



pennsylvania
DEPARTMENT OF REVENUE

TAX UPDATE

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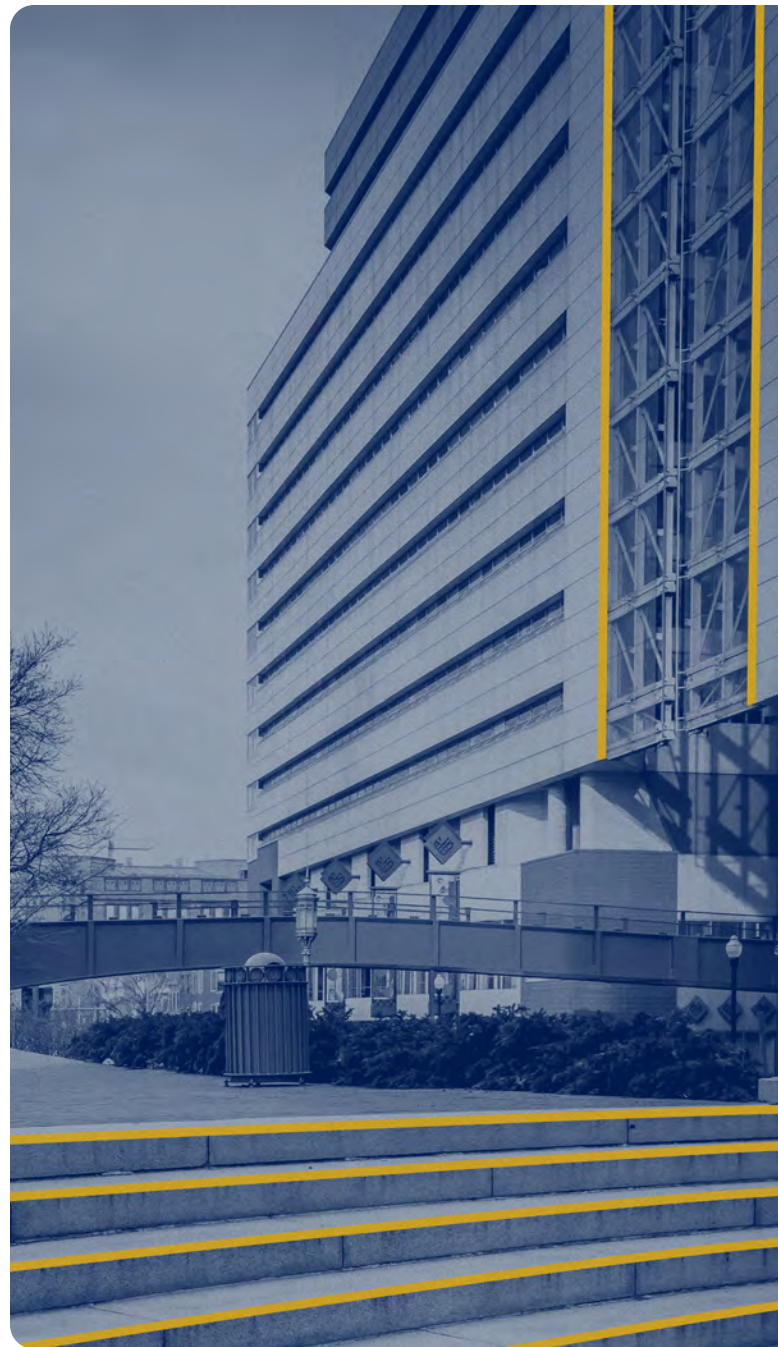
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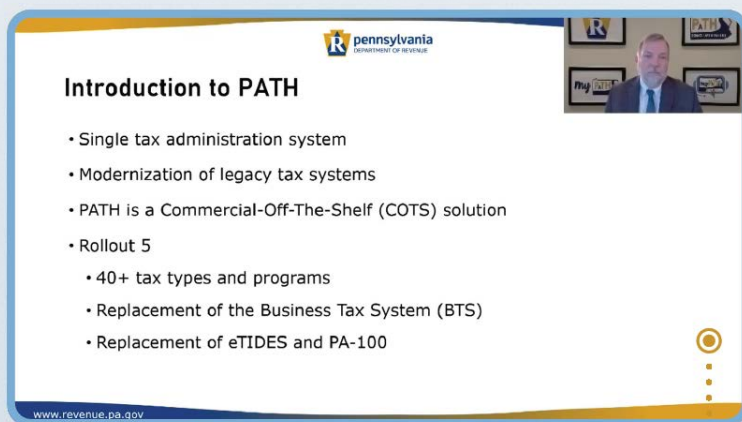
The No. 1 goal in the department's strategic plan is to continually improve customer service.

