



pennsylvania
DEPARTMENT OF REVENUE

TAX UPDATE

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Tax Update is a bi-monthly e-newsletter published
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Secretary of Revenue
C. Daniel Hassell

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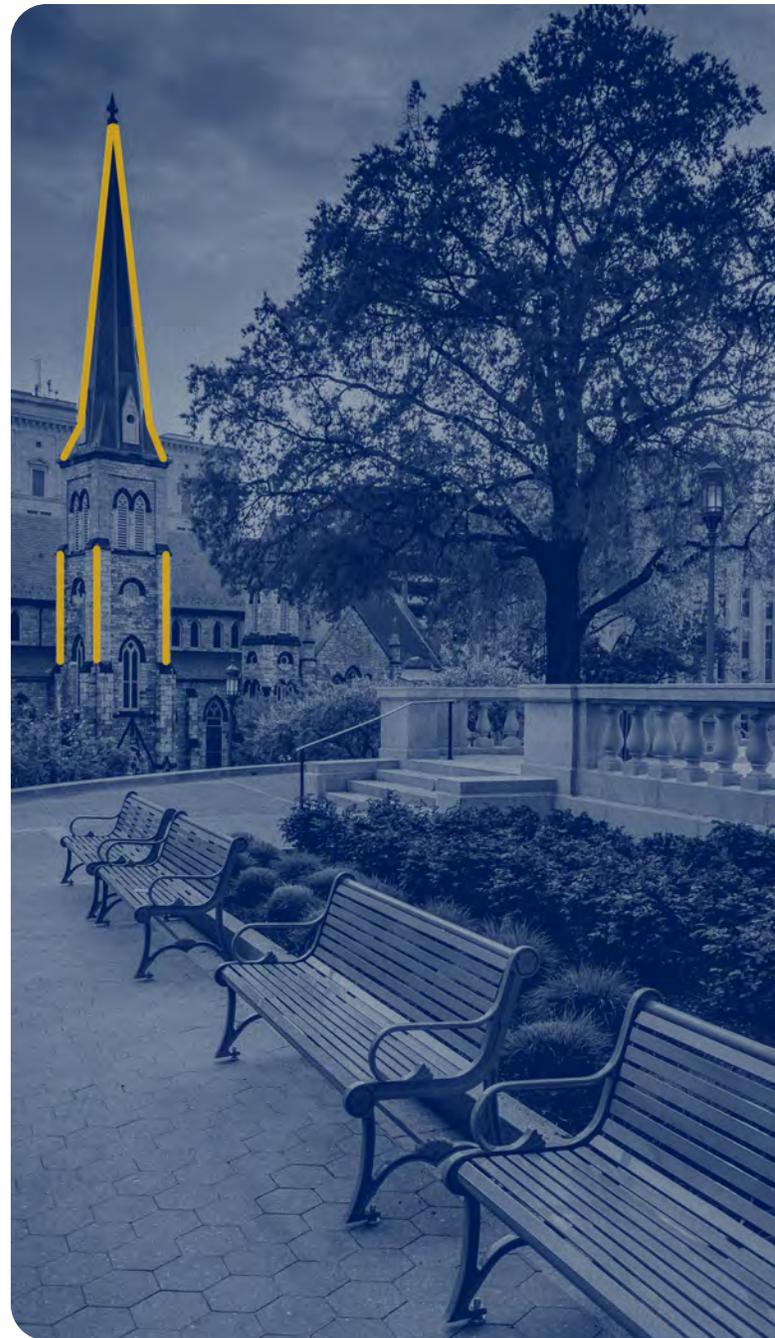
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The No. 1 goal in the department's strategic plan is to continually improve customer service.

- Revenue Secretary Dan Hassell

INNOVATIVE PA REVENUE PROJECTS HONORED WITH 2020 AWARDS FROM FEDERATION OF TAX ADMINISTRATORS

Two innovative, customer-service-driven projects from the Department of Revenue are being recognized with awards from **the Federation of Tax Administrators**.

One award-winning project involved the department implementing Intelligent Mail Barcodes (IMB) on its mail to improve customer service and reduce costs. The other project that garnered the FTA honor was the launch of a new online system for the renewal and management of tobacco licenses.

