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PA TAX AMNESTY APPROACHES

The Pennsylvania Tax Amnesty program will waive 100 percent penalties and half of the interest for anyone who pays delinquent state taxes between April 26 and June 18.

As required by law, all delinquent taxpayers known to the Department of Revenue will receive notices by mail, in late April, informing them of tax delinquencies and the PA Tax Amnesty program. Further, a comprehensive multi-media awareness campaign will promote the Tax Amnesty program statewide, and targeted industry communication will promote the program beyond commonwealth borders.

Taxpayers will only be able to apply for PA Tax Amnesty online; no paper application will be available. The online application will be available for the duration of the Tax Amnesty period, from April 26 through June 18, and step-by-step instructions will be available, detailing how to complete and submit an application.

The Tax Amnesty program will feature a unique toll-free hotline with extended customer service hours and its own Web site, which will be announced in April. Additional resources will be available online to help practitioners better serve clients eligible for PA Tax Amnesty. General Tax Amnesty training, fact sheets, promotional materials, prepared newsletter articles and a step-by-step simulation of application instructions will be made available to partners on the PA Tax Amnesty Web site.

Until detailed Tax Amnesty resources become available, basic information on PA Tax Amnesty and a number of frequently asked questions and answers are available on the [Revenue Web site](#). You can access Tax Amnesty information through the "Hot Topics" tab on our home page.

Voluntary Disclosure Program and PA Tax Amnesty

Taxpayers who have entered into Voluntary Disclosure agreements are bound by those agreements to pay 100 percent of the interest due and are not eligible for the interest discount through the PA Tax Amnesty program.

Continued on Page 2

FAST FACT:

Electronic filing is the most cost-effective tax filing method, saving the state about \$3.49 per return.

Continued from Page 1

The **Voluntary Disclosure program** will accept new applications only through April 2, 2010.

Practitioners and taxpayers seeking participation in the Voluntary Disclosure Program who applied but have not received a Voluntary Disclosure agreement by April 19, 2010, should call the Voluntary Disclosure Office (717-787-9832) for further instructions.

Practitioners and taxpayers who have not received Voluntary Disclosure agreements by April 19, 2010, are free to participate in the PA Tax Amnesty program.

The Department of Revenue will provide information regarding reinstatement of the Voluntary Disclosure program on its Web site after the PA Tax Amnesty period closes.

REVENUE SECRETARY AVAILABLE TO DISCUSS UPCOMING PA TAX AMNESTY PROGRAM

Acting Secretary of Revenue C. Daniel Hassell is offering to make himself available, as his schedule permits, to speak with local tax professional and business groups about the **upcoming Tax Amnesty program**.

Should your organization have an upcoming meeting at which acting Secretary Hassell could discuss Tax Amnesty, please contact Nancy Beaver at 717-783-3680 or nbeaver@state.pa.us to schedule.

PA'S ELECTRONIC INCOME TAX FILING SYSTEMS AVAILABLE

Electronic filing options for the 2009 tax year became available in January to more than 6.1 million Pennsylvania taxpayers who file annual state personal income tax returns.

Taxpayers have until midnight, Thursday, April 15, to file income tax returns, and information about tax filing options is available at www.revenue.state.pa.us.

Last year, 3.5 million taxpayers, or 58 percent of all taxpayers, filed state income tax returns electronically. Electronic filing is the most cost-effective filing method, saving the state about \$3.49 per return. Electronic filing offers advantages to taxpayers not available to those filing by paper, such as error-reducing automatic calculators, instant confirmation of successful filing, faster refund processing and direct deposit options.

The department offers two, free electronic tax-filing options: TeleFile (1-888-4PAFILE) and pa.direct.file, available through www.revenue.state.pa.us.

If a taxpayer filed a return last year, he/she may file by phone with TeleFile by simply providing a Social Security number and five-digit ZIP Code. To file using pa.direct.file, each taxpayer will need to provide a Social Security number and one of the

following: 2008 or 2007 tax liability; PA driver's license or identification number; or a registered e-signature account with the department.

Also available through tax preparers and authorized computer software is the Fed/State e-file service, which allows taxpayers to file state and federal tax returns together or separately.

Revenue's electronic filing systems are secure and protected with the industry standard for online banking and trading, 128-bit secure socket layer encryption.

Tax professionals are reminded that fewer materials were printed and mailed from the PA Department of Revenue this tax year, in an effort to reduce spending during challenging economic times and further encourage electronic filing.

