



pennsylvania
DEPARTMENT OF REVENUE

TAX UPDATE

number 202  APR/MAY 2019

Tax Update is a bi-monthly e-newsletter published
by the Pennsylvania Department of Revenue

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Governor
Tom Wolf

Secretary of Revenue
C. Daniel Hassell

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

- Revenue Secretary Dan Hassell

GOVERNOR WOLF HONORS REVENUE EMPLOYEES FOR CUSTOMER SERVICE IMPROVEMENT

Governor Tom Wolf on May 20 presented Governor’s Awards for Excellence to six employees from the Department of Revenue for embracing the commonwealth’s “Lean” strategy to revamp the process the department uses to process corporate clearance and bulk sale certificates. The new process includes the use of an electronic case management system that has significantly reduced wait times for taxpayers while saving the department time and money.

“Embracing Lean practices helps us identify unnecessary delays and recognize simple process improvements that can lead to immediate improvements in customer service,” Governor Wolf said. “The Revenue employees being recognized saw the need to improve a process that touches thousands of taxpayers each year. Their success is a great example of the work that commonwealth employees are doing every day to provide a Government that Works for all Pennsylvanians.”

Governor Wolf presented Governor’s Awards for Excellence to 49 employees representing eight commonwealth agencies at a ceremony at the State Museum of Pennsylvania. The Governor’s Awards for Excellence recognize employees for exemplary job performance or service that reflects initiative, leadership, innovation and increased efficiency.

Corporate clearance certificates are requested by businesses ceasing operations in Pennsylvania. A corporate clearance certificate verifies that a company has satisfied all of its Pennsylvania tax obligations and is in good standing. A bulk sale clearance certificate is necessary for the transfer of assets to take place, meaning it is an important step for companies involved

in acquisitions or mergers. The Department of Revenue annually processes approximately 9,500 corporate clearance applications and roughly 750 bulk sale applications.

By utilizing new technology for managing these cases, the department made great improvements to an earlier process that required employees to review all cases by hand. The new case management system also streamlines the process for taxpayers who have been compliant in paying their state taxes and timely filing tax returns.

The efficiencies created by the new electronic process have cut the wait time for taxpayers to receive their clearances by 64 percent. The department also reduced its backlog of cases by 78 percent while achieving approximately \$268,000 in annual cost savings. Overall, this is one of many Lean projects the department has focused on to improve its processes.

“The department is constantly looking for ways to improve customer service and the team involved in this project has done that very successfully,” Revenue Secretary Dan Hassell said. “The process that we have implemented has led to a better experience for our corporate taxpayers, who are now receiving the clearances they need from the department in a timelier manner.”

The Revenue employees receiving Governor’s Awards for Excellence are John Klinger, James Lavelle, Scott Pfeffer, Owen Hannah, Darla Ptaszek and Ron Felty. 🏆

