



pennsylvania
DEPARTMENT OF REVENUE

TAX UPDATE

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Tax Update is a bi-monthly e-newsletter published
by the Pennsylvania Department of Revenue

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Governor
Tom Wolf

Secretary of Revenue
C. Daniel Hassell

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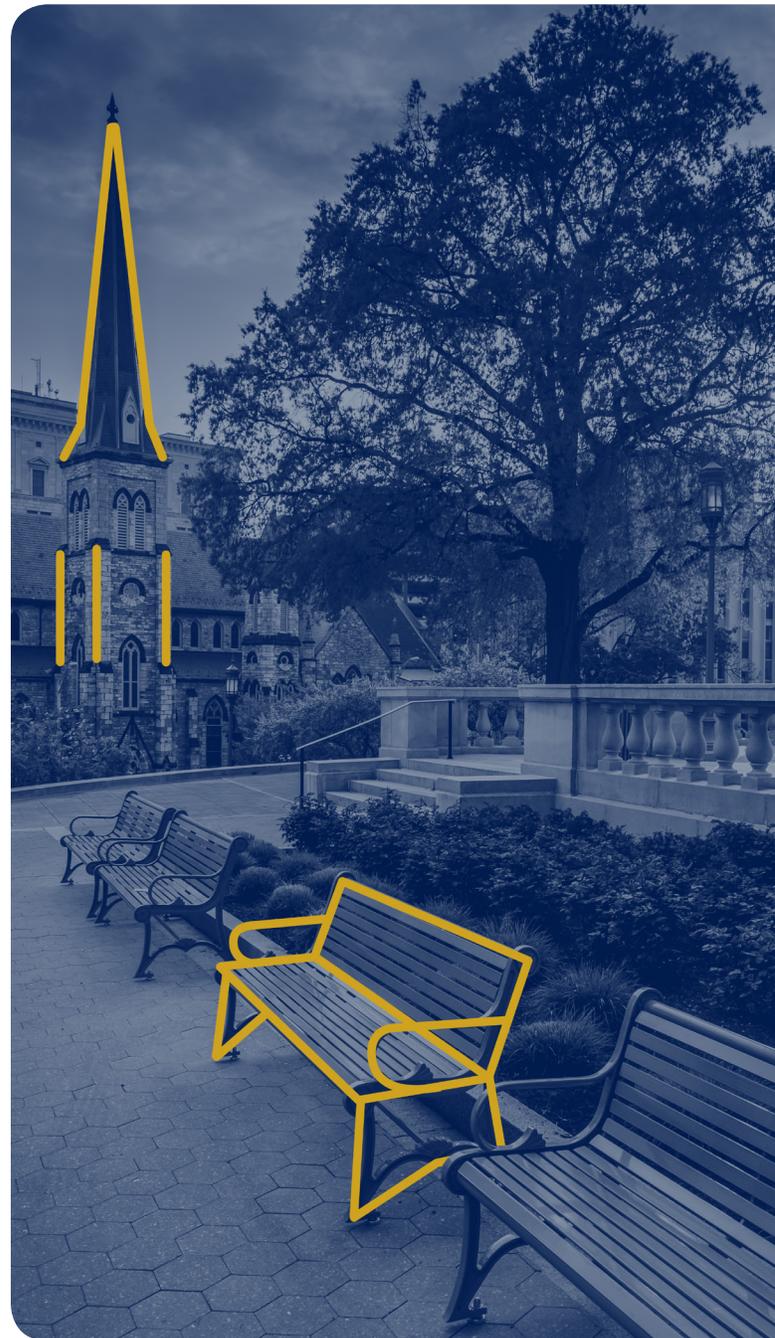
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The No. 1 goal in the department's strategic plan is to continually improve customer service.

– Revenue Secretary Dan Hassell

ELECTRONIC FILING REQUIREMENT IMPLEMENTED FOR W-2 RECORDS



On Oct. 18 Radee Skipworth, the Department of Revenue's Deputy Secretary for Compliance and Collections, and John Brenner, the department's Deputy Chief Counsel, testified before the Independent Regulatory Review Commission on the department's new regulation on electronic filing for W-2 forms.

The Department of Revenue recently changed the electronic filing requirement threshold for W-2 forms. Employers who file 10 or more W-2 forms with the department are now required to file those forms electronically. The change is in effect for Tax Year 2018 filings.

In addition, if an employer submits paper W-2s, the department must use an entirely manual process to key the taxpayer's information into its systems. This slows processing times and increases the potential for error.

Employers should know that the department will grant a waiver for the 2018 tax-filing season with regard to the electronic filing requirement, but it is encouraging employers to take advantage of this option, which is quick, easy and secure.

This change is part of a larger effort to embrace technology to better serve taxpayers and update departmental operations. The department gains many efficiencies in processing by shifting from paper to electronic records.

To put this point in context, one must consider the fact that the department continues to receive a large number of W-2 records via fax and on compact discs. It takes significant information technology resources to manually transfer these records into the department's computer systems.

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This change is part of a larger effort to embrace technology to better serve taxpayers...
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The move toward more electronic filing also helps the department increase the security of taxpayer data and safeguard against tax refund fraud. The change is also in line with other electronic filing requirements the department has implemented for other returns and informational statements.

Electronic filing will be done through **e-TIDES**, the department's online system for business taxes. Instructions are available in the e-TIDES system. As a reminder, the Annual Withholding Reconciliation Statement (REV-1667) with the accompanying instructions is available on the department's **website**. 📌

DEPARTMENT OF REVENUE ANNOUNCES NEW BUREAU DESIGNED TO IMPROVE CUSTOMER SERVICE

The Department of Revenue is moving forward with plans to establish a new bureau, the Customer Experience Center (CEC), that will help the department in its ongoing goal to continually improve customer service.

The CEC will serve as a centralized unit in the department where department staff can better focus on customer service in one location, rather than in many bureaus. The CEC will also help the department improve its training and processes while adopting a more proactive approach for enhancing customers' experiences with the department.

The CEC will be comprised of three divisions, including the current Taxpayer Service and Information Center, the department's main call center. Here is a breakdown of the bureau's structure:

1. **Taxpayer Service and Information Center (TSIC):** TSIC will continue to be the primary contact point for taxation questions. Employees who work in the TSIC will continue to staff the department's main call center and respond to customer emails.
2. **Academy of Continuing Education (ACE):** This division will be the primary training area in Revenue. The department is moving to implement a unified process to ensure that all employees are trained equally and acquire the same information. Training will focus on department processes, new tax law education, customer service strategies and other pertinent topics.
3. **Customer Outreach, Relations and Engagement (CORE):** This division will be tasked with leading internal and external communications efforts in a partnership with the department's Executive Office and the Communications Office. The goal is to adopt a singular voice for the department to ensure consistency in all department messaging. This division will also be tasked with planning and creating materials for the department's Fall Tax Seminars and other relevant communications.

The department is confident the CEC will not only help improve customer service efforts, but will also create a better system to ensure that all department staff have the necessary tools and training. 📌

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The CEC will help the department achieve its goal of continually improving customer service...

NEW PA-100 ONLINE APPLICATION COMING SOON

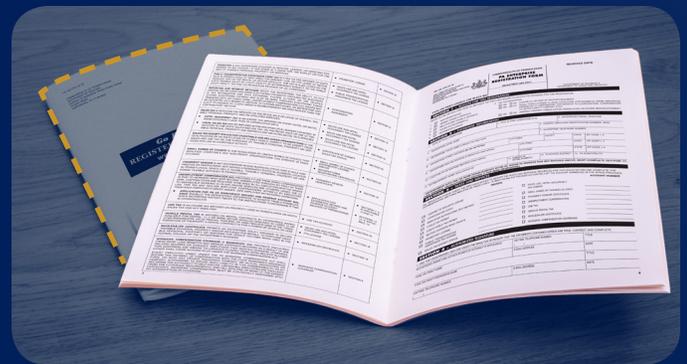
In January 2019, the Department of Revenue is scheduled to debut an updated online application for the Pennsylvania Enterprise Registration Form (PA-100), which is used by individuals and organizations for certain taxes and services. The update is part of the department's ongoing efforts to deliver more user-friendly systems and improved customer service for its taxpayers.