The winning projects from the Department of Revenue are two of nine from across the country that are being recognized this year by the FTA, a nonprofit association composed of the taxation and revenue agencies in the 50 states, District of Columbia, New York City and Philadelphia. Entries for the 2020 FTA awards were judged by a panel of retired former FTA Board of Trustees presidents. The judges focused on originality, transferability, quality and effectiveness.

“These projects are great examples of the customer-driven initiatives that our department has prioritized to improve our processes to better serve taxpayers,” Revenue Secretary Dan Hassell said. “Both projects have also helped us generate cost savings and greatly improve our internal processes, which is helping us become more efficient.”

Intelligent Mail Barcode Project

The Intelligent Mail Barcode project, **which was previously featured on PA Tax Talk**, improved the speed, accuracy and delivery of mail to Pennsylvania taxpayers. Incorporating these barcodes on department mail allows department staff to track and electronically verify taxpayers’ addresses with the U.S. Postal Service, so the department’s systems are updated with a correct address. This technology also allows the department to immediately learn why a delivery failed, including if the mail is not deliverable as addressed or if the mail was refused.

To date, this project has accounted for nearly \$2.7 million in tax revenue due to the address updates and subsequent taxpayer payments that have come in.

“We wanted to understand why some correspondences were repeatedly being returned to the department and how we could update those addresses electronically. That’s because we have an obligation to ensure that

taxpayers are receiving their mail from the department as quickly as possible,” said Christine Sehar, the lead team member on the IMB project team. “The biggest success for this project is reaching our customers with important tax information they need to stay in compliance, while simultaneously reducing waste and saving resources for the department.”

FTA is recognizing the Intelligent Mail Barcode project for taking on the challenge of effectively dealing with outgoing mail and maintaining valid addresses with a simple, but underutilized idea that can be implemented easily.



The Department of Revenue’s Intelligent Mail Barcode project team recently was presented with a 2019 Government Innovation Award. Leaders of the project team joined members of the department’s executive staff at a ceremony in Virginia to accept the award. The project also garnered another award from the Federation of Tax Administrators.

The department’s Intelligent Mail Barcode project team also was presented with a **2019 Government Innovation Award** by two technology publications, Federal Computer Week and Government Computer News, and Washington Technology and Defense Systems. The project team was recognized in the Public Sector Innovations category, which focuses on creating or utilizing new technology to make government function better.

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INNOVATIVE PA REVENUE PROJECTS HONORED WITH 2020 AWARDS FROM FEDERATION OF TAX ADMINISTRATORS

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Online Tobacco License Renewal Project

The Online Tobacco License Renewal project emerged because the prior approach for renewing tobacco licenses consisted of a manual, labor-intensive, paper-based process. The old process consisted of printing, sorting, mailing, processing paper checks and manually reviewing corrections or changes to approximately 16,000 paper renewals and checks each year.

As a solution, the department eliminated the manual process and replaced it with a new electronic platform on e-TIDES, the department's online business filing tax system. Taxpayers benefitted by having a new online system that gave them the ability to make changes to current license information, modify vending locations, cancel licenses, and electronically pay any fees associated with their license.

"Upon implementation of the new electronic system, we received a nearly 100 percent rate of filing/paying within the first year," said Valerie Hammaker, who led the project and works in the department's Bureau of Business Tax

Return Processing. "This has resulted in savings for the department, increased staff availability for other tasks, and provides faster service for our customers. We are proud to say that with great teamwork from all parties involved, this project has been incredibly successful."

FTA is recognizing the Online Tobacco License Renewal project for its innovation in a commonly overlooked tax type, providing benefits for taxpayers by helping them remain compliant without requiring paper forms or manual review, and saving approximately \$40,000 in staff time. 🏆

Note: Both project teams will lead presentations on these projects through a special webinar series hosted later this year by the FTA. The webinar series, which will include staff from other state taxation and revenue agencies, will allow for discussion on the benefits of these projects.