Through www.revenue.state.pa.us, taxpayers can file returns using pa.direct.file, make payments (including estimated payments), check the status of returns and refunds, update information, pay taxes by credit/debit card, access online customer service, review answers to commonly asked questions and download tax forms.

TAX UPDATE E-ALERTS MOVE TO ALERTPA

The Department of Revenue has moved to a new e-alert system to share state tax information and news. The e-mail addresses of all *PA Tax Update* subscribers have automatically been transferred to **AlertPA**, the commonwealth's official notification system, so they may continue receiving e-alerts for Revenue news releases, research reports and *PA Tax Update* newsletters.

No action is required on the part of subscribers, should they want to continue receiving such e-alerts.

To manage what e-alerts a subscriber receives, visit <https://alert.pa.gov>, enter the e-mail address to which the AlertPA e-alert was sent under "USER LOGIN", and click "Send Password." A temporary

password will be sent to the subscriber, so he/she may login to AlertPA to update his/her password and select or remove e-alerts to receive.

In addition to receiving Revenue e-alerts, subscribers may opt in to receive alerts such as weather advisories, emergency alerts and airport delay notifications through AlertPA. Through AlertPA, subscribers can sign up to receive alerts through various communication devices: e-mail accounts, cell phones, pagers, BlackBerrys and/or PDAs. Subscribers are encouraged to visit the AlertPA **FAQ page** or e-mail AlertPA@state.pa.us for more information.

Thanks to all subscribers for continued interest in PA Department of Revenue news.

GOVERNOR RENDELL: LOWER SALES TAX RATE WILL HELP RETAILERS AND CLOSE FUTURE STATE BUDGET GAP

Reducing Sales Tax to 4 Percent, Ending Most Exemptions Would Enhance Fairness

Cutting the state sales tax will boost retail sales and help close future state budget gaps, Governor Edward G. Rendell recently told groups of business leaders outside Pittsburgh and in Gettysburg.

"East Liberty and downtown Gettysburg are proof that vibrant retail centers and communities are the key to reviving our cities and economy," Governor Rendell said at recent events. "My proposal lowers the sales tax, eliminates special interest exemptions on items except necessities like food, clothing and medications, and increases fairness because every item not subject to the sales tax makes the tax on everything else far too high."

Under the Governor's proposal, revenue generated by the sales tax change will be put into a Stimulus Transition Reserve Fund that could not be touched until July 2011 – after Governor Rendell's term of office has ended – to help cover the estimated \$2.3 billion budget gap that will result from the end of federal Recovery funding.

"Elected officials and pundits who suggest further budget cuts to make up for the ending of federal aid would be jeopardizing the kinds of state investments that make community revitalization possible," Governor Rendell said.

When Pennsylvania's sales tax was adopted in 1953, the levy applied to nearly all tangible goods except for basic necessities. Since that time, many goods have been exempted through frequent amendments pushed through the General Assembly by special interests.

"For the average Pennsylvania family, the elimination of sales tax loopholes does not impact them one way or the other. But for retail and related businesses, a lower sales tax rate will give them a stronger competitive edge," Governor Rendell said. "And businesses that have gotten a pass on sales taxes will now have to pay their fair share."

Reducing the sales tax will mean Pennsylvania's sales tax rate will be lower than the rates of Ohio and West Virginia.

In addition to exempting food, clothing, and prescription medications, the Governor's proposal would leave in place the original exemptions for manufacturing, processing and agriculture that cover machinery and equipment. Further, most services would be subject to tax, except services for medical care and tuition.

More information on the Governor's tax proposals related to the executive budget he proposed for 2010-11 is available by [clicking here](#).

PORTIONS OF FARMERS' ENERGY BILLS MAY BE EXEMPT FROM SALES TAX

The Department of Revenue reminds Pennsylvania farmers they may be eligible for sales tax exemptions on the following energy uses:

- Fuel or power used to ventilate buildings used to preserve the health of productive animals;
- Fuel or power used to operate sales-tax-exempt machinery and equipment;
- Lighting for interior barn illumination;
- Air conditioning, refrigeration, space heating and other such systems used to preserve productive animals' health;
- Air conditioning, refrigeration, space heating and other such systems used to prevent farm products from spoiling before the products are packaged for the ultimate consumer;
- Metered steam, natural gas, manufactured gas and electricity used directly for farming;

- Bottled gas, fuel oil or kerosene used directly for farming;
- Electricity to operate farm equipment; and/or
- Industrial interior barn lighting.