The updated online application for the PA-100 will require an e-Signature login, which will allow taxpayers to use the same login information that they use for **e-TIDES**, the department's online system that business taxpayers use to file returns and pay taxes.

The new PA-100 online application will also include several enhancements, including a new look and application screen that provides a complete list of all current applications. Pre-filled fields containing information that users previously entered will also be an added feature.

As part of this transition to the new PA-100 online application, as of January 2019 the paper PA-100 form will no longer be available for download on the department's website. The department strongly encourages all taxpayers to use the updated online system. Moving to electronic filing will improve processing times and help the department be more efficient.

For more information on which taxes and services require the PA-100 application, click the image below. 📌



THREE DEPARTMENT OF REVENUE EMPLOYEES APPOINTED TO NEW SUPERVISORY POSITIONS

By Dan Hassell, Revenue Secretary

I am pleased to officially announce three exciting personnel changes within the Department of Revenue. Radee Skipworth will serve as the department's new Deputy Secretary for Compliance and Collections. Meanwhile, Don Bianchi has been appointed as the Acting Deputy Secretary for Taxation. As Don transitions into his new role, I have asked Chantel Hardaway to serve as the Acting Director of the Customer Experience Center (CEC), a newly created bureau with a main goal of helping us deliver improved customer service.

As many of you will recall, it was only five months ago that Radee was promoted to serve as our Deputy Secretary for Taxation. He has done an excellent job working with his bureau directors to ensure a smooth transition into the role. However, it should be noted that Radee started his career with the department working as a Fiscal Analyst Manager in the Bureau of Enforcement Planning, Analysis and Discovery, where he gained valuable firsthand experience of the department's compliance and collections operation. Given this background and his other strengths, I feel strongly that Radee is the best choice to lead our enforcement efforts.

This also created an opportunity for Don to take on more responsibility and lead the Taxation bureaus where he has gained his own valuable firsthand experience. In his 13 years with the department, Don has held supervisory positions in the Bureau of Individual Taxes, the Bureau of Motor and Alternative Fuel Taxes and the Taxpayer

Service and Information Center, where he has been the director for nearly five years. Don has been instrumental in many department projects, including our ongoing efforts to modernize our operations. All of this experience makes him uniquely suited to step into his new position.

Chantel also has a great deal of professional experience that will help her thrive leading the CEC (see earlier article). Chantel started her career as a Human Resources Analyst in the department's Training, Development and Programs Division, where she later became Division Chief. More recently, she has served as the Section Manager in the Talent Development Section of the Office of Administration's Employment, Banking and Revenue Delivery Center. In these roles, Chantel has facilitated and developed training development programs as well as many training courses, helping commonwealth employees — and many of us at Revenue — along the way. Chantel will be a great asset as we implement the three divisions under the CEC and place a greater emphasis on a uniform training policy and a more consistent outreach and education approach.

Radee, Don and Chantel have all proven themselves as capable professionals who are effective leaders in the department. Their leadership and many other talents will help guide the department as we work to fulfill our mission and continually improve customer service for our taxpayers. 📌

..... From left to right, Don Bianchi, Acting Deputy Secretary for Taxation; Chantel Hardaway, Acting Director of the Customer Experience Center; and Radee Skipworth, Deputy Secretary for Compliance and Collections.



DEPARTMENT OF REVENUE CONTINUES WORK ON MODERNIZATION PROJECT



The Department of Revenue, in conjunction with FAST Enterprises, LLC, has continued work in recent months to prepare for the first rollout of the department's modernization project. The first rollout involves the implementation of a new integrated tax processing system for Motor Carrier Road Tax (MCRT) and the International Fuel Tax Agreement (IFTA), as well as Motor Fuel and Alternative Fuels Taxes.