- Revenue Secretary Dan Hassell

DEPARTMENT OF REVENUE PREPARES FOR TRANSITION OF BUSINESS TAXES TO myPATH SYSTEM

The Department of Revenue is hard at work on the fifth and final major phase of its modernization project, which will involve transitioning all of the business taxes the department administers into **myPATH**, the department's online tax filing system. This phase of the project will include the transition of Employer Withholding Tax, Sales Tax and Corporation Taxes, among many others.

It also involves the replacement of e-TIDES, the department's current online filing and payment system for business taxes, and the PA-100, the online system that taxpayers use to register a business entity. This work is on schedule to be completed by the end of 2022.



Revenue Secretary Dan Hassell recently participated in a virtual kick-off event with members of the department's modernization project team. The event was designed to provide employees from Revenue and Fast Enterprises with a look at the scope and benefits of the latest phase of the modernization project.

"We are thrilled that we are moving closer to having one, integrated tax system that will be a huge benefit for our customers," Revenue Secretary Dan Hassell said. "This phase of our project is the largest yet in terms of the number of taxes and programs being transitioned to myPATH. In all, this phase will involve more than 40 tax types and programs."

The tax types, accounts and programs below are just some that will be transitioned into myPATH in Rollout 5.

- Consumer Fireworks Tax
- Corporation Taxes and Specialty Taxes
- Employer Withholding Tax
- Sales, Use, and Hotel Occupancy Tax
- Other Tobacco Products Tax
- Unstampable Little Cigar Tax
- Use Tax (PA-1)
- Wine Excise Tax
- More than 30 other tax types and programs

Other features and services that will be integrated into myPATH in this fifth phase of the modernization project include:

- Payment Notices
- License Renewals
- Electronic Correspondences

Previous Rollouts

Since the start of the modernization project in 2018, the four previous rollouts have integrated many tax types, accounts and programs into myPATH, which include:

- Cooperatives - Cooperative Agricultural Association and Electric Cooperative Corporation - Rollout 4
- Pari-Mutuel Wagering - Rollout 4
- Tavern Games - Rollout 4
- Certain Cigarette Taxes - Rollout 4
- PA Personal Income Tax - Rollout 3
- Property Tax/Rent Rebate Program - Rollout 3
- Pass Through Entity Processing - Rollout 3
- Inheritance Tax - Rollout 2
- Realty Transfer Tax - Rollout 2
- Medical Marijuana Tax - Rollout 2
- International Fuel Tax Agreement (IFTA) - Rollout 1
- Motor Carrier Road Tax (MCRT) - Rollout 1
- Motor Fuel Tax - Rollout 1
- Alternative Fuels Tax - Rollout 1

Feedback

On November 30, 2020, the department implemented a one question satisfaction survey on myPATH. In the following year, feedback on myPATH has been positive overall with an average customer satisfaction rating of 4 out of 5 and the majority of visitors indicating they are satisfied with the services they used on the portal.

Two highest ratings relate to quarterly IFTA filing (4.76/5 rating) and the Property Tax/Rent Rebate Program application web services (4.53/5 rating), in which customers expressed that they strongly agree that they were satisfied with their customer experience while using myPATH to complete these activities. The department continues to monitor feedback and identify changes and enhancements to bolster the overall customer experience in myPATH.

Revenue Partnership with Fast Enterprises, LLC

The Department of Revenue's modernization project has remained on schedule and on budget since it began. That success is the result of Department of Revenue staff and employees of the Employment, Banking, and Revenue Delivery Center working alongside staff from Fast Enterprises, LