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## GOVERNOR RENDELL: NEW STUDY SHOWS PENNSYLVANIA'S TAX CLIMATE IS COMPETITIVE, IMPROVING

Governor Edward G. Rendell in October pointed to a new, nonpartisan ranking of states showing that Pennsylvania's tax climate is competitive and improving.

The Tax Foundation's 2011 State Business Tax Climate Index ranked Pennsylvania 26th among states for its overall tax burden, an improvement over its 30th-place ranking in 2007.

But the rankings alone don't tell the whole story, Governor Rendell noted.

"Pennsylvania has been a leader in reducing business taxes during my administration. In the past 8 years, businesses have saved a grand total of \$7.2 billion," Governor Rendell said. "The Tax Foundation found that Pennsylvania's business tax climate outranks five of our six neighboring states – New York, New Jersey, Maryland, Ohio and West Virginia – all of which were ranked among the worst states for business taxes."

The Governor also noted the foundation's business tax rankings are based on Pennsylvania's statutory corporate net income tax rate of 9.99 percent. In reality, very few businesses pay taxes at that rate. Of the businesses that do, 94 percent pay less than \$10,000 in corporate net income tax per year, he said.

"I am an advocate of a fair and rational tax system that promotes investment in capital and jobs. That's why I am proud of what we have done to cut the capital stock and franchise tax rate, lift the cap on net operating losses and establish the Research and Development Tax Credit, which now offsets \$40 million in private sector investments," Governor Rendell said.

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### FAST FACT:

*From June 18 through Oct. 12, the department issued more than 1,900 third-party assessments, as compared to about 1,500 issued in all of 2009. Nearly \$1.4 million in back taxes was settled as a result of this stepped-up enforcement effort.*

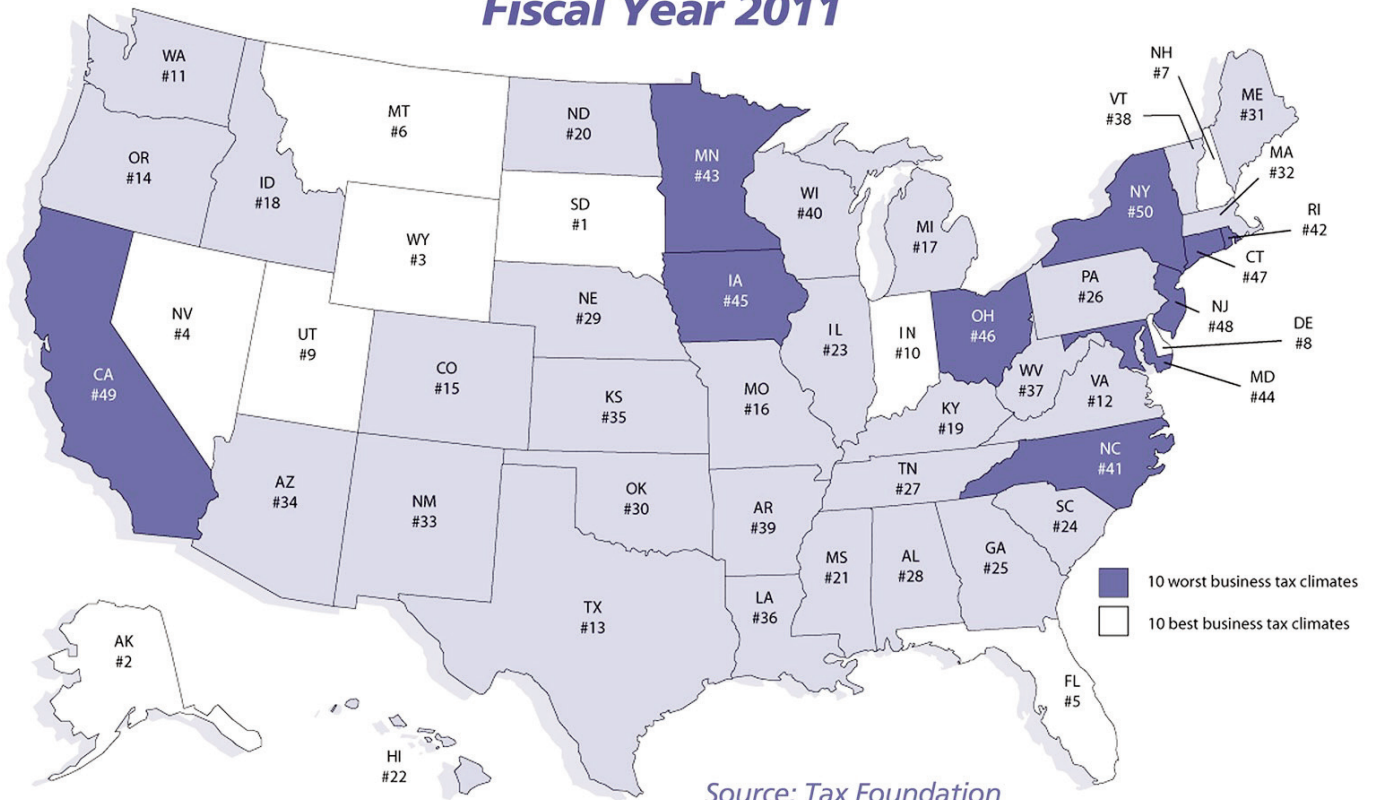
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The foundation ranked Pennsylvania 14th in the nation in personal income taxes because of our state's comparatively low, flat tax rate. When the 12 states that have no personal income taxes are factored out,

Pennsylvania actually has the nation's second-lowest personal income tax rate.