Starting December 3, the department will begin classroom training sessions with staff who will be using the new system: PATH (Pennsylvania Tax Hub). Training sessions will be tailored to specific employees' job functions and will consist of hands-on training in the new system.

The department plans to debut the new system to the public early in 2019. MCRT/IFTA, Motor Fuel Tax, and Alternative Fuels taxpayers will be able to make payments online, as well as register, renew and manage their accounts via a new online portal: myPATH

The department's work with FAST Enterprises is to implement several tax types into PATH through a series of three rollouts. The second rollout will include Realty Transfer Tax and Inheritance Tax. The third rollout will include Personal Income Tax, Pass Through Entity Processing and the Property Tax/Rent Rebate Program. 📌

STATE TAX SUMMARY: OCTOBER/NOVEMBER 2018

The following is a synopsis of relevant legislation enacted during the state budget process:

Act 100 of 2018 – HB 645

- **Neighborhood Assistance Tax Credit:** Beginning July 1, 2019, the total aggregate amount of tax credits available in any fiscal year for the Neighborhood Assistance Tax Credit shall increase to \$36 million from \$18 million.
- **Realty Transfer Exemption:** Transfers of real estate by a housing authority created under the Housing Authorities Law to a nonprofit organization which is utilizing the real estate for the purpose of Rental Assistance Demonstration administered by the U.S. Department of Housing and Urban Development are exempt from realty transfer tax. This applies to a county of the fifth class with a population between 115,000 and 118,000 that filed an appeal with the Board of Finance and Revenue after December 31, 2015.

Act 109 of 2018 – HB 1511

- **Hotel Occupancy Tax:** Booking agents that act as intermediaries in facilitating the short-term booking of an occupancy are required to collect and remit hotel occupancy tax on the room as well as any additional amounts charged, including accommodation fees. The tax collected on accommodation fees will be deposited into the Tourism Promotion Fund and disbursed for the purpose of promoting tourism within the commonwealth. Act 109 will take effect on January 22, 2019.

Act 131 of 2018 – SB 627

- **Corporation Tax – Qualified Air Freight Forwarder:** Applicable to taxable years beginning after December 31, 2016, qualified air freight forwarding companies

are now included along with railroad, truck, bus, and airline companies to provide for income apportionment under the Corporate Net Income Tax (CNIT). Qualified companies include those that are engaged in the air freight forwarding business, primarily use an airline with which it has common ownership and control, and will use the revenue miles of the airline for apportioning its income.

Human Services Code Change

Act 125 of 2018 – SB 6

- **Lottery Winner Data Exchange:** The Pennsylvania Lottery is tasked with maintaining a Lottery winners' database for individuals who have lottery winnings of \$600 or more. The database will be crosschecked with the social security numbers of all public assistance applicants. All lottery winnings of \$600 or more shall be considered an available resource in determining an applicant's eligibility for assistance from the Department of Human Services. Act 125 is effective in 60 days from October 24, 2018.

Freestanding Act

Act 107 of 2018 – HB 1284

- **PA Business One-Stop Shop Act:** The Pennsylvania Business One-Stop Shop shall provide, via electronic access, one-stop services to assist existing and potential business owners in identifying and securing the necessary appropriations permits, licenses, certifications, applications, forms, and registrations needed to lawfully establish and operate a business in Pennsylvania. 📌

On the web: www.business.pa.gov

HURRICANE MICHAEL - EXTENSION OF TIME TO FILE

The Department of Revenue will extend certain tax return filing deadlines for corporate taxpayers filing the form RCT-101 directly impacted by Hurricane Michael in parts of Florida and elsewhere.

In general, Pennsylvania will follow Internal Revenue Service rules outlined in **Issue Number: IR-2018-199**. The tax relief postpones various tax filing deadlines between October 7, 2018 and February 28, 2019. This does not apply to specialty tax return filings or payments applicable to all returns.

