



pennsylvania
DEPARTMENT OF REVENUE

TAX UPDATE

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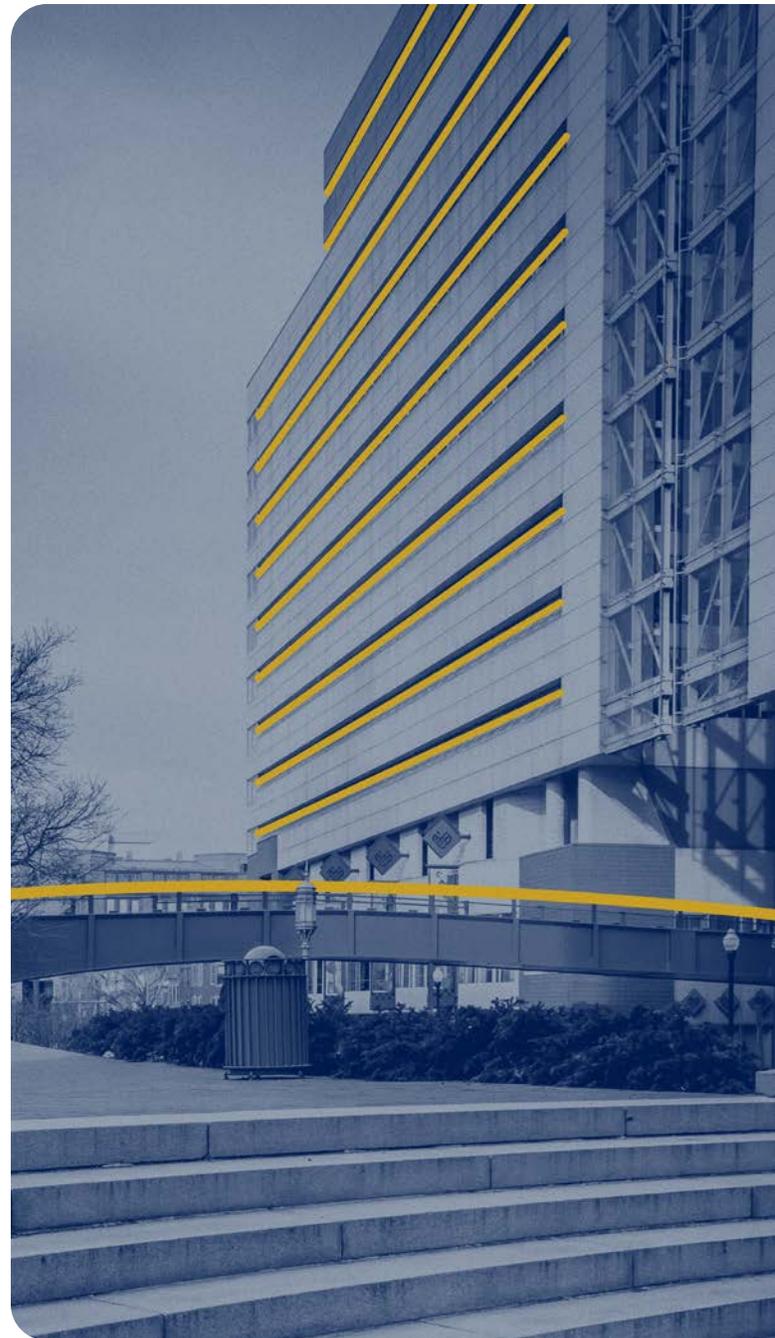
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Secretary of Revenue
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The No. 1 goal in the department's strategic plan is to continually improve customer service.

- Revenue Secretary Dan Hassell

PENNSYLVANIA TAXPAYERS HAVE NEW, FREE ELECTRONIC FILING OPTION FOR PERSONAL INCOME TAX RETURNS

The Department of Revenue announced the filing season for 2020 Pennsylvania personal income tax returns will begin on Friday, Feb. 12, 2021. The start of the filing season for income tax returns at the state level will mirror the same date the IRS established to begin accepting and processing 2020 federal tax returns.