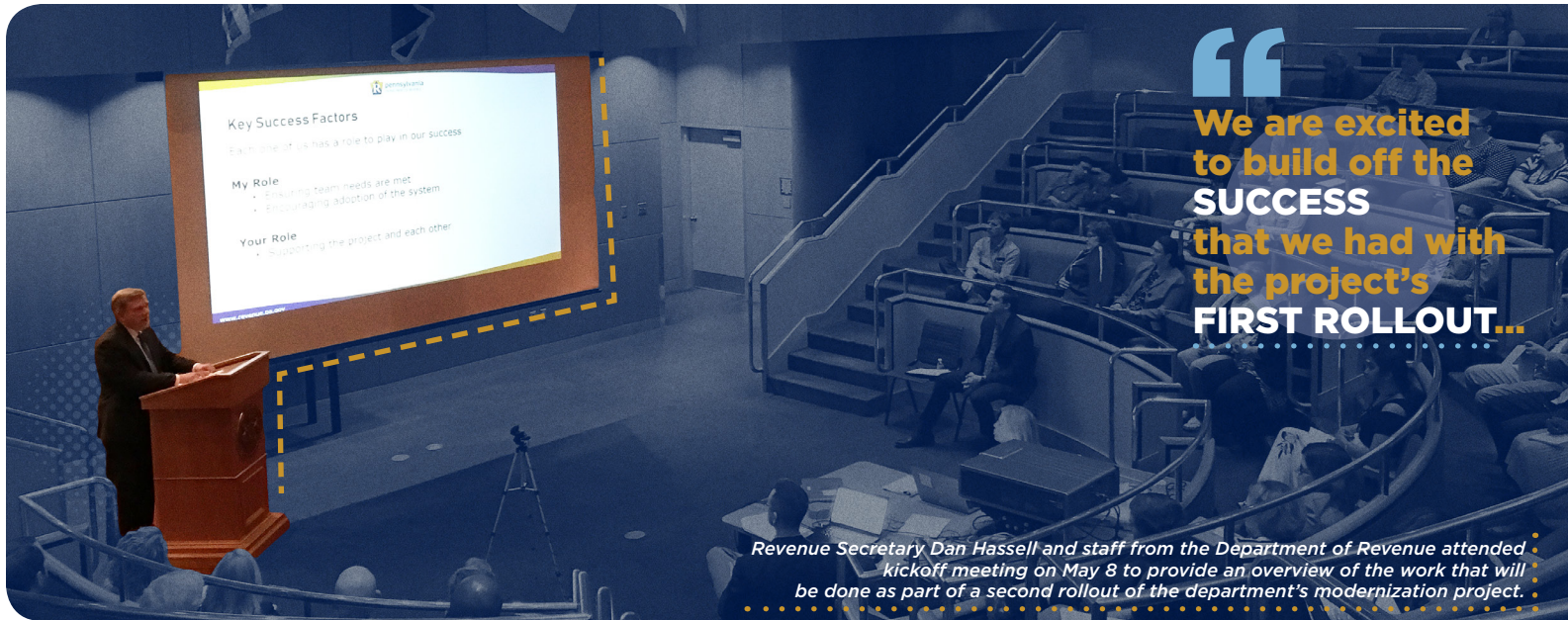
Governor Tom Wolf on May 20 presented Revenue employees with Governor’s Awards for Excellence at a ceremony at the State Museum of Pennsylvania. Top row (left to right): Governor Wolf, Ron Felty, James Lavelle, John Klinger and Revenue Secretary Dan Hassell.

Bottom row (left to right): Darla Ptaszek, Scott Pfeffer and Owen Hannah.



\$268,000
in annual cost
SAVINGS

REVENUE CONTINUES WORK ON SECOND ROLLOUT OF MODERNIZATION PROJECT



“
We are excited
to build off the
SUCCESS
that we had with
the project’s
FIRST ROLLOUT...”

Revenue Secretary Dan Hassell and staff from the Department of Revenue attended a kickoff meeting on May 8 to provide an overview of the work that will be done as part of a second rollout of the department’s modernization project.

The Department of Revenue took another significant step forward on May 8 by holding a kickoff event to provide an overview of the work that will be done as part of the second rollout of the department’s modernization project. This rollout will involve the modernization of the tax administration systems the department has used for Inheritance Tax, Realty Transfer Tax and Medical Marijuana Tax, and will provide a workflow system for the Voluntary Disclosure Program.

The kickoff event provided the opportunity to brief impacted Revenue employees on their roles in the Rollout 2 implementation. Those in attendance also saw a live demonstration of the Pennsylvania Tax Hub (PATH), the department’s version of GenTax, a commercial, off-the-shelf tax administration solution from Fast Enterprises, LLC. PATH was launched in late January and was soon followed by the launch of myPATH, the self-service portal that taxpayers can access over the internet.

The department is on schedule to transition the tax types that are part of Rollout 2 into PATH in mid-October 2019.

“We are excited to build off the success that we had with the project’s first rollout, which involved motor and alternative fuel taxes,” Revenue Secretary Dan Hassell said. “We are confident the next steps in this project will continue to create efficiencies and improve customer service for our taxpayers.”

As part of the work on Rollout 2, the department is communicating with county Registers of Wills, Records of Deeds, tax practitioner groups and other stakeholders to keep them informed of how the implementation of the new tax system will impact their operations.

The first rollout, which occurred on time and on budget, has proven to be a great example of the benefits the

system offers. As of early May, there were approximately 4,000 distinct log-ins for myPATH from users with at least one account. The system is also responsible for the collection of more than \$750 million in tax revenue, which has come from more than 2,500 payments through myPATH.

“Users are finding this new, user-friendly system is making their lives easier by eliminating many of the complicated paper filings that were necessary before,” Hassell said. “As this project continues to move forward, we expect others to have a similar experience.”

The department will also embark upon a third rollout that will allow Pennsylvanians to use myPATH for their Personal Income Tax returns and Property Tax/Rent Rebate Program applications. This will be a major benefit for the department’s customers who will have a better system to seamlessly file tax returns and PTRR applications while accessing more information online. Delivery of this third rollout is expected in late 2020.

Revenue staff assigned to the department’s modernization project team are working alongside staff from Fast Enterprises, LLC, the vendor the department hired to update its tax systems and improve its technology. Fast Enterprises is a leader in its industry and has implemented its software solution in municipalities and countries throughout the world.

The department’s implementation of GenTax and myPATH will increase efficiency, reduce risk of system failure, facilitate improved tax collection, reduce administrative costs and allow the department to respond more quickly to ever-changing tax laws while improving overall taxpayer service. Additional information regarding myPATH, including how to sign up for myPATH, can be found at mypath.pa.gov. 📄

DEPARTMENT OF REVENUE PROVIDES GUIDANCE ON ASSESSMENTS AND THE FILING OF ORIGINAL AND AMENDED RETURNS

The Department of Revenue has various review programs to determine if taxpayers are filing all required tax returns and accurately reporting all tax that is due. These programs can result in department inquiries and tax assessments. As a result, the department has received questions about the role of the original and amended returns filed in response to such reviews and assessments. This article is designed to address those questions.

When performing a review of a taxpayer's account, the department will determine if the taxpayer has filed all required returns or has underreported tax. Following the review, the department will provide the taxpayer an opportunity to file the appropriate returns and/or pay the appropriate tax prior to issuing an assessment.

If the taxpayer fails to respond to notifications and/or questions from the department, the department will issue an assessment for the amount of tax which it determines to be due from the taxpayer. Many taxpayers attempt to file an original return or an amended return to contest these assessments. The amended return, however, is not the proper way to challenge these assessments and will not be considered to be the filing of an appeal.

If the taxpayer receives an assessment and the taxpayer believes that the assessment is incorrect, the proper way to challenge the assessment is to file a petition for reassessment with the Board of Appeals within the appropriate timeframe (See Rev 1799-A for timeframes to file an appeal). If the taxpayer files a petition for reassessment within a timely manner, the taxpayer will not be required to pay the assessment until the appeal is resolved.

If the taxpayer fails to file a petition for reassessment within a timely manner, the taxpayer has the option of paying the assessment and filing a petition for refund within six months of the date of payment. Under this option, the taxpayer must pay the entire amount of the assessment issued by the department (including tax, penalty and interest). If the penalty is not paid and the Board of Appeals cannot review the abatement of penalty to determine if it should be refunded, then the possibility exists that any refund of tax granted will be reduced because the penalty remains outstanding. If a petition for refund is filed without the payment of the entire assessment, the Board of Appeals will dismiss the petition. ▮

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DEPARTMENT OF REVENUE WELCOMES DIGITAL DIRECTOR MIKE ISHMAN

The Department of Revenue recently welcomed Mike Ishman as its first Digital Director. As a member of the department's Communications Office, Ishman has been instrumental in launching a new department blog, **PA Tax Talk**, as well as creating new **Twitter** and **LinkedIn** profiles for the department.

Prior to working at the department, Ishman worked with the non-profit Gettysburg Foundation and Elizabethtown College on their digital properties. He graduated from Clarion University of Pennsylvania with a bachelor's degree in English. He and his wife Sarah live in Harrisburg.

"I'm thrilled to be a part of the Revenue team," Ishman said. "It's an exciting opportunity to be able to help taxpayers and tax professionals learn about the latest news and developments from the department in ways that the department hasn't utilized in the past."