This list is not all-inclusive. Farmers are encouraged to visit the [department's Web site](#) or call 717-787-1064 with questions regarding sales tax exemptions specific to farming operations.

Farmers may claim a sales tax exemption by providing the seller with a property completed REV-1220 AS, the Pennsylvania Exemption Certificate available from the [Revenue Web site](#). Farmers without Internet access can request a form by calling, toll-free, 1-800-362-2050.

It is the farmers' responsibility to notify their energy providers of a sales tax exemption.

NEW TAX FORM AVAILABLE TO PENNSYLVANIA FARMERS

The Pennsylvania Department of Revenue developed REV-1630A, Underpayment of Estimated Tax by Individual Farmers, to help farmers calculate underpayment interest penalties.

Farmers are unlike other taxpayers, in that if two-thirds of their gross income is derived from farming, they may make estimated Pennsylvania personal income tax payments for the previous tax year by Jan. 15 following the tax year, or file tax returns and pay all associated taxes due by March 1 following the tax year.

To determine who should complete REV-1630A, farmers must determine if they meet the requirement of

making two-thirds of gross income from farming, described on Page 1 of the form. If the farmer does not, REV-1630 must be completed.

The streamlined form also makes it easier for a farmer to determine if exceptions are met to the underpayment interest penalty and report the underpayment penalty.

REV-1630A and REV-1630 may be downloaded from the [Revenue Web site](#) or ordered by calling, toll-free, 1-800-362-2050.

NEW FEDERAL LAW IMPACTS PA TAX FILING FOR SERVICE MEMBERS' SPOUSES

The recently enacted Military Spouses Residency Relief Act (MSRRA) affects the treatment of residency and income for spouses of military personnel for state and local tax purposes for tax year 2009 and after.

Under MSRRA, a service member's spouse neither loses nor acquires domicile or residency by being absent or present in any U.S. tax jurisdiction solely to be with a service member complying with military orders. The service member and spouse must have the same residency or domicile to receive MSRRA benefit. Further, income earned by a service member's spouse is not considered income earned in a U.S. tax jurisdiction if that jurisdiction is not the spouse's resident or domiciliary state and if the spouse is in the jurisdiction solely to be with the service member complying with military orders.

Therefore, if a Pennsylvania resident service member is serving outside Pennsylvania and their nonmilitary spouse earns income in that other state – and the spouse claims relief under the MSRRA – the spouse's income is only taxable to Pennsylvania.

A resident credit is not allowed against taxes the nonmilitary spouse paid to the other state. If the nonmilitary spouse receives income subject to employer withholding, refund of the tax withheld by the other state should be requested.

If a Pennsylvania nonresident service member is serving in Pennsylvania and their nonmilitary spouse earns income in Pennsylvania, the spouse's income is not taxable to Pennsylvania under MSRRA, when the service member and spouse are both residents or domiciliaries of the same other state, and if the spouse is in Pennsylvania solely to be with the service member. If the nonmilitary spouse receives income subject to Pennsylvania employer withholding, a refund of the Pennsylvania tax withheld should be requested. The nonmilitary spouse should report zero wages on Line 1 of his/her Pennsylvania personal income tax return, and include the total Pennsylvania taxes withheld (Box 17 of Form W-2) on Line 14.

Taxpayers claiming relief under MSRRA and a refund of Pennsylvania income tax withheld must provide the following, in addition to a standard personal income tax return and appropriate schedules:

- A copy of the service member's current military orders showing the order to serve in Pennsylvania;
- A copy of the service member's military identification card;
- A copy of the nonmilitary spouse's driver's license from the resident state;
- A copy of the nonmilitary spouse's W-2, issued by the employer;
- A copy of the nonmilitary spouse's tax return filed for the resident state;
- A copy of the nonmilitary spouse's military ID card, identifying the card-holder as the spouse; and
- A copy of the service member's federal Department of Defense Form 2058, State of Legal Residence Certificate.

Taxpayers filing electronically should fax these documents within two to three days of e-filing to 717-772-4193, noting the taxpayer's name and Social Security number on each document. Those filing paper returns should write "MSRRA" across the top of Page 1 of the PA-40.

The Department of Revenue is amending REV-419, Employees Nonwithholding Application, for the 2010 and following tax years, to allow nonmilitary spouses who work in Pennsylvania but maintain residency or domicile in another state to apply for exemption from Pennsylvania employer withholding tax under MSRRA.

Spouses of service members serving in Pennsylvania filing Pennsylvania income tax returns for tax years beginning before Dec. 31, 2008, are taxed on Pennsylvania-sourced income that was earned during those periods.

Taxpayers are encouraged to check the Department of **Revenue's Web site** for a comprehensive Tax Bulletin addressing how to report income under MSRRA.

REVENUE COMBINES YORK, HARRISBURG DISTRICT OFFICES IN COST-SAVING MOVE

The Department of Revenue is consolidating its York and Harrisburg district offices in Harrisburg, a move that will save taxpayers an estimated \$35,000 a year in reduced operating costs.

The York district office, located at 140 N. Duke St., closed permanently on Friday, March 19. All seven permanent, full-time York district office employees are being placed in the same or similar positions in Harrisburg.

Area residents seeking help filing state income taxes or completing Property Tax/Rent Rebate program applications may visit the Harrisburg district office, located in the Strawberry Square lobby in Harrisburg, or call 717-783-1405 for assistance.

A similar consolidation is expected in June, when the Pottsville district office will move its operations to the Reading district office.

JEFF SNAVELY, ESQ. NAMED ACTING CHIEF COUNSEL OF THE PA DEPARTMENT OF REVENUE



Jeff Snavely, Esq., became Revenue's acting Chief Counsel in February

TAX PROFESSIONAL E-SERVICES CENTER



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

Visit the department's **Online Customer Service Center** or call 717-787-1392.

Jeff Snavely, Esq., is the Revenue Department's new acting Chief Counsel. Snavely most recently served as the department's Deputy Chief Counsel, and he also served the department in capacities including legal assistant, chief counsel of several specific tax divisions and assistant counsel.

Snavely took a break from state employment from 1995 to 2001, working as senior manager of PricewaterhouseCoopers' State Tax Consulting Group.

"With nearly 30 years of public and private sector experience in tax law, Jeff has a wealth of knowledge that will be helpful as the Revenue Department moves forward," acting Secretary Hassell said. "We are all fortunate to have an experienced and talented individual heading the department's legal team."

Snavely assumed his new role Feb. 8.

BUSINESSES ON PENNSYLVANIA'S TAX DELINQUENT LIST NOW OWE MORE THAN \$9.4 MILLION; 41 FIRMS ADDED TO LIST

With the addition of 41 new delinquent taxpayers to the Pennsylvania Department of Revenue's tax delinquent list, a total of 275 businesses now owe the state more than \$9.4 million.

"These businesses — the names of which are listed in the 'Hot Topics' section at www.revenue.state.pa.us — collected taxes from their customers and employees but failed to send the money to the commonwealth," Acting Revenue Secretary C. Daniel Hassell said. "I encourage taxpayers to check the list for delinquent businesses in their area."

The 41 new delinquent taxpayers added to the list in March include: Clayton's Hunting and Fishing Inc., Horsham, Montgomery County (\$124,378.54); Ronald F. Rokicki dba Rokickis Auto Service, Pittsburgh (\$7,670.93); York Little People Day Care School Inc., York (\$40,787.41); Arts Conservatory of Central PA, State College, Centre County (\$10,983.83); Pines Village Market Inc., Pocono Lake, Monroe County (\$8,506.72); and PSI Motorsports Inc., Walnutport, Northampton County (\$59,688.94).

The list includes businesses that owe sales and/or employer withholding taxes. Since the list debuted in April 2006, 519 of the 794 businesses, or 65.4 percent, that appeared on the list have been removed because they paid taxes in full, committed to deferred payment plans or went out of business.

Before being listed on the Web site, businesses and individuals are contacted by the department and given a final chance to make payment arrangements. The prospect of appearing on the list has encouraged delinquent taxpayers to pay \$116.4 million and enter into deferred payment plans for an additional \$12.1 million in previously unpaid taxes.

Many states have found that public identification of tax delinquents can be a successful tax collection incentive. At least 23 other states — including Maryland, New Jersey and Virginia — use Internet lists to help collect unpaid taxes.

Information on the Web site is public as a result of liens filed by the Revenue Department. Each lien is recorded in the county prothonotary's office where the person lives or does business. The amounts listed on the Web site represent the original liens. The current amount of tax due may differ from the amount listed on the site because of partial payments and/or the accrual of additional interest since the tax lien was filed.

Any delinquent taxpayer appearing on the list should contact the Revenue Department at the phone number listed on the letter he/she received or call the nearest Revenue district office to make payment arrangements. The Web site is updated monthly, and delinquent taxpayers who resolve their tax liabilities are removed from the site each month.

"Tax delinquents such as those on this list will have an opportunity to settle back taxes without penalty and half-off the interest during Pennsylvania's upcoming Tax Amnesty program," Hassell noted. "I encourage taxpayers with outstanding tax liabilities to explore the PA Tax Amnesty program beginning April 26."

The complete tax delinquent list and additional information on the PA Tax Amnesty program are available at www.revenue.state.pa.us, under the "Hot Topics" tab on the home page.

RECORD 590,783 PENNSYLVANIANS RECEIVED PROPERTY TAX/RENT REBATES

2009 Rebate Applications Now Available

Last month, Governor Edward G. Rendell announced a record number of older adults and residents with disabilities received property tax/rent rebates last year and encouraged eligible people to apply for the 2009 rebate program.

"Revenue from the Lottery and slots gaming provided much-needed property tax relief to a record 590,783 older adults last year, and about 123,500 homeowners saw their school property taxes completely eliminated," Governor Rendell said.

All residents who received rebates last year should have received 2009 application forms by mail in February, the Governor noted. Older adults must reapply for rebates by June 30 every year because rebates are based on property taxes or rent paid each year and annual income.

As of March 15, more than \$276.3 million in property tax and rent rebates have been sent to a record 590,783 homeowners and renters across the state for taxes and rent paid in 2008. The Revenue Department continues to process applications that came in close to the deadline.

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. A 2006 program expansion increased the income limit from \$15,000 to \$35,000 (which excludes half of Social Security income) for homeowners and raises

the maximum standard rebate for both homeowners and renters from \$500 to \$650. The income limit for renters is \$15,000.

The program expansion also provides for supplemental property tax rebates of up to \$325 - on top of the standard rebates - to homeowners in Philadelphia, Pittsburgh and Scranton and to those in other parts of the state who pay more than 15 percent of income on property taxes. As a result, the maximum rebate for those homeowners is \$975.

Property Tax/Rent Rebate forms (PA-1000) and related information may be obtained at www.papropertytaxrelief.com or by calling 1-888-222-9190. Forms and assistance also are available at Department of Revenue district offices (listed in the government section of local telephone directories), local Area Agencies on Aging, senior centers and state legislators' offices.

The deadline to apply for a rebate on property taxes or rent paid in 2009 is June 30, 2010. Rebates will be distributed beginning on July 1, as specified by law.

The Property Tax/Rent Rebate Program is one of five programs supported by the Pennsylvania Lottery. Since the program's 1971 inception, older and disabled adults have received nearly \$4.5 billion worth of property tax and rent relief. The expanded portion of the rebate program is paid for with revenue from slots gaming.

NEW HARRISBURG-AREA PHONE NUMBER FOR REVENUE'S AUTOMATED 24-HOUR LINE

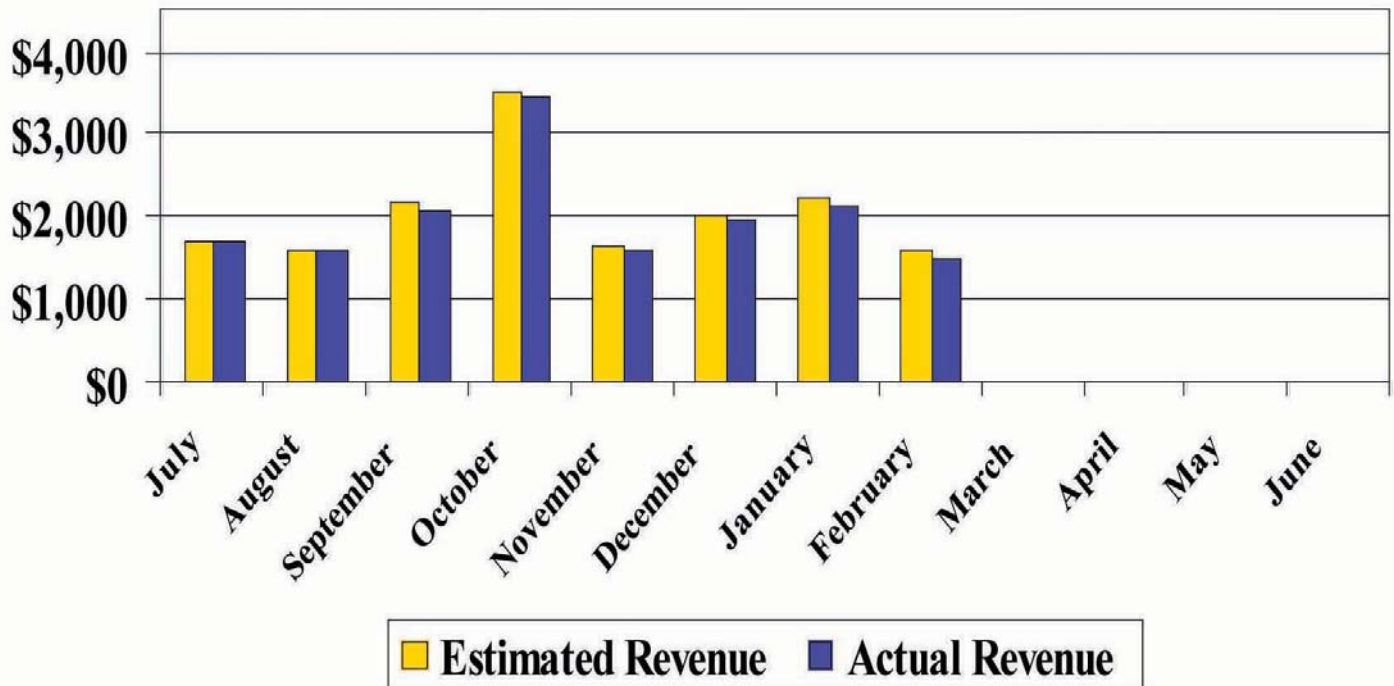
Residents in the Harrisburg area should call 717-425-2533 to order forms or check the status of a personal income tax account, corporation tax account or property tax/rent rebate claim.

The Harrisburg-area number printed in all 2009 tax books, 717-772-9739, has been disconnected and will not re-direct callers to the new number. The department apologizes for any inconvenience.

The toll-free number for the automated 24-hour line remains 1-888-PATAXES (888-728-2937).

2010 GENERAL FUND REVENUES ESTIMATED VERSUS ACTUAL COLLECTIONS (IN MILLIONS)

In February, monthly collections were \$102.3 million lower than expected. So far this fiscal year, General Fund collections total \$16 billion, which is \$476.7 million, or 2.9 percent, below estimate.



United States® Census 2010

The U.S. Census Bureau is issuing a call to action for every resident of our nation: **“BE COUNTED IN 2010.”**

The Census: A Snapshot

- **What:** The census is a count of everyone residing in the United States.
- **Who:** All U.S. residents must be counted—people of all races and ethnic groups, both citizens and non-citizens.
- **When:** Census Day is April 1, 2010. Questionnaire responses should represent the household as it exists on this day. More detailed socioeconomic information will be collected annually from a small percentage of the population through the **American Community Survey**.
- **Why:** The U.S. Constitution requires a national census once every 10 years. The census will show state population counts and determine representation in the U.S. House of Representatives.
- **How:** Census questionnaires will be delivered or mailed to households via U.S. mail in March 2010; many households will receive a replacement questionnaire in early April. Census workers also will visit households that do not return questionnaires.

A Complete Count: The Importance of Census Data

- Businesses use demographic and economic census data to locate retail stores, new housing and other facilities.
- Every year, the federal government can allocate more than \$400 billion to states and communities based, in part, on census data.
- Census data guide local decision-makers on where to build new roads, hospitals, housing, schools and more.
- Census data determine representation in the U.S. House of Representatives and in state and local governments.

2010 Census Questionnaire: Quick, Easy and Confidential

- With only 10 questions, the 2010 Census questionnaire is one of the shortest questionnaires in history and takes just 10 minutes to complete.
- By law, the Census Bureau cannot share an individual's census questionnaire responses with anyone, including other federal agencies and law enforcement entities.

THE 2010 CENSUS IS IMPORTANT.

It determines the distribution of more than \$400 billion annually of government funding for critical community services. It generates thousands of jobs across the country. And it impacts your voice in Congress.

YOU CAN MAKE A DIFFERENCE.

As an influential business leader, you can raise awareness of and encourage participation in this historic event. With your help, the Census Bureau will continue to produce accurate data, which will directly affect the quality of life in your community.