The Department of Revenue is informing taxpayers that a new, state-only filing option is available at mypath.pa.gov. **myPATH** is a free, user-friendly system that allows taxpayers to seamlessly file the Pennsylvania Income Tax Return (PA-40) and make income tax payments, as well as offering other services.

“We’re excited to offer a new online filing system that will make it easy for our customers to file their 2020 state returns for free,” Revenue Secretary Dan Hassell said. “We encourage all Pennsylvania taxpayers to take advantage of this new, easy-to-use option.”

Delays Possible for Some State Returns, Refunds

The IRS announced that it would begin accepting and processing 2020 tax returns on Feb. 12. The agency announced the delay in the start of the filing season – which typically occurs in January – is necessary to perform programming and testing work on IRS systems.

The opening of the filing season for Pennsylvania income tax returns is typically tied to the date the IRS sets. That’s because state and federal tax returns that are simultaneously filed through third-party tax preparation software or by a tax preparation service are first routed to the IRS’ systems. The IRS then routes Pennsylvania state returns to the Department of Revenue at the opening of its tax season, allowing for the processing of state returns and refunds to begin.

Because that process won’t begin this year until Feb. 12, taxpayers who wish to file their returns prior to this date may see a delay in the processing of their returns and refunds.

However, taxpayers interested in filing their Pennsylvania returns can do so by visiting mypath.pa.gov. **myPATH** is accepting 2020 returns and payments.

myPATH Offers Many Benefits

Using the electronic filing option available through mypath.pa.gov offers many benefits, including:

- Fast and free return/refund processing
- The “**Where’s My Income Tax Refund?**” system to track the status of a refund
- Instant confirmation of a successful filing
- The benefit of error-reducing automatic calculators
- User-friendly options that are not available to taxpayers filing by paper
- The ability to view a detailed Statement of Account for personal income tax

Electronic Filing for Free

Other free electronic filing options are available to file state and federal returns using software from a reputable vendor. 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 offer electronic filing, or e-filing, for a fee. Check a **list of vendors** on the department’s website for further information



April 15 Deadline

All taxpayers who received more than \$33 in total gross taxable income in calendar year 2020 must file a Pennsylvania personal income tax return by midnight, Thursday, April 15, 2021.

PA Personal Income Tax Guide

Pennsylvania taxpayers who have personal income tax questions are encouraged to review the **PA Personal Income Tax Guide**, an online publication that includes detailed information on a number of PIT-related topics.

Taxpayer Service and Assistance

Personal income tax assistance is also available through the department’s **Online Customer Service Center** and by calling 717-787-8201 between 8 a.m. and 5 p.m., Monday through Friday.

Taxpayers can check the status of their refunds online by visiting the department’s **myPATH** electronic filing portal and selecting the **Where’s My Income Tax Refund?** link on the department’s homepage; or by calling **1-888-PATAXES**. Taxpayers will be prompted to provide their Social Security number and requested refund amount to obtain the current status.

Free tax forms and instructions are available at www.revenue.pa.gov.

For more information about the Department of Revenue’s **myPATH** tax filing system, please visit mypath.pa.gov. 🗳️

PENNSYLVANIANS CAN NOW FILE PROPERTY TAX/RENT REBATE PROGRAM APPLICATIONS ONLINE



Older and disabled Pennsylvanians can now apply for rebates on property taxes or rent paid in 2020, the Department of Revenue recently announced. This assistance is available through the Property Tax/Rent Rebate Program, which has delivered more than \$6.8 billion to eligible Pennsylvanians since the program's inception in 1971.

The Department of Revenue is encouraging applicants of the program to take advantage of a new online filing option that will allow them to submit their applications electronically. Applicants should visit my.path.pa.gov to electronically submit their applications. The department launched this online portal to make it easier for those who benefit from the program to submit their applications. Previously, all applicants were required to submit a paper application.