The Tax Foundation's study is available online at [www.taxfoundation.org](http://www.taxfoundation.org).

## State Business Tax Climate Index Fiscal Year 2011



### 2011 State Business Tax Climate Index Rankings

*Comparing Pennsylvania to its Neighbors*

Overall Rankings	
Delaware.....	8
<b>Pennsylvania .....</b>	<b>26</b>
West Virginia .....	37
Maryland.....	44
Ohio .....	46
New Jersey .....	48
New York .....	50

Income Tax Rankings	
<b>Pennsylvania .....</b>	<b>14</b>
Delaware.....	34
West Virginia .....	39
Ohio .....	44
New Jersey .....	45
Maryland.....	49
New York .....	50

Source: Tax Foundation

## MODERNIZATION AND INTEGRATED TAX SYSTEM DEVELOPMENT UPDATE

After years of building support for the Revenue Modernization Project among stakeholders and months of RFP development, evaluation and contract negotiations, the Department of Revenue is pleased to announce that the contract for the modernization of business processes and development of an integrated tax system was awarded in October. Accenture will partner with the department beginning Dec. 1, 2010, to develop and implement an integrated tax system over the next five years.

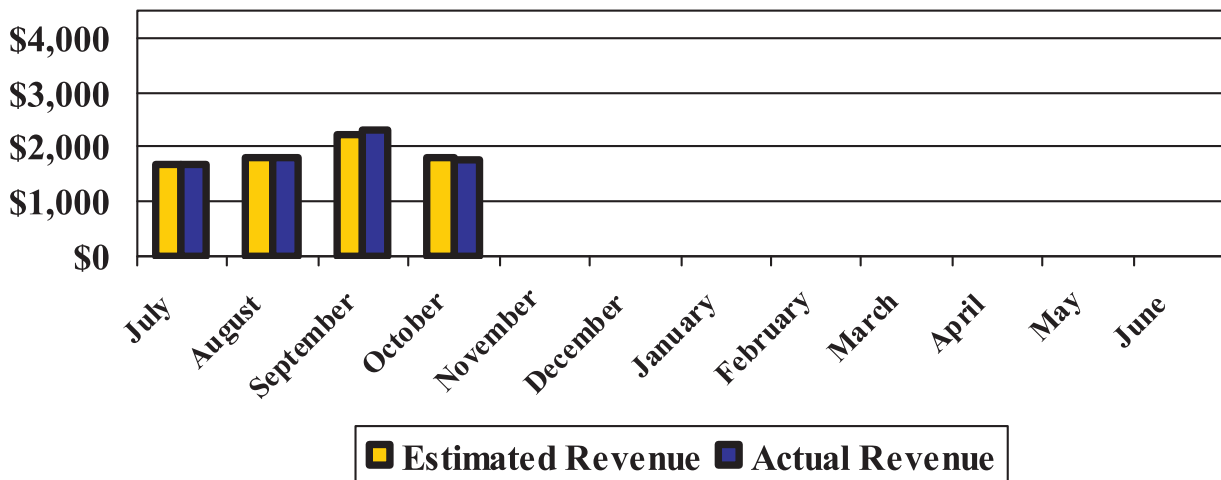
Over the next few months, the department will work with Accenture to conduct process design workshops to

identify and finalize improvements to our tax processes. In the first phase of this project, the modernization team will evaluate all tax types to apply leading business practices, standardize processing, improve customer service and leverage technology.

Corporation taxes will be the first system to transition completely to the integrated platform, followed by individual taxes, trust fund taxes and remaining miscellaneous taxes. We anticipate the integrated tax system will be fully implemented across all tax types by 2015.

### 2010-2011 GENERAL FUND REVENUES *Estimated versus Actual Revenue Collections (in millions)*

*For the first time in more than two years, General Fund collections exceeded estimate for a full quarter. Fiscal year-to-date General Fund collections total \$7.6 billion, which is \$18.5 million, or 0.2 percent, above estimate.*



## REMINDER: DEADLINE TO APPLY FOR PROPERTY TAX/RENT REBATE IS DEC. 31, 2010

The deadline to apply for rebates up to \$975 from Pennsylvania's Property Tax/Rent Rebate program is Dec. 31. Property Tax/Rent Rebate claim forms (PA-1000) are available online at [www.revenue.state.pa.us](http://www.revenue.state.pa.us) or by calling, toll-free, 1-888-222-9190.

The Property Tax/Rent 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 for homeowners from \$15,000 to \$35,000 (which excludes half of Social Security income) and raised the maximum standard rebate for 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. The Revenue Department automatically calculates supplemental rebates for qualifying homeowners.

The rebate program is one of five programs supported by proceeds from the Pennsylvania Lottery. The expanded portion of the rebate program is paid for with revenue from slots gaming.

## IMPORTANT UNEMPLOYMENT COMPENSATION WAGE AND TAX FILING INFORMATION

Because of a delay in the Department of Labor & Industry's implementation of its Unemployment Compensation Management System (UCMS), fourth-quarter tax and wage reporting requirements may be satisfied through e-TIDES or by submitting magnetic media.

For more information, visit the Pennsylvania **Unemployment Compensation Management System** website.

## WILLIAMSPORT AND SUNBURY DISTRICT OFFICES COMBINED IN COST-SAVING MOVE

In October, the Department of Revenue consolidated its Williamsport and Sunbury district offices in Sunbury, a move that will save taxpayers an estimated \$45,000 annually in reduced operating costs.

Area residents seeking help filing state taxes or completing Property Tax/Rent Rebate program applications may call or visit one of the following district offices:

- Sunbury – 535 Chestnut St.; 570-988-5520
- Scranton – Samters Building, 101 Penn Ave., Room 200; 570-963-4585
- Harrisburg – Strawberry Square, Lobby, 4th & Walnut Streets; 717-783-1405

With the consolidation of the Williamsport and Sunbury district offices, the department has 15 district offices. Two similar consolidations occurred earlier this year with the closing of offices in Pottsville and York; combined, the three office consolidations result in \$107,000 in annual savings.

## 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.





## ENHANCED BUSINESS TAX ASSESSMENT EFFORT RECOVERS NEARLY \$1.4 MILLION IN BACK TAXES SINCE END OF PA TAX AMNESTY

The Department of Revenue announced in October that a second, stepped-up enforcement effort recovered nearly \$1.4 million in back taxes since PA Tax Amnesty ended on June 18.

"Before Tax Amnesty ended, we promised to step up enforcement efforts against anyone who did not take advantage of that generous, yet limited-time offer to settle back taxes," Revenue Secretary C. Daniel Hassell said. "We first delivered on that promise by publicly naming tens of thousands of tax delinquents online. Now we're delivering on a second promise, to hold corporate officers personally accountable for taxes their businesses owe.

"After Tax Amnesty, we pledged to double efforts in issuing responsible party tax assessments, where assessments are filed against a business and against the corporate officers or individuals responsible for that business. In just four months, we've already surpassed the total number of responsible party assessments issued in all of last year."

From June 18 through Oct. 12, the department issued more than 1,900 third-party assessments, as compared to about 1,500 issued in all of 2009. Nearly \$1.4 million in back taxes was settled as a result of this stepped-up enforcement effort.

"At that pace, Revenue stands to triple efforts to hold corporate officers and other responsible parties accountable for their businesses' delinquent taxes," said Hassell. "We've pledged to the 97 percent of Pennsylvanians who do the right thing by paying taxes in full and on time that we would pursue unpaid state taxes even more aggressively, and we continue to fulfill that promise."

The department also released the latest monthly update to its recently expanded online list of state tax liens. The revised list details more than 47,000 state tax liens against individuals and businesses that owe nearly \$328 million in state taxes.

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## W-2, WAGE AND TAX STATEMENTS REMINDER

The Department of Revenue reminds employers and their tax professionals they may file W-2 Transmittals (REV-1667) and employee wage and tax statements faster and more efficiently through e-TIDES, a free electronic system.

e-TIDES is an Internet filing system that allows electronic filing of returns, payments and extension requests. Employers already registered in e-TIDES should go to [www.etides.state.pa.us](http://www.etides.state.pa.us), click on "Instructions," then select the appropriate "Multi-Import" file specifications format - either comma delimited (.csv) or MMREF-1 file layout. Those using .csv format are reminded to first input employee wage and tax statement information, then complete the W-2 transmittal. e-TIDES also allows employers to review the status of transactions and filing history using the "Tax Functions" menu.

Those without e-TIDES accounts are encouraged to register at [www.etides.state.pa.us](http://www.etides.state.pa.us).

The business tax TeleFile system is another fast, effective and free way to meet W-2 wage and tax statements filing requirements. Prior registration is not required, and employers may input up to 10 employee wage and tax statements per entity. To access the business tax TeleFile system, call, toll-free, 1-800-748-8299.

Visit the department's Online Customer Service Center at [www.revenue.state.pa.us](http://www.revenue.state.pa.us) or call the Bureau of Business Trust Fund Taxes at 717-787-7635, if you have questions about W-2 transmittal and employee wage and tax statement requirements.