,000** frequently asked questions or submit your own.

Step 1:

Go to revenue.pa.gov and select **GET ASSISTANCE**

Step 2:

Click **Online Customer Service Center** to review frequently asked questions.

Step 3:

Submit your own questions by following the prompts and **attach** relevant documents.

You will receive an email notification when your question is answered. Log in to the secure portal and view the response.

ELECTRONIC CORRESPONDENCE FEATURE IN E-TIDES CONTINUES TO ATTRACT USERS

NOW AVAILABLE IN

Receive and View
ELECTRONIC CORRESPONDENCE

from the **pennsylvania**
DEPARTMENT OF REVENUE

BENEFITS
Business Owners
Tax Professionals

BENEFITS
Pennsylvanians

BENEFITS
Environment

BETTER
customer
service

Generates approximately.....

\$1 MILLION

.....in Savings

.....over the next **FIVE YEARS**

GREATLY REDUCES

costs for paper, inserts,
envelopes and postage

DECREASED
DELIVERY TIME

of
DEPARTMENT CORRESPONDENCE

Infographic released showing the benefits of the new electronic correspondence feature in e-TIDES.

At the close of May, more than 23,000 users had opted in for the new electronic correspondence feature in e-TIDES, the online system that businesses and tax professionals use to electronically file business-related tax returns. The electronic correspondence feature allows business owners and tax professionals the option to receive all correspondence from the department electronically, which is expected to greatly improve customer service.

This new functionality is available to both business taxpayers and tax practitioners, once the appropriate access has been granted. The functionality gives users the ability to receive, view, and download departmental correspondence electronically in PDF format in the e-TIDES Document Center.

Mailing correspondence, including licenses and assessments, often takes weeks, meaning the

electronic correspondence feature is certain to streamline the process for business owners and tax professionals looking to access their correspondence as it becomes available.

"We moved to create this new electronic correspondence feature after hearing feedback from taxpayers and tax professionals, many of whom use this system on a regular basis," Revenue Secretary Dan Hassell said. "We are always looking for ways that we can improve customer service, and we expect this feature to be an important upgrade to the system we rely on for communicating with our business taxpayers."

Further information and a video overview of the new electronic correspondence feature is available on the department's website, www.revenue.pa.gov.

GUIDANCE FOR THE PERSONAL INCOME TAX CORRESPONDENCE SHEET

The Department of Revenue's Bureau of Individual Taxes is now accepting email correspondence in response to notices sent to personal income tax taxpayers and Property Tax Rent/Rebate Program claimants. Using email as a method to send information generally permits the department to process the correspondence faster and allows for a more efficient use of department resources.

If a taxpayer or tax professional is using email to respond to notices, there are certain guidelines that must be followed in order to protect taxpayer identification information and department computer systems. Those guidelines are accessible by accessing the department's Personal Income Tax Correspondence Sheet at www.revenue.pa.gov.

RESEARCH AND DEVELOPMENT TAX CREDIT PROGRAM

The Department of Revenue on June 1, 2018 is scheduled to launch a new online application system for the Research and Development Tax Credit. The system can be accessed through www.revenue.pa.gov.

The new application system will allow users instant access to an automated application while eliminating the inefficiencies and costs associated with the filing of paper applications. In addition, the system will allow users to check the status of their applications and respond quickly to department notifications. This initiative is part of the department's goal to continually improve customer service and promote "Government that Works."

Taxpayers must file their automated R&D applications by September 15, 2018 in order to be

eligible for the program. As a reminder, all applications must be submitted through the new online system

The filing application requires users to create a Department of Revenue electronic signature, then log on using the e-signature. A single user may file the R&D application for one or more businesses, and there are no limits to the number of applications a user may file.

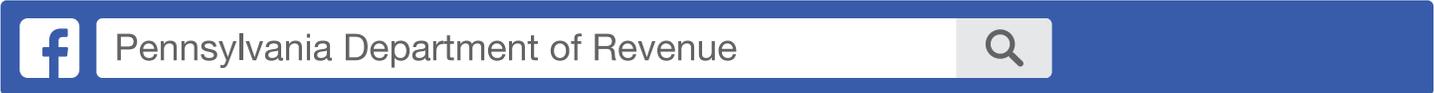
All filers should review the application instructions prior to electronically filing to ensure accuracy in the application. A system-generated confirmation number will be provided to a user upon completion of a successful filing. Errors within a report will prevent the application from being filed.

FAST FACT: GAME ANIMALS PURCHASED FOR HUNTING SUBJECT TO SALES TAX

The Department of Revenue is reminding taxpayers and tax professionals that game animals, whether purchased live or dressed, are exempt from Pennsylvania Sales and Use Tax when purchased for human consumption. However, game animals purchased for use in hunts are subject to Pennsylvania Sales and Use Tax because the animals are purchased for customers to engage in a hunt, rather than for resale or human consumption.

As a reminder, Pennsylvania Sales Tax is imposed on the sale at retail of tangible personal property, including food for human consumption, except with respect to certain food sold by bakeries, pastry and doughnut shops, delicatessens, grocery stores, supermarkets, farmer's markets, convenience stores and vending machines.

HAVE YOU LIKED US ON FACEBOOK?



As part of the Department of Revenue’s 2016-2020 Strategic Plan, the department proposed to extend its engagement with taxpayers and tax practitioners through social media. In late April 2017, the department began its social media endeavor on Facebook as a means to:

- Share new projects that are going on within the department
- Advertise various ongoing initiatives
- Provide reminders of various due dates
- Demonstrate the importance of revenue collection to fund schools, protect the environment, build safe roads and create a stronger commonwealth
- Provide fun facts

Follow the Department of Revenue Facebook Page by visiting www.facebook.com/padepartmentofrevenue.

2017-2018 General Fund Revenues
Revenue Collections (in millions)

Fiscal year-to-date General Fund collections totaled \$14.2 billion.