“Offering an online filing option gives us a new, user-friendly tool that helps us ensure everyone who is eligible for the Property Tax/Rent Rebate Program has a simple way to submit their applications,” Revenue Secretary Dan Hassell said. “This online option will be especially helpful this year during the COVID-19 pandemic because it will provide applicants with a way to file their applications from the comfort of their homes. This will help us deliver needed support to more than half a million Pennsylvanians who benefit from this program each year.”

A New Way to Apply for Your Rebate

Pennsylvanians can visit my.path.pa.gov to file their 2020 Property Tax/Rent Rebate Program applications. Submitting your application online is easy and does not require you to sign up for an account. Applicants will be asked to provide specific information on their income and rent/property taxes. Applicants should check the [Property Tax/Rent Rebate Program instruction booklet](#) to learn which information they will need to input/upload to complete the process.

Using the electronic option available through my.path.pa.gov offers many benefits, including:

- Fast processing and direct deposit options
- The **Where's My Rebate?** tool to track the status of a claim online
- Error-reducing automatic calculators

- Instant confirmation that your application has been filed
- Security features to ensure your sensitive information is safe

Applicants who still wish to file a paper application form 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's free to apply for a rebate, and applicants are reminded that free assistance is available at hundreds of locations across the state, including [Department of Revenue district offices, local Area Agencies on Aging](#), senior centers and state legislators' offices. The department encourages applicants to call ahead to their preferred location to confirm whether an appointment is required.

Applicants 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 2020 and meet all other eligibility criteria.

Visit the [Property/Tax Rent Rebate page](#) on the Department of Revenue's website for further information on the program and how to apply for a rebate.

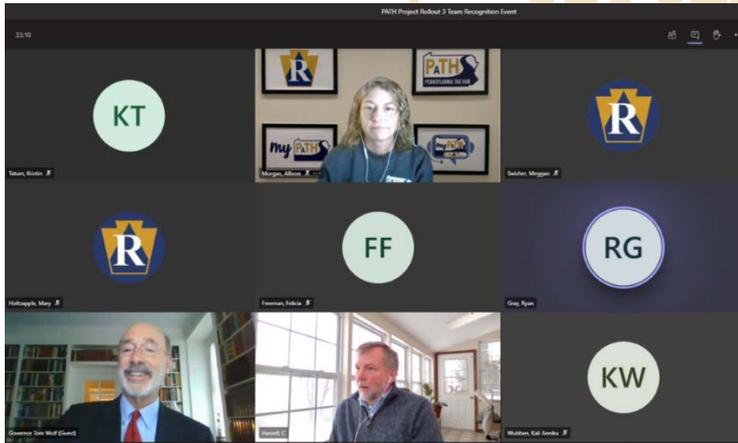
About the Property Tax/Rent Rebate Program

Rebates will be distributed beginning July 1, as required by law. The rebate program benefits eligible Pennsylvanians age 65 and older; widows and widowers age 50 and older; and people with disabilities age 18 and older. The income limit is \$35,000 a year for homeowners and \$15,000 annually for renters, and half of Social Security income is excluded.

The maximum standard rebate is \$650, but supplemental rebates for certain qualifying homeowners can boost rebates to \$975. The Department of Revenue automatically calculates supplemental rebates for qualifying homeowners. The Property Tax/Rent Rebate Program is funded by the Pennsylvania Lottery and revenue from slots gaming. 📌

DEPARTMENT OF REVENUE, FAST ENTERPRISES CONTINUE SUCCESS WITH REVENUE MODERNIZATION PROJECT

The Department of Revenue recently reached an important milestone when its modernization project team successfully transitioned personal income tax, the Property Tax/Rent Rebate Program and pass-through entity processing into the Pennsylvania Tax Hub (PATH), the department's tax system that was launched in early 2019.



