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MARKETPLACE SALES GUIDANCE

The Pennsylvania Department of Revenue recently issued guidance on its website regarding the Marketplace Sales legislation that was passed last year by the General Assembly.

The legislation is intended to improve sales tax collections and compliance for online sales of items that are already taxable. This change results in a more efficient system for certain individuals and businesses. The ultimate goal is to help brick-and-mortar stores compete on an even playing field with online sellers.

The legislation requires certain marketplace facilitators, remote sellers and referrers facilitating, making or referring sales to Pennsylvania customers to make an election to either: (1) register to collect and remit sales tax; or (2) comply with tax notification and reporting requirements. The deadline for this election is March 1, 2018.

Also, beginning April 1, 2018, Pennsylvania customers will begin receiving information notices from businesses who have elected not to collect sales tax. The information notice will list the purchases and purchase price of products for which sales tax was not collected by the seller.

Pennsylvania customers will also receive annual notices detailing their purchases of products for which sales tax was not collected and similar information will be reported by the business to the Department of Revenue. Pennsylvania individuals and businesses who purchase taxable items without paying Pennsylvania sales tax are required to remit use tax.

The Department of Revenue has developed a frequently asked questions web page to help those affected by the Marketplace Sales legislation understand their obligations.

DEPARTMENT OF REVENUE OPENS PERSONAL INCOME TAX FILING SEASON FOR TAX YEAR 2017

On January 22, 2018, Revenue Secretary Dan Hassell announced the opening of Pennsylvania's tax filing season and reminded Pennsylvanians they have access to convenient electronic filing options to file their personal income tax returns for the 2017 tax year.

The Department of Revenue expects to process more than 6.4 million individual tax returns this year. The deadline to file a return will be April 17, 2018.

Filing a return electronically will help the department process returns, leading to faster refunds, Secretary Hassell said. Pennsylvanians can get a jump-start on filing their state taxes by using the following paper-less e-filing options:

Padirectfile

Padirectfile, a free state-only personal income tax filing system, is available through the Department of Revenue's website, www.revenue.pa.gov.

E-filing for Free

Free e-file options are available to file state and federal returns using software from a reputable vendor. Some vendors impose income limits for free services. Information is available on the department's website, www.revenue.pa.gov.

E-filing for a Fee

Paid tax preparers and commercial tax preparation software providers that offer e-filing for a fee may begin processing returns.

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.

April 17 Deadline

All taxpayers who received more than \$33 in total gross taxable income in calendar year 2017 must file a Pennsylvania personal income tax return by midnight, Tuesday, April 17, 2018. The deadline is extended this year due to Emancipation Day, a holiday in Washington, D.C., observed on Monday, April 16, which pushes the federal and state filing deadlines to April 17.

Avoid Filing Errors

The Pennsylvania Department of Revenue is reminding taxpayers to provide their social security numbers when completing the Pennsylvania personal income tax return.

The department has noticed a recent increase in PA-40 tax returns that have been submitted without social security numbers — or social security numbers that are partly redacted.

Although a social security number is considered confidential information, federal law specifically allows for its use on tax returns. Moreover, the department requires this information to process personal income tax returns. Failure to provide a complete social security number may delay the processing of your return and or refund.

If you are filing a joint return with your spouse, the department requires that both individuals listed on the income tax return provide their social security numbers.

Taxpayer Service and Assistance

Personal income tax assistance is available through the department's Online Customer Service Center and by calling 717-787-8201 between 7:30 a.m. and 5 p.m., Monday through Friday.

Taxpayers may also visit a Revenue district office, listed in the government pages of local phone directories, for basic state personal income tax filing assistance. Assistance at district offices is available from 9 a.m. to 5 p.m., Monday through Friday, and taxpayers are encouraged to bring their Social Security cards with them to facilitate tax filing.

Taxpayers can check the status of their refunds online by visiting the department's website and selecting the Where's My Personal Income Tax Refund? link on the department's homepage; or by call 1-888-PATAXES to find out the status of your refund. Taxpayers will be prompted to provide their social security number and requested refund amount to obtain the current status.

PROPERTY TAX/RENT REBATE PROGRAM APPLICATIONS NOW AVAILABLE

Application forms for the Property Tax/Rent Rebate Program are now available for eligible Pennsylvanians to begin claiming rebates on property taxes or rent paid in 2017. The deadline to apply for a rebate is June 30, 2018.

“Last year more than 542,000 seniors and people with disabilities benefited from this program,” Revenue Secretary Dan Hassell said. “We encourage everyone who is eligible to apply.”

Applicants may obtain Property Tax/Rent Rebate claim forms (PA-1000) and related information on the Department of Revenue’s website or by calling 1-888-222-9190.

It is free to apply for a rebate, and free filing help is available at hundreds of locations across the

commonwealth, including at Department of Revenue district offices, local Area Agencies on Aging, senior community centers and state legislators’ offices.

Claimants must reapply for rebates every year because rebates are based on annual income and property taxes or rent paid in each year. Spouses, personal representatives or estates may file rebate claims on behalf of claimants who lived at least one day in 2017 and meet all other eligibility criteria.

Rebates will be distributed beginning July 1, as required by law. More than \$259 million in property tax and rent rebates have been sent to more than 542,000 homeowners and renters across the state for taxes and rent paid in 2016.