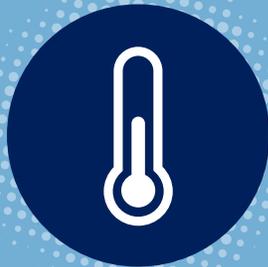
For recent announcements from the Department of Revenue related to the COVID-19 pandemic, visit:

www.revenue.pa.gov/COVID19 *



pennsylvania DEPARTMENT OF REVENUE

KNOW THE SYMPTOMS



FEVER



COUGH



SHORTNESS OF BREATH

PENNSYLVANIA EXTENDS PERSONAL INCOME TAX RETURN FILING DEADLINE TO JULY 15, 2020

The Department of Revenue has announced the deadline for taxpayers to file their 2019 Pennsylvania personal income tax returns is extended to July 15, 2020. This means taxpayers will have an additional 90 days to file from the original deadline of April 15. The **Internal Revenue Service** also extended the federal filing deadline to July 15, 2020.

The Department of Revenue will also waive penalties and interest on 2019 personal income tax payments through the new deadline of July 15, 2020. This extension applies to both final 2019 tax returns and payments, and estimated payments for the first and second quarters of 2020.

The filing deadline was extended as part of the commonwealth's efforts to help prevent the spread of **COVID-19**. Under Pennsylvania law the filing deadline for personal income tax returns is tied to the federal income tax due date.

"This is a necessary step that will give Pennsylvania taxpayers extra time to file their returns and make tax payments during a difficult time for everyone," Revenue Secretary Dan Hassell said. "Particularly for those who plan to meet with a tax professional to prepare their returns, the new deadline will help everyone follow the Governor's guidance to stay at home as we all work to prevent the spread of the virus."

Although the filing deadline has been extended, the Department of Revenue is encouraging taxpayers who are able to file their returns electronically to do so. This will enable the department to continue to process returns as commonwealth offices are closed. Additionally, if you are expecting a refund from the commonwealth, filing electronically will help avoid a delay in the release of your refund.

Padirectfile

Taxpayers can electronically file their Pennsylvania tax returns for free through Padirectfile, a secure, state-only electronic income tax filing system that is available through the Department of Revenue's website. For more information or to begin filing, visit **Padirectfile**.

Electronic Filing for Free

Free electronic filing options are available to file state and federal returns using software from a reputable vendor (income limits may apply). More **vendor information** is available on the Department of Revenue's website.

Electronic Filing for a Fee

Paid tax preparers and commercial tax preparation software providers that offer electronic filing, or e-filing, for a fee are an option for Pennsylvania taxpayers.

E-filing offers advantages not available to taxpayers filing by paper, including error-reducing automatic calculators, instant confirmation of successful filing, faster refund processing and direct deposit options.

July 15 Deadline

All taxpayers who received more than \$33 in total gross taxable income in calendar year 2019 must file a Pennsylvania personal income tax return (PA-40) by midnight on Wednesday, July 15, 2020.

Estimated Payments

The deadline for taxpayers who make quarterly estimated personal income tax payments is also extended to July 15, 2020. That means estimated payments for the first and second quarters of 2020 will be due by July 15, 2020.

Any individual who expects to receive more than \$8,000 of Pennsylvania-taxable income not subject to withholding by a Pennsylvania employer must estimate and pay personal income tax quarterly. Estimated tax due dates for individuals are typically April 15, June 15, Sept. 15 and Jan. 15, or the first following business day if any deadline falls on a weekend or holiday.

Filing for an Extension

If additional time to file is needed, taxpayers still have the option **to file a request for an extension** to file their Pennsylvania personal income tax return. The extension is available for up to six months. As an important reminder, an extension of time to file does not extend the deadline to make a payment if you owe taxes to the commonwealth.

Paper Filing

Although the Department of Revenue is strongly encouraging taxpayers to electronically submit their personal income tax returns, taxpayers who file paper returns will still be able to do so. The returns will be considered timely filed as long as they are postmarked on or before the new deadline of July 15, 2020.