Governor Tom Wolf recently joined the Revenue modernization project team for a virtual recognition event. This followed the team's successful transition of personal income tax, the Property Tax/Rent Rebate Program and pass-through entity processing into the Pennsylvania Tax Hub (PATH).

This was the department's largest and most complex rollout of features to the PATH system and also included the implementation of Fast Data Services, a version upgrade, and the replacement of a number of large legacy applications. As a result, the department replaced decades-old applications with a new, cutting edge tax system that will provide Pennsylvanians with access to new electronic filing options through **myPATH**, the department's online self-service portal.

"Even as our modernization project team has been forced to work remotely due to the COVID-19 pandemic, the team has done a great job of keeping us on schedule and on budget as we have added more customer service options to **myPATH**," Revenue Secretary Dan Hassell said. "We are confident this system will be a great benefit to our customers, including more than 6.5 million taxpayers who annually file Pennsylvania personal income tax returns and over half a million **Property Tax/Rent Rebate Program** claimants"

The modernization project team consists of employees from the Department of Revenue, staffers from the Office of Administration's Employment, Banking and Revenue

Delivery Center, and employees from Fast Enterprises, LLC, the vendor the department contracted with for this project. The team of more than 100 employees is helping the department take big steps toward its goal of continually improving customer service.

Several important accomplishments were achieved during this phase of the department's modernization project:

- The team converted more than 12 million accounts and more than \$13 billion in outstanding payments as part of this rollout. When considering all projects from Fast Enterprises' 23-year history, this was the largest personal income tax rollout in the United States in terms of data converted. Fast Enterprises has implemented its GenTax software solution in many jurisdictions throughout the country and across the world.
- More than 680 users were trained in PATH prior to this rollout. This group included personnel from 12 Revenue bureaus and two within the Treasury Department. More than 200 training classes encompassing 38 courses were all conducted remotely, which was a new and unforeseen challenge the project team overcame.
- The project team reviewed legacy taxpayer letters, rewriting many with an emphasis on plain language. The team reviewed and overhauled legacy hold and errors codes, reducing the department's total number of codes by 48 percent.
- The project remained on time and on budget despite the fact that a significant portion of the department's workforce was not equipped to telework when the pandemic reached Pennsylvania. Despite these difficulties and the fact that more than 80 percent of employees are now working remotely, the project remained on track.

The modernization project team recently started work on the next phase of the project, which will focus on transitioning some smaller and miscellaneous taxes and programs into PATH. The department expects that phase to be completed in the summer of 2021. Following the next rollout of features, the project team will start the work of transitioning all of the department's business taxes into the PATH system, which is expected to conclude late in 2022. 📌



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REVENUE TEAM RECOGNIZED WITH GOVERNMENT INNOVATION AWARD FOR WORK ON 'NUDGE' PROJECT

The Department of Revenue has been recognized with a 2020 Government Innovation Award for its work on “nudge” tax delinquency notices. These notices were created through a collaborative project between Revenue staff and a team of social behavioral scientists from the MITRE Corporation. The goal of the project was to study taxpayer behavior and redesign the department’s tax delinquency notices, making them easier for taxpayers to understand and more likely to result in a response.



Revenue’s nudge project team is being recognized in the Public Sector Innovations category, which focuses on creating or utilizing new technology to make government function better. The Government Innovation Awards are presented by two technology publications, Federal Computer Week and Government Computer News, in addition to Washington Technology and Defense Systems.

“Receiving this Government Innovation Award is a testament to the hard work of our project team and the innovative thinking that went into this study,” Revenue Secretary Dan Hassell said. “Not only do nudge notices improve communication and service for our customers, but the commonwealth also benefits with increased revenue collections because taxpayers have a better understanding of what they need to do to resolve their tax obligations.”

The nudge project, previously detailed in the [PA Tax Update](#), examined the impact that redesigned and simplified plain language text in tax notices would have on taxpayers. The text of the redesigned letters highlighted the actions that businesses need to take in order to comply and the consequences of not complying. Revenue employees worked with the MITRE Corporation’s social behavioral scientists to compare how taxpayers responded to the nudge notices as opposed to the standard department notices that had been in use for many years.

The project found that the redesigned notices resulted in a greater response rate, with businesses responding at a 36% rate, compared to 26% for the standard reminder. In addition to the improved response rate, the taxpayer paid down an average of 9% more of the debt.

Radee Skipworth, the department’s former Deputy Secretary for Compliance and Collections, said of the project: “It was definitely radical — just head and

shoulders above what we’ve done in the past. The nudge gave taxpayers the right information, high on the page, and clearly explained what to do. Beyond that, the MITRE team brought capabilities in measuring response rates and statistical analysis.”

Two of Revenue’s key contributors to the nudge project, Skipworth and Christopher Pressley, recently left the Department of Revenue to work for the District of Columbia Office of Tax and Revenue. Kevin Milligan, the department’s Special Advisor to the Deputy Secretary for Taxation, also played a pivotal role in the project. Other key Revenue contributors on the project are Jesse Stiely, Jim Schlegel, Todd Evans, Mark Morabito and Norma Ickes.

“We would not have received this recognition without the key contributions of everyone on the project team,” Secretary Hassell said. “Their work on this project has helped us develop a new vision for what our tax notices should look like. That will be a great benefit for our customers for years to come.”

NUDGE NOTICE LETTER

This is the second year in a row in which the department has received a Government Innovation Award. The department was recognized in 2019 for its [Intelligent Mail Barcode project](#).

This article originally appeared on [PA Tax Talk, the Department of Revenue’s blog](#), which informs taxpayers and tax professionals of the latest news and developments from the department. 📌

REVENUE'S EXECUTIVE DEPUTY SECRETARY NAMED PRESIDENT OF NESTOA

John Kaschak, the Department of Revenue's Executive Deputy Secretary, was recently named the president of the North Eastern States Tax Officials Association.

As president of **NESTOA**, Kaschak will play a leading role in bringing together tax administrators to discuss regional topics and trends in the tax industry. He'll also be working to plan the 2021 annual **NESTOA** meeting, which is held each fall for tax administrators to share their ideas and present on successful projects and initiatives.

NESTOA is a collaborative association that includes the states of Maryland, Delaware, New Jersey, Pennsylvania, New York, Connecticut, Rhode Island, Massachusetts, Vermont, New Hampshire and Maine. It also includes the District of Columbia, New York City, and the City of Philadelphia. **NESTOA** is a section of the Federation of Tax Administrators.

This article originally appeared on PA Tax Talk, the Department of Revenue's blog, which informs taxpayers and tax professionals of the latest news and developments from the department. 📌



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REMINDER: TAX PREPARERS WILL BE REQUIRED TO INCLUDE PTIN ON PA-40 RETURNS STARTING IN TAX YEAR 2020

The Department of Revenue is reminding tax return preparers that they will need to sign and list their IRS preparer tax identification number (PTIN) on each Pennsylvania personal income tax return (PA-40) that they prepare starting this tax season.

This requirement will be applicable as tax return preparers work on their clients' tax returns for the 2020 tax year. The requirement is part of Act 13 of 2019, legislation that was enacted in 2019 by Pennsylvania's General Assembly.

Under the law, a tax return preparer is a person who is paid to prepare a personal income tax return, or employs one or more persons who prepare returns for compensation. Preparation of a "substantial portion" of a personal income tax return shall be treated as if it were the preparation of the return, according to the law.

The law also gives the Department of Revenue the authority to impose an administrative penalty of \$50 on a tax return preparer each time the preparer fails to sign a return or fails to provide their PTIN on a return. Under the law, the maximum annual penalty that can be imposed on an individual tax return preparer is capped at \$25,000 per year.