A schedule of impacted tax periods is below. To avoid a late filing penalty assessment, taxpayers should email a request on company letterhead and signed by a corporation official to **RA-panoticeofadjustment@pa.gov**. Please include the name and address of the business where the tax records are located. 📧

REVISED TABLE: Hurricane Michael: IRS extends due dates on or after October 7, 2018 to February 28, 2019.

Tax Year	Federal Due Date	Federal Extension	Federal Disaster Relief on Normal Due Date	Federal Disaster Relief on Extended Due Date	State Due Date	State Extension Due Date	State Disaster Relief on Normal Due Date	State Disaster Relief on Extended Due Date
2017								
1/1/17 - 12/31/17	4/18/18	10/18/18	N/A	1/31/19	5/18/18	11/19/18	N/A	3/4/19
2/1/17 - 1/31/18	5/15/18	11/15/18	N/A	1/31/19	6/15/18	12/17/18	N/A	3/4/19
3/1/17 - 2/28/18	6/15/18	12/17/18	N/A	1/31/19	7/16/18	1/15/19	N/A	3/4/19
4/1/17 - 3/31/18	7/16/18	1/16/19	N/A	1/31/19	8/15/18	2/15/19	N/A	3/4/19
5/1/17 - 4/30/18	8/15/18	2/15/19	N/A	N/A	9/14/18	3/18/19	1/31/19	N/A
6/1/17 - 5/31/18	9/17/18	3/15/19	1/31/19	N/A	10/17/18	4/17/19	03/4/19	N/A
7/1/17 - 6/30/18	9/17/18	4/15/19	1/31/19	N/A	10/17/18	4/17/19	03/4/19	N/A
8/1/17 - 7/31/18	11/15/18	5/15/19	1/31/19	N/A	12/17/18	6/17/19	03/4/19	N/A
9/1/17 - 8/31/18	12/17/18	6/17/19	1/31/19	N/A	1/16/19	7/17/19	N/A	N/A
10/1/17 - 9/30/18	1/15/19	7/15/19	N/A	N/A	2/14/19	8/15/19	N/A	N/A
11/1/17 - 10/31/18	2/15/19	8/15/19	N/A	N/A	3/18/19	9/18/19	N/A	N/A
12/1/17 - 11/30/18	3/15/19	9/16/19	N/A	N/A	4/15/19	10/15/19	N/A	N/A
2016								
1/1/16 - 12/31/16	4/18/17	10/18/17	N/A	N/A	5/18/17	11/20/17	N/A	N/A
2/1/16 - 1/31/17	5/15/17	11/15/17	N/A	N/A	6/15/17	12/15/17	N/A	N/A
3/1/16 - 2/28/17	6/15/17	12/15/17	N/A	N/A	7/17/17	1/15/18	N/A	N/A
4/1/16 - 3/31/17	7/17/17	1/17/18	N/A	N/A	8/17/17	2/19/18	N/A	N/A
5/1/16 - 4/30/17	8/17/17	2/19/18	N/A	N/A	9/18/17	3/19/18	N/A	N/A
6/1/16 - 5/31/17	9/15/17	3/15/18	N/A	N/A	10/16/17	4/16/18	N/A	N/A
7/1/16 - 6/30/17	10/16/17	5/15/18	N/A	N/A	11/16/17	5/16/18	N/A	N/A
8/1/16 - 7/31/17	11/15/17	5/15/18	N/A	N/A	12/15/17	6/15/18	N/A	N/A
9/1/16 - 8/31/17	12/15/17	6/15/18	N/A	N/A	1/15/18	7/16/18	N/A	N/A
10/1/16 - 9/30/17	1/15/18	7/16/18	N/A	N/A	2/15/18	8/15/18	N/A	N/A
11/1/16 - 10/31/17	2/15/18	8/15/18	N/A	N/A	3/19/18	9/19/18	N/A	1/31/19
12/1/16 - 11/30/17	3/15/18	9/17/18	N/A	1/31/19	4/16/18	10/16/18	N/A	3/4/19
2015								
1/1/15 - 12/31/15	3/15/16	9/15/16	N/A	N/A	4/15/16	10/15/16	N/A	N/A
2/1/15 - 1/31/16	4/15/16	10/15/16	N/A	N/A	5/15/16	11/15/16	N/A	N/A
3/1/15 - 2/28/16	5/15/16	11/15/16	N/A	N/A	6/15/16	12/15/16	N/A	N/A
4/1/15 - 3/31/16	6/15/16	12/15/16	N/A	N/A	7/15/16	1/15/17	N/A	N/A
5/1/15 - 4/30/16	7/15/16	1/15/17	N/A	N/A	8/15/16	2/15/17	N/A	N/A
6/1/15 - 5/31/16	8/15/16	2/15/17	N/A	N/A	9/15/16	3/15/17	N/A	N/A
7/1/15 - 6/30/16	9/15/16	3/15/17	N/A	N/A	10/15/16	4/15/17	N/A	N/A
8/1/15 - 7/31/16	10/15/16	4/15/17	N/A	N/A	11/15/16	5/15/17	N/A	N/A
9/1/15 - 8/31/16	11/15/16	5/15/17	N/A	N/A	12/15/16	6/15/17	N/A	N/A
10/1/15 - 9/30/16	12/15/16	6/15/17	N/A	N/A	1/15/17	7/15/17	N/A	N/A
11/1/15 - 10/31/16	1/15/17	7/15/17	N/A	N/A	2/15/17	8/15/17	N/A	N/A
12/1/15 - 11/30/16	2/15/17	8/15/17	N/A	1/31/18	3/15/17	9/15/17	N/A	3/2/18