Taxpayers who do submit their returns via paper should know that there will be delays in the processing of their returns, due to the fact that Department of Revenue's offices are closed as part of mitigation efforts to help prevent the spread of COVID-19. This could impact the processing of a taxpayer's refund if they are expecting one. 📦

LONGTIME REVENUE STAFFER **KEVIN MILLIGAN** AWARDED FTA'S HARLEY T. DUNCAN AWARD FOR LEADERSHIP AND SERVICE IN STATE TAX ADMINISTRATION

The Department of Revenue is pleased to announce that Kevin Milligan, one of the department's longest tenured employees, has been announced as a 2020 co-recipient of the Harley T. Duncan Award for Leadership and Service in State Tax Administration by the Federation of Tax Administrators. This prestigious FTA award is presented annually to individuals who have demonstrated sustained and significant service in the practice and administration of state taxes. The award recognizes and encourages outstanding achievements that advance the field of state taxation and improve the standards and techniques of state tax administration.

"Kevin has been a dedicated leader for our department for nearly 37 years," Revenue Secretary Dan Hassell said. "He is a worthy recipient of this honor and we're pleased to see that our peers in the industry of tax administration recognize this."

According to the FTA, candidates for the Harley T. Duncan Award for Leadership and Service in State Tax Administration are judged on factors including, but not limited to, increasing responsibility, influence outside the agency, influence on other states, work with FTA and breadth of experience in tax administration.

Milligan checks the boxes in each category. Since joining the Department of Revenue in July 1983, he has become a critical leader for the department as he has worked to implement a number of successful compliance programs. Milligan currently works as the Special Advisor to Bryan Barbin, the department's Deputy Secretary for Taxation. In this role, he oversees special projects and works to evaluate and improve the processes in place under the Taxation Deputate.

Prior to taking this position last November, Milligan spent more than a decade as the director of the department's Bureau of Enforcement Planning, Analysis and Discovery. Leading EPAD, he played a key role in many of the department's discovery and compliance initiatives. Prior to taking on that supervisory role, Milligan worked in

many other positions where he helped to shape tax policy, refine the department's collections practices, and create business units to focus on projects that helped boost voluntary compliance.

Additionally, Milligan has been a valuable and active participant in many organizations outside the department, including the FTA and Northeastern States Tax Officials (NESTOA). His attendance at conferences for these organizations have helped the department share its insights and expertise with other tax administrators. Meanwhile, his working relationships with the people in these groups have helped inform the agency's work efforts through the initiatives and best practices of colleagues from other state revenue agencies.

The other co-recipient of this year's Harley T. Duncan Award for Leadership and Service in State Tax Administration is Karey Barton of the Texas Office of the Comptroller. The Federation of Tax Administrators is a nonprofit association composed of the taxation and revenue agencies in the 50 states, District of Columbia, New York City and Philadelphia. The organization was formed in 1937 to improve the quality of state tax administration by providing services to state tax authorities and administrators. ▾



“ Kevin has been a dedicated leader for our department for nearly **37 YEARS**”

DUE DATES EXTENDED FOR 2020 ANNUAL CORPORATE NET INCOME TAX RETURNS AND PAYMENTS

Pennsylvania corporate taxpayers who had annual corporate net income tax returns and payments due in April, May, June or July of 2020 now have until August 14, 2020 to file their returns and make their final payments.

This extension is being made after the IRS announced in March that certain taxpayers generally had until July 15, 2020 to file and pay federal income taxes originally due on April 15, 2020. The IRS later released additional guidance that said the extension applied to all taxpayers who had filing or payment deadlines falling between April 1, 2020 and July 15, 2020. By law, the due dates for Pennsylvania annual corporate net income tax payments are 30 days after the federal due dates.

The Department of Revenue also announced it extended the due date for corporations with tax returns due in May to August 14, 2020. That means the new due date for corporate filers who take an extension to file their returns is now February 16, 2021. As usual, this additional six-month extension applies to filing the tax return, not to making a payment. 🗳️

Below is additional guidance:

Payments - RCT-101	Original Due Date	New Due Date
Annual Payment	April 15, 2020	August 14, 2020
Annual Payment	May 15, 2020	August 14, 2020
Annual Payment	June 15, 2020	August 14, 2020
Annual Payment	July 15, 2020	August 14, 2020

