

Tax Update

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IN THIS ISSUE:

- GOVERNOR RENDELL SAYS PENNSYLVANIA IS ONE STEP CLOSER TO PROVIDING ACCESS TO HEALTH CARE FOR PENNSYLVANIA'S UNINSURED *page 1*
- CORRECTION NOTICE: PERSONAL INCOME TAX RETURN BOOKLET *page 1*
- SENIORS ARE ENCOURAGED TO SIGN UP FOR PROPERTY TAX/RENT REBATE PROGRAM *page 2*
- REGISTRATION FOR THE 76TH ANNUAL MEETING OF THE FEDERATION OF TAX ADMINISTRATORS IS NOW OPEN *page 3*
- PENNSYLVANIA CORPORATION ELECTRONIC FILING REMINDER, TWO VENDORS NOW OFFER SOFTWARE *page 4*
- PERSONAL INCOME TAX ELECTRONIC FILING AND PAYMENT OPTIONS REMINDER *page 5*
- TAX PROFESSIONAL E-SERVICES CENTER *page 5*

FAST FACT:

Property Tax/Rent Rebate applications must be submitted to Revenue by June 30. Beginning this summer, all homeowners across the state will receive property tax relief on their school district property tax bill. Supplemental property tax rebates will be provided to about 187,000 homeowners in high-tax areas who most need property tax relief.

VISIT OUR WEB SITE AT:
www.revenue.state.pa.us

GOVERNOR RENDELL SAYS PENNSYLVANIA IS ONE STEP CLOSER TO PROVIDING ACCESS TO HEALTH CARE FOR PENNSYLVANIA'S UNINSURED

Governor Edward G. Rendell recently praised the House of Representatives for taking an important first step in passing its Pennsylvania Access to Basic Care (PA ABC) plan, and he urged the Senate to immediately consider the proposal. The House plan is similar to the [Cover All Pennsylvanians \(CAP\) plan](#) the Governor introduced last year.

"Since I first announced my Prescription for Pennsylvania health care reform plan in January 2007, and especially the Cover All Pennsylvanians component of that plan, I have repeatedly asked the General Assembly to talk with us about ways to make sure the uninsured in this state have access to health care," Governor Rendell said as he talked to reporters about Senate Bill 1137, which passed the House Monday afternoon, March 17.

"I said we were willing to negotiate and would welcome ideas to improve the CAP plan I proposed. I thank the House Democrats for accepting my challenge and congratulate the House on bringing us one step closer to making sure Pennsylvanians have access to health care.

The House Democrats' CAP-like plan, Pennsylvania Access to Basic Care (PA ABC) doesn't cover quite as many people as CAP would have covered, but it does provide sorely needed access to care and has some excellent additions that improve our proposal."

In addition to offering access to care for hundreds of thousands of Pennsylvanians through a private market insurance product, ABC provides relief to small businesses that struggle the most in providing insurance to their employees. PA ABC creates a new initiative that provides grants to low-wage small businesses that already offer health insurance to help them cope with the cost.

PA ABC would provide access to health care for many of Pennsylvania's uninsured while continuing to help physicians pay medical malpractice insurance premiums. It would also eliminate the Mcare Fund, return all malpractice coverage to the private market and pay off Mcare's unfunded liability.

The House bill now moves to the Senate for review, and the Governor encouraged the Senate to immediately consider the proposal.

For more information on the Governor's Prescription for Pennsylvania health care reform plan, visit www.rxforpa.com. Information on PA ABC is available at the [House Democratic Web site](#).

CORRECTION NOTICE:

2007 PA-40 PERSONAL INCOME TAX RETURN BOOKLET

The Pennsylvania Department of Revenue has become aware of an error in printed copies of the 2007 PA-40, Pennsylvania personal income tax booklet.

At the bottom of Page 25, in the right-hand column, under the **Column G. PA compensation** heading, the number 7 in the list of 1099R codes at the beginning of the first sentence should not be included. **The sentence should read, "If you entered a 1099R code 1, 2, 8, 9, J, L or S from a 1099R in Column D, subtract the amount in Column F from Column E and enter the resulting amount (but not less than zero) here."**

Requests for copies of an insert correcting and clarifying the error can be e-mailed to the department at ra-forms@state.pa.us.