To obtain a PTIN, preparers should consult the **Tax Professionals** page on the IRS website. The web page includes information on how to obtain or renew a PTIN. Most first-time PTIN applicants can obtain a PTIN online in about 15 minutes, according to the IRS. 📌

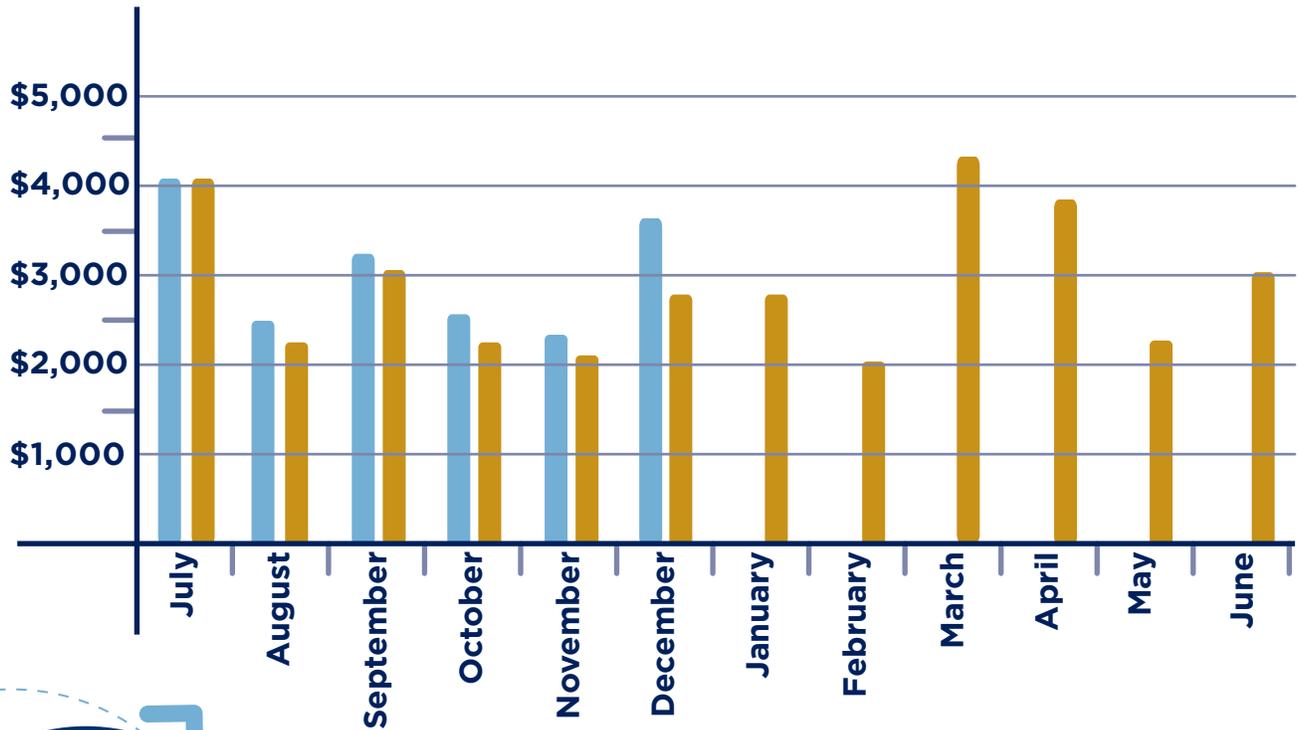
2020-2021 General Fund Revenues

Estimated vs. Actual Revenue Collections (in millions)

Through August, General Fund collections totaled \$6.7 billion in 2020-21

Actual Revenue

Estimated Revenue



GRAPH

ACTUAL FIGURES
(in millions)

Month	Actual Revenues	Estimated Revenues
July	4,104	4,103
August	2,548	2,339
September	3,262	3,013
October	2,592	2,227
November	2,339	2,126
December	3,681	2,720
January		2,773
February		2,011
March		4,239
April		3,802
May		2,254
June		3,026