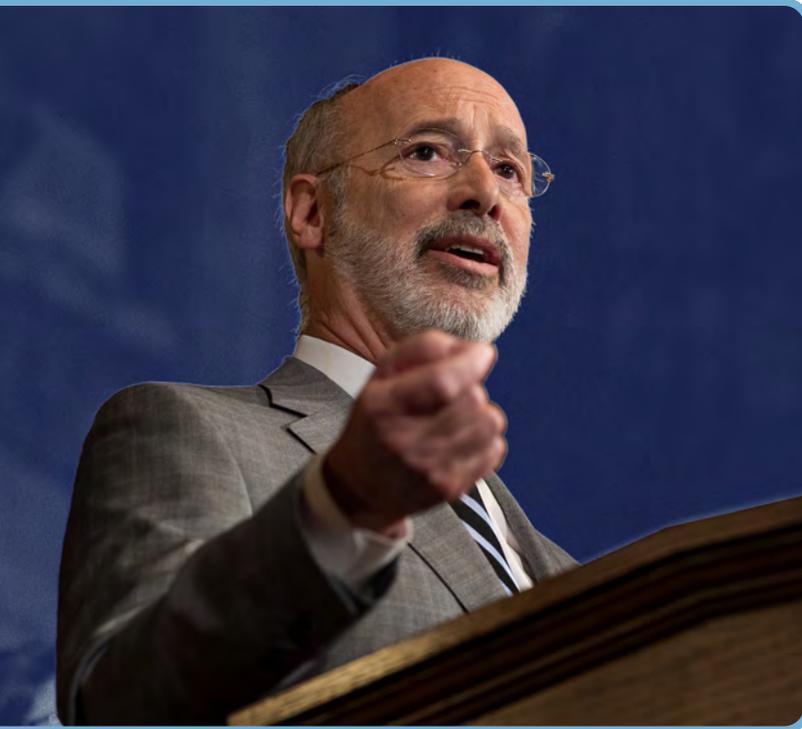
Corporations	Annual Returns	Original Due Date	New Due Date	Original Extension Date	New Extension Due Date
Fiscal Year ending 11/30/2019	RCT-101	April 15, 2020	August 14, 2020	October 15, 2020	February 16, 2021
Calendar Year 2019	RCT-101	May 15, 2020	August 14, 2020	November 16, 2020	February 16, 2021
Fiscal Year ending 1/31/2020	RCT-101	June 15, 2020	August 14, 2020	December 15, 2020	February 16, 2021
Fiscal Year ending 2/29/2020	RCT-101	July 15, 2020	August 14, 2020	January 15, 2021	February 16, 2021

Note: No other corporate tax due dates or payments are extended.

for all of your
TAX ANSWERS
revenue.pa.gov
 click the image to the right



WOLF ADMINISTRATION PROVIDES RELIEF FOR TAXPAYERS AFFECTED BY COVID-19 PANDEMIC



As we all work together to prevent the spread of COVID-19, it's critical for us to **TAKE ACTION...**

Governor Tom Wolf announced the Department of Revenue would begin providing relief to Pennsylvanians and businesses affected by the COVID-19 pandemic. The department is offering taxpayers increased flexibility, additional time to meet their tax obligations, and a pause on several of its standard enforcement actions.

“As we all work together to prevent the spread of COVID-19, it’s critical for us to take action that will provide immediate relief for Pennsylvanians and our businesses,” Governor Wolf said. “In addition to extending tax filing and payment deadlines, we are giving taxpayers more time and flexibility in other areas so that they can concentrate on their well-being. This is a needed step that will help everyone during this uncertain time.”

This temporary relief for taxpayers will remain in effect through at least July 15, 2020. Details on the specific relief can be found on the Department of Revenue’s website under its [COVID-19 information page](#).

“While people focus on their health and keeping themselves and their families safe during the pandemic, our goal is to ease the burden for our customers and help everyone move forward,” Revenue Secretary Dan Hassell said. “We want to help people and businesses make it through this challenging situation.”

The Department of Revenue will:

- Pause payments for existing payment plans upon requests from taxpayers.
- Provide flexible terms for new payment plans.
- Work to boost customer service for taxpayers impacted by the pandemic.
- Suspend or reduce automatic enforcement actions regarding liens, wage garnishments, bank attachments, license inspections, requirements for tax clearances and use of private collection agencies.
- Suspend the creation of new desk reviews and field audits in most cases.
- Suspend in-person meetings with taxpayers in most cases.
- Broaden audit penalty abatement and interest relief.
- Continue to administer tax credit and incentive programs.
- Abate penalties in most cases if taxpayers have remitted trust fund taxes they collected. 📌

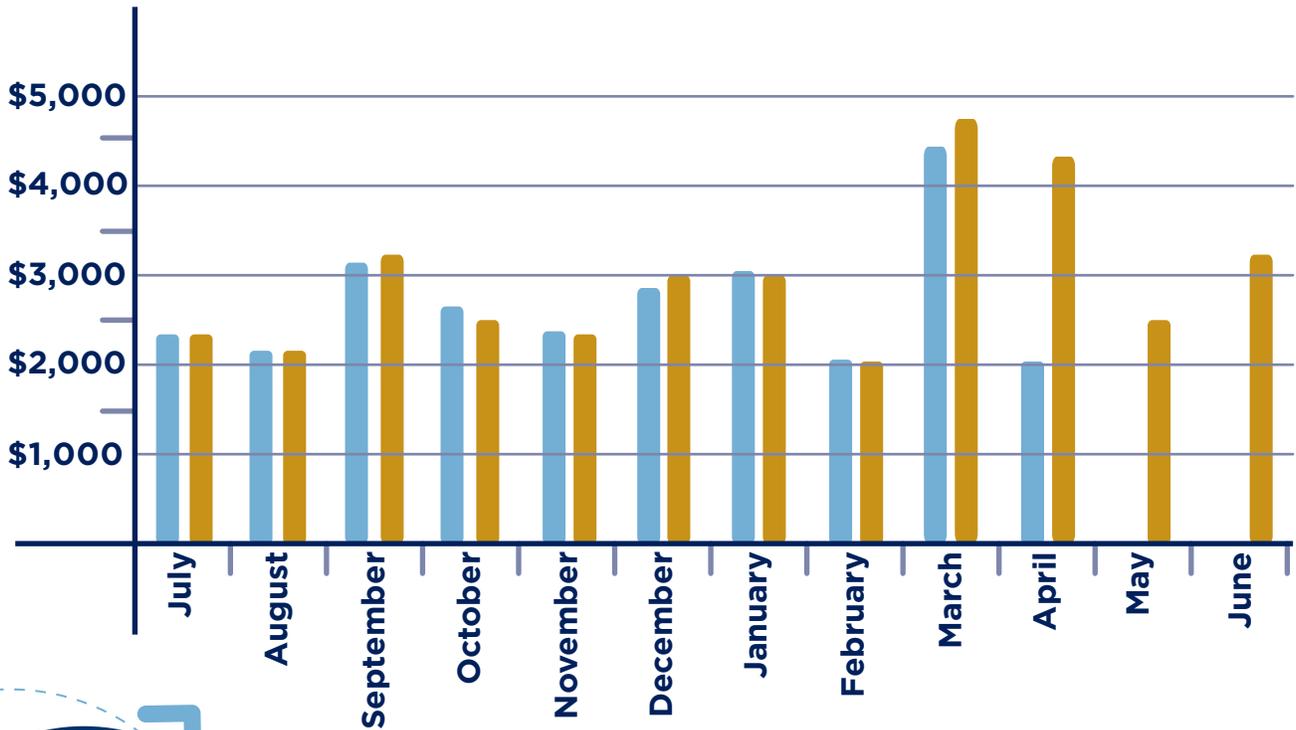
2019-2020 General Fund Revenues

Estimated vs. Actual Revenue Collections (in millions)

General Fund collections totaled \$34.9 billion in 2018-19

Actual Revenue

Estimated Revenue



GRAPH

ACTUAL FIGURES
(in millions)

Month	Actual Revenues	Estimated Revenues
July	2,329	2,328
August	2,193	2,132
September	3,185	3,203
October	2,670	2,550
November	2,356	2,355
December	2,907	2,999
January	3,070	2,987
February	2,167	2,077
March	4,434	4,730
April	2,180	4,339
May		2,545
June		3,252