The error has been corrected in the instructions booklet on the department's Web site, www.revenue.state.pa.us.

If you have any questions regarding this matter, please call (717) 787-8346.

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SENIORS ARE ENCOURAGED TO SIGN UP FOR PROPERTY TAX/RENT REBATE PROGRAM BY JUNE 30

Governor Edward G. Rendell encourages older Pennsylvanians and residents with disabilities to apply for Property Tax/Rent Rebates of up to \$650 by the June 30 deadline. Revenue from slots gaming and the Lottery provided \$242 million in property tax relief to more than 562,000 households last year.

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 2006 program expansion increased the income eligibility limit from \$15,000 to \$35,000 (excluding half of Social Security income) for homeowners and raised the maximum rebate for both homeowners and renters from \$500 to \$650.

The expanded household income limits and maximum rebate amounts are:

| | |
|--------------------------------|--------------|
| \$0 and \$8,000 | \$650 rebate |
| \$8,001 to \$15,000 | \$500 rebate |
| \$15,001 to \$18,000 | \$300 rebate |
| \$18,001 to \$35,000 | \$250 rebate |

Qualifying renters with incomes between \$0 and \$8,000 receive \$650 rebates, and those with incomes between \$8,001 and \$15,000 receive \$500 rebates.

Now that slots gaming has generated enough money to provide property tax relief to all Pennsylvania homeowners this summer, supplemental property tax rebates will be provided to approximately 187,000 homeowners in high-tax areas who most need property tax relief.

Qualifying homeowners with incomes of \$30,000 or less in Pittsburgh, Scranton and Philadelphia will receive additional rebate money equal to 50 percent of their base rebates. Homeowners who make under \$30,000 in the rest of the state and pay more than 15 percent of their income on property tax bills will also receive supplemental rebate money. For example, a claimant living in one of these high-tax areas who is eligible for a \$650 rebate will receive \$975.

Supplemental rebate money is only available for homeowners, not renters, and no homeowner can receive more rebate money than was paid in property taxes.

The 2007 Property Tax/Rent Rebate form (PA-1000) does not include a line for claimants to calculate "supplemental rebates." The Department of Revenue will automatically calculate the additional rebate for qualifying homeowners. **Claimants should not alter the form.**

Property Tax/Rent Rebate claim forms and information are available online at www.PaPropertyTaxRelief.com and by calling, toll-free, 1-888-222-9190. Forms and assistance also are available at Department of Revenue district offices (listed in the blue pages of local telephone directories), local Area Agencies on Aging, senior centers and state legislators' offices.





★ FTA08 ★ PHILADELPHIA

Registration for the 76th Annual Meeting of the Federation of Tax Administrators is NOW OPEN!

**Philadelphia Marriott Downtown
Philadelphia, Pennsylvania
June 8 – 11, 2008**

The meeting begins with registration on Sunday, June 8, and concludes at noon on Wednesday, June 11. General sessions will be held each morning, and in-depth sessions on legal and tax policy issues, applying technology to tax administration, tax compliance and management developments are scheduled for Monday and Tuesday afternoons.

- T** The opening reception will be held Sunday evening at the Philadelphia Marriott's Liberty Ballroom, site of the historic Reading Terminal Headhouse, and will feature the Philly Pops Festival Brass.
- T** The annual golf tournament will be held Sunday morning at the spectacular Golf Course at Glen Mills, located in the rolling hills and natural wooded landscape of picturesque Delaware County.
- T** The President's Awards luncheon, including presentation of the FTA Leadership and Service Award as well as awards for innovation in technology applications and excellence in tax policy and administration research, will be held Monday.
- T** Tuesday evening will feature a banquet with entertainment from the celebrated Philadelphia Mummers and a visit from a special surprise guest – a Philadelphia celebrity with fans around the world – during cocktail hour.

General Sessions

Monday: Noted economist Mark Zandi of Moody's Economy.com will provide his outlook on the current condition and prospects for the U.S. economy, and Scott Pattison of the National Association of State Budget Officers will address the fiscal condition of the states and the steps they are taking to address growing budget shortfalls. Delegates will also be treated to a debate on current issues in state taxation between the taxpayers' favorite advocate, Paul Frankel, and the ever-enlightening Professor Richard Pomp.