The Digital Director role has been a priority in Governor Tom Wolf's Administration, as digital communication methods, such as social media, have created new ways to reach Pennsylvanians. Each agency under the Governor's jurisdiction now has a Digital Director as part of its communications staff.

In addition, the Department of Revenue's 2016-2020 strategic plan called for more digital means of communication to be utilized in order to ensure consistency in messaging between traditional

communication methods and social media. Using channels such as Facebook, Twitter and LinkedIn can help the department reach a wide variety of taxpayers who may otherwise be unaware of programs that the department administers, including the Property Tax/Rent Rebate Program.

Although the three social networks that the department now participates in may seem similar, Ishman said it's important to note some of the differences between the different profiles. Facebook, in general, is important to reach general taxpayers. Twitter is extremely useful for journalists and can be a new medium for media inquiries. Many tax professionals are on LinkedIn, which allows the department to distribute new guidance and policies to an audience that is seeking that information.

Since joining the department, Ishman has learned a great deal about taxation and the wide variety of programs that the department administers.

"There has certainly been a learning curve to learn the many nuances of the department's messaging and mission, but it has been made easier by how willing and welcoming the Revenue staff has been," Ishman said.

The Department of Revenue encourages taxpayers and tax professionals to follow the department on **Facebook**, **Twitter** and **LinkedIn**. 📌

MIKE ISHMAN

**Digital Director
Communications Office**



REVENUE SECRETARY APPOINTED TO SENIOR EXECUTIVE BOARD OF ISAC

Revenue Secretary Dan Hassell was recently appointed to the Senior Executive Board of the Identify Theft and Tax Refund Fraud Information Sharing and Analysis Center. This initiative, referred to as the ISAC, is a partnership between the IRS, state tax administrators and industry professionals to develop a centralized system that will allow all parties to share information on scams, tax fraud and identity theft.

The partnership creates a forum for the participants to discuss real-time responses to fraud schemes. It also promotes the advancement of data analytics and strategies to detect, reduce and prevent fraud.

“Protecting our taxpayers’ data is extremely important, and this partnership provides us with new tools to help us do that effectively,” Hassell said. “By having a system that allows us to communicate with tax administrators and others in the industry in real time, we are better prepared to detect fraud and protect ourselves from cyber criminals who are always looking for new ways to get their hands on sensitive taxpayer information.”

The Department of Revenue in recent years has prioritized taxpayer security and scam detection. In

2016, the department launched a Fraud Detection and Analysis Unit, a specialized unit within the department with a mission of assisting victims of identity theft and combatting tax refund fraud. The unit has helped the department monitor known and newly discovered types of tax fraud. The unit’s work also has helped the department strengthen its automated fraud filters, which intercept fraudulent and erroneous refund filings.

Staff in the department’s Fraud Detection and Analysis Unit have already gained helpful information and established critical relationships through the department’s work with the ISAC.

As a reminder, it is extremely important to report identity theft as soon as you are aware of it. If you are a victim of identity theft or discover a fraudulent Pennsylvania personal income tax return was filed using your identity, please contact the Department of Revenue’s Fraud Detection and Analysis Unit at 717-772-9297 or RA-RVPITFRAUD@pa.gov. 📧

Revenue Secretary Dan Hassell last year visited the TriCounty Active Adult Center in Pottstown to speak with older Pennsylvanians about scam awareness and how to avoid tax refund fraud.



“
Protecting our
**TAXPAYERS’
DATA**”

is
**EXTREMELY
IMPORTANT**
”

for all of your
TAX ANSWERS



visit the
Department’s
website @
revenue.pa.gov

DEPARTMENT OF REVENUE OUTREACH & EVENTS

PENNSYLVANIA SENATE UNANIMOUSLY CONFIRMS GOVERNOR WOLF'S NOMINATION OF DAN HASSELL AS SECRETARY OF REVENUE

Revenue Secretary Dan Hassell on April 30 was unanimously confirmed by the Pennsylvania Senate for another term as Governor Tom Wolf's Secretary of Revenue. Hassell, pictured here in early April with members of the Senate Finance Committee, was again nominated for the role following the Governor's reelection.