HURRICANE MICHAEL EXTENDED DUE DATES FOR S CORPORATIONS AND PARTNERSHIPS

The Department of Revenue will extend the tax return filing deadline for PA S corporations and partnerships directly impacted by Hurricane Michael in parts of Florida and elsewhere.

In general, Pennsylvania will follow the Internal Revenue Service rules outlined in **Issue Number: IR-2018-199**. The extended tax return filing due dates apply to areas identified in the IRS notice.

The IRS tax relief postpones various tax filing deadlines between October 7, 2018 and February 28, 2019. As a result, affected businesses will have until February 28, 2019 to file the PA-20S/PA-65 that was originally due during this period. 📅

DEPARTMENT OF REVENUE OUTREACH AND EVENTS

Department of Revenue Participates in State Tax Roundtable for Utilities of Power (STARTUP)



In early November, Revenue Secretary Dan Hassell and Department of Revenue Chief Counsel Tom Gohsler participated in a roundtable discussion in Philadelphia at the fall conference of the State Tax Roundtable for Utilities of Power (STARTUP). The event provided stakeholders from the energy industry the opportunity to discuss tax-related topics with representatives from the department.

Revenue staff join Pennsylvania Institute of Certified Public Accountants for State Tax Annual Meeting



In late October, several staff members from the Department of Revenue took part in the Pennsylvania Institute of Certified Public Accountants' State Tax Annual Meeting. The department presented on several topics, including the ongoing efforts to modernize the department's tax systems, the commonwealth's Marketplace Sales law and the impact of the Tax Cuts and Jobs Act.

ELECTRONIC RENEWAL NOW AVAILABLE FOR TOBACCO PRODUCTS LICENSES

The **Department of Revenue** is excited to introduce electronic tobacco products license renewal.

Starting in December 2018, licensees must visit **e-TIDES**, the department's electronic business tax filing system, to renew and pay for tobacco products licenses. The department will no longer be mailing or accepting REV-821 Tobacco License Renewal forms.

Through the e-TIDES website, licensees will have the ability to:

- Renew tobacco products licenses;
- Update current license information;
- Add and remove vending locations;
- Remit license payments; and
- Cancel licenses.

Please note: a new PA-100 Enterprise Registration Form is still required if a new license type is being requested.