PENALTY ASSESSMENTS MAILED IN FINAL STEP OF PA. TAX AMNESTY PROGRAM

The Pennsylvania Department of Revenue has started mailing non-participation penalty assessments to delinquent taxpayers who failed to participate in the 2017 Tax Amnesty program, Revenue Secretary Dan Hassell announced.

“Individuals and businesses that failed to take advantage of the program will be assessed a 5 percent penalty on their unpaid amnesty eligible delinquencies, as the law requires,” Hassell said. “The department is taking the appropriate steps to ensure that delinquent taxpayers are aware of their outstanding liabilities and the additional penalties they now face.”

Act 84 of 2016 authorized the Tax Amnesty program to net an estimated \$100 million for the

2016-17 fiscal year budget. The program exceeded that estimate by providing \$130.4 million in net revenue to the commonwealth.

The program ran for 60 days, between April 21 and June 19, and allowed eligible individuals and businesses to pay past-due state taxes while having all the penalties and half of the interest waived.

Act 84 required the Department of Revenue to notify all known delinquent taxpayers in writing of the existence of the Tax Amnesty program. As a result, the department mailed notification letters to approximately 800,000 known delinquent taxpayers. The statute also called on the department to publicize the program to maximize public awareness and participation.

DEPARTMENT OF REVENUE INVITES NEW BUSINESS OWNERS TO LEARN HELPFUL TAX TIPS

New business owners gathered in Harrisburg on Jan. 17 to learn important tax tips during a Tax Education Seminar hosted by the Pennsylvania Department of Revenue.

"This seminar is a helpful resource that connects our seasoned tax experts with people who are just



starting out in the business community," Revenue Secretary Dan Hassell said. "Our goal is to help them hit the ground running."

The free event is a continuation of a pilot program the department is developing to provide entrepreneurs with information on state tax obligations and help them achieve success in managing their new businesses. In November the department successfully hosted a similar seminar in Pittsburgh for new business owners in Allegheny County.

The seminar series is part of the department's continued work to further Governor Wolf's goal of creating "Government that Works." It also is part of the department's vision to be a leading tax administration and public service agency that is known for its customer service.

RESEARCH AND DEVELOPMENT TAX CREDIT SALES APPLICATION

New for 2018, in our effort to promote "Government that Works," the department will introduce The Research and Development (R&D) Tax Credit online application system. This new system will provide a resource for applicants to verify the status of their applications.

The new online application will be accessible in the summer of 2018 to Sept 15, 2018. Taxpayers and tax practitioners must submit their applications electronically by Sept. 15, 2018, filing deadline at www.revenue.pa.gov.

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

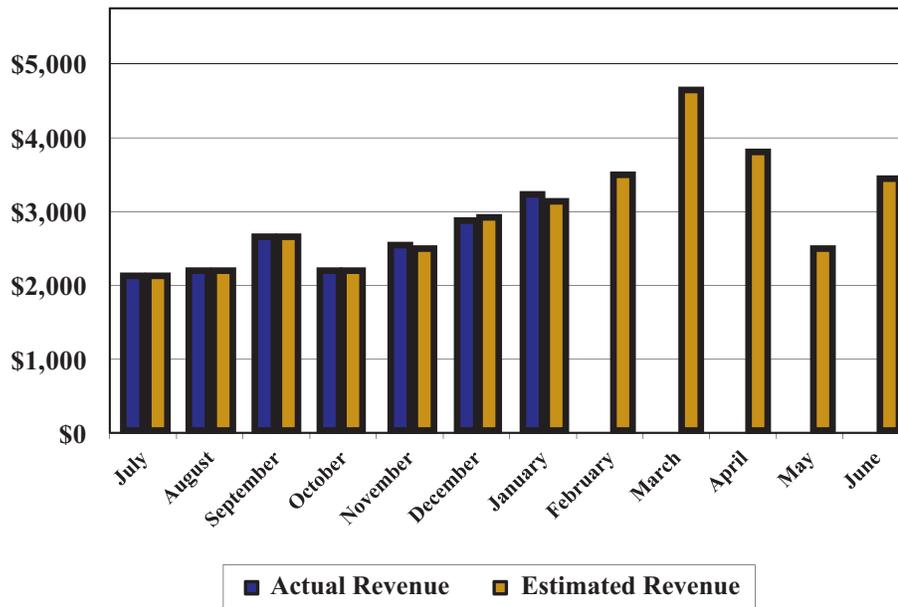
the R&D application for one or more businesses, and there are no limits to the number of applications a user may file.

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.

The electronic application supersedes any and all prior year applications – All 2018 Research & Development applications must be submitted on the online application platform. Applications will not be accepted in any other format.

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

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



HAVE YOU LIKED US ON FACEBOOK?



As part of the Department of Revenue’s 2016-2020 Strategic Plan, the department proposed to increase its engagement with taxpayers and tax practitioners through social media. Currently, the department has robust website-based platforms for individuals, businesses, and tax professionals to primarily submit returns, reports, and other information. As of January 2018, the department now maintains a social media presence on Facebook with more than 1,930 followers

The department’s Facebook page will be used to share the following and much, much more:

- New projects that are going on within the department
- Advertise various ongoing initiatives
- 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