REVENUE EMPLOYEE RECOGNIZED FOR USING LEAN PRINCIPLES IN SUCCESSFUL PROJECT



Department of Revenue employee John Klinger was presented with his Lean Six Sigma green belt on April 29 for leading the Corporate Clearance Process Improvement lean initiative. The initiative streamlined the process the department uses to process corporate clearance and bulk sale certificates. John and the members of his team were presented with Governor's Awards for Excellence for the process improvement.

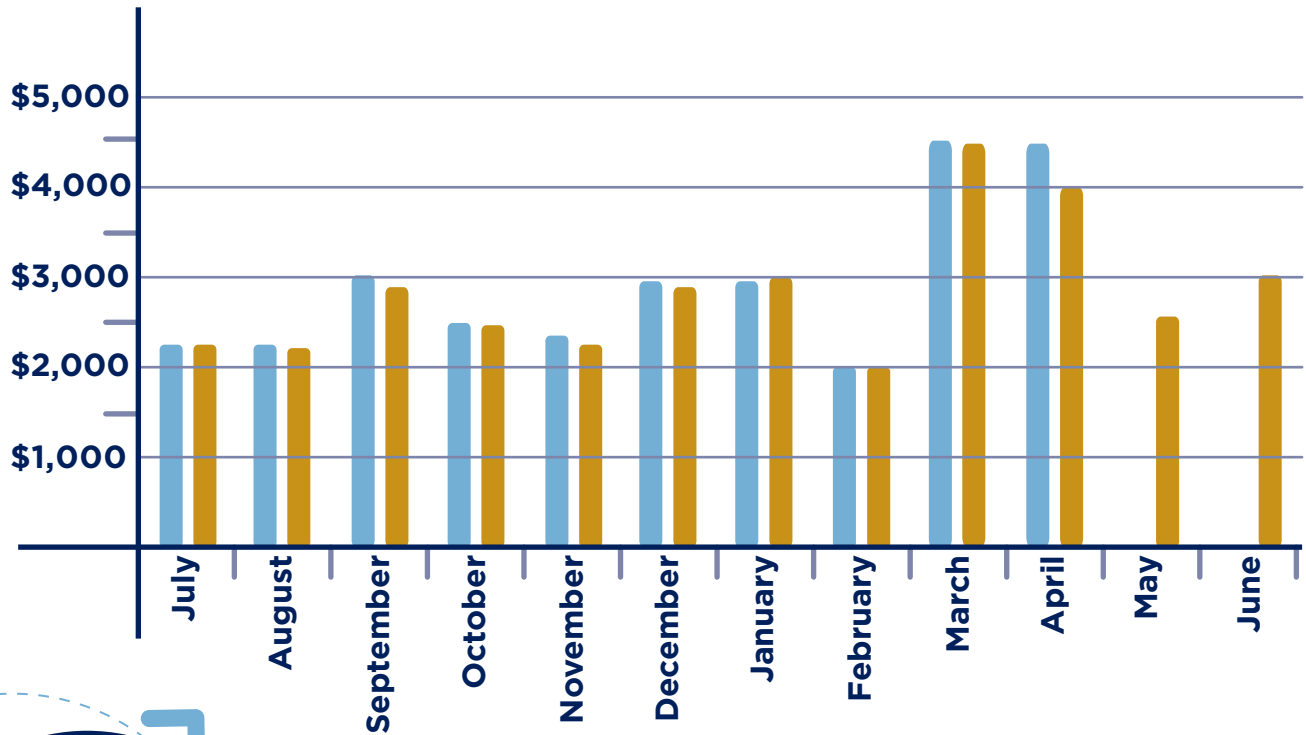
2018-2019 General Fund Revenues

Estimated vs. Actual Revenue Collections (in millions)

General Fund collections totaled \$34.6 billion in 2017-18

Actual Revenue

Estimated Revenue



GRAPH

ACTUAL FIGURES
(in millions)

Month	Actual Revenues	Estimated Revenues
July	2,238	2,240
August	2,274	2,247
September	3,041	2,857
October	2,474	2,446
November	2,337	2,241
December	2,905	2,835
January	2,885	2,999
February	2,042	2,044
March	4,553	4,477
April	4,413	3,949
May		2,631
June		3,009