Also starting with the upcoming renewal season, the department will no longer be issuing vending machine decals. Instead, the department is transitioning to a paper Tobacco Products Vending Location License. Licenses must be affixed and prominently displayed on machines at the locations for which they are issued.

e-TIDES registration and license renewal instructions will be made available on the e-TIDES website at **www.etides.state.pa.us**. If you have any questions or need assistance, please call the Miscellaneous Tax Division at 717-783-9374. 📞

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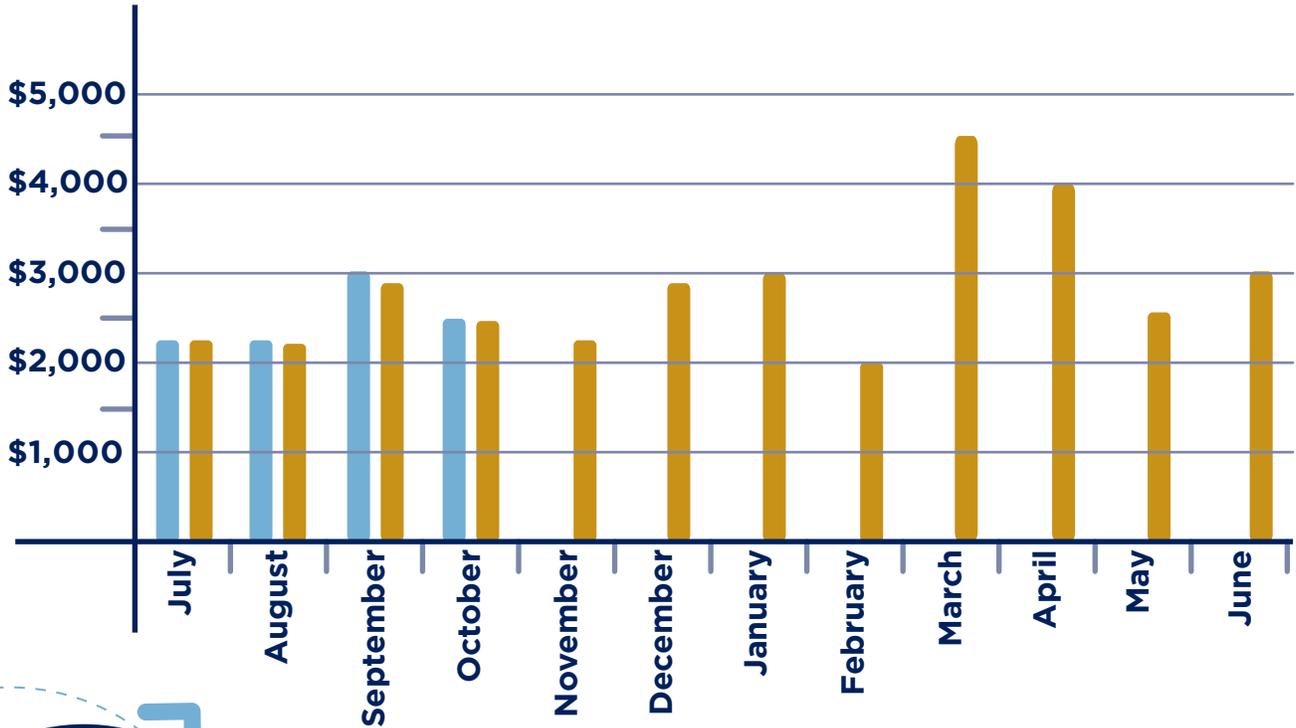
2018-2019 General Fund Revenues

Estimated vs. Actual Revenue Collections (in millions)

General Fund collections totaled \$34.6 billion in 2017-18

Actual Revenue

Estimated Revenue



GRAPH

ACTUAL FIGURES
(in millions)

Month	Actual Revenues	Estimated Revenues
July	2,238	2,240
August	2,274	2,247
September	3,041	2,857
October	2,474	2,446
November		2,241
December		2,835
January		2,999
February		2,044
March	4,477	4,477
April		3,949
May		2,631
June		3,009