Tuesday: The second general session will focus on approaches to improving state tax compliance, issues in data and systems security, meeting taxpayer needs and other current issues and trends in tax administration.

Wednesday: Following the FTA Annual Business Meeting, the closing general session will address current issues in state tax policy, including state initiatives to promote alternative energy sources, federal legislation affecting state taxation and initiatives of the Multistate Tax Commission

Visit www.FTA08.com for conference details and registration forms.

PENNSYLVANIA CORPORATION ELECTRONIC FILING REMINDER; TWO VENDORS NOW OFFER SOFTWARE

The 320,000 Pennsylvania businesses that file corporate net income and capital stock and franchise tax reports can now file these forms and schedules electronically using one of two software vendors: *CCH*, a Wolters Kluwer business, or *CS Professional Suite*.

Electronic filing is the most cost-effective method of filing a tax return, and the returns are processed faster and more accurately compared to traditional paper tax returns.

Pennsylvania joins six other states, including neighboring New York and Maryland, in partnering with the IRS and software vendors to provide a single-point filing method that enables federal and state corporate tax returns/reports to be filed electronically and simultaneously.

For a list of software vendors approved to prepare electronic corporate tax reports for Pennsylvania, visit the e-Services Center on the Revenue Web site, www.revenue.state.pa.us. Software developers and products will be added to the list in alphabetical order as vendors are approved.

The Pennsylvania Corporate Tax Report (form RCT-101) is used to file the corporate net income, capital stock and foreign franchise and corporate loans taxes. Pennsylvania corporate tax reports are due April 15 for corporations operating on a calendar-year basis, or 30 days after the federal corporate tax due date for corporations operating on a fiscal-year basis.

The PA Department of Revenue requires business tax payments of \$20,000 or more to be submitted electronically. The IRS has offered electronic filing for federal corporate tax returns since 2004 and now requires some large and mid-size corporations to file electronically. The IRS requires corporations with assets exceeding \$10 million and that file at least 250 federal returns each year, such as Form W-2 and Form 1099, to file federal corporate tax returns electronically. These businesses can now electronically file Pennsylvania corporate tax reports at the same time.

Pennsylvania's Corporate Tax e-File Program was developed in conjunction with the IRS's modernized e-File platform and under the umbrella of the Federation of Tax Administrators. The Department of Revenue and the IRS continue to work closely with e-file software developers and e-file service providers to ensure a smooth transition to electronic filing for businesses.

Questions about Pennsylvania's corporate e-file program may be directed to the Department of Revenue's Online Customer Service Center at www.revenue.state.pa.us.

Contact the PA Department of Revenue by e-mail at corptaxefile@state.pa.us if you have questions about the status of a specific software developer.

Note: While the PA Department of Revenue promotes electronic tax preparation and filing, it does not endorse or recommend any specific company, its products or services.



CLICK. ZIP. FAST ROUND TRIP.

PERSONAL INCOME TAX ELECTRONIC FILING AND PAYMENT OPTIONS REMINDER

Pennsylvania taxpayers and small business owners have a number of options to electronically file and pay state income taxes.

Electronic Tax Filing Options:

Pennsylvania offers three easy ways to electronically file income tax returns. For more information on electronic services offered by the department, visit the Revenue e-Services Center at www.revenue.state.pa.us.

Internet



Tax Preparer/ Computer Software



Telephone



Electronic Payment Options:

Credit Card: Pennsylvania personal income tax can be paid by credit card. This service is available through the Internet or by calling, toll-free, 1-800-2PAYTAX (1-800-272-9829). A small convenience fee is charged by Official Payments Corporation for processing the transaction. The minimum fee is \$1. American Express, Discover, MasterCard and Visa are accepted. For more information, visit the department's Web site or call the Taxpayer Service and Information Center at (717) 787-8201.



Electronic Funds Withdrawal: This option is also known as Automated Clearing House (ACH) Debit. The department does not charge a fee for this service. For more information on this payment option, visit the department's Web site www.revenue.state.pa.us.

Check or Money Order: Use Form PA-V and follow the directions on the form.

TAX PROFESSIONAL E-SERVICES CENTER



Tax professionals are encouraged to use the department's new Tax Professional e-Services Center for easy access to clients' tax information.

Visit the department's [Online Customer Service Center](#) or call (717) 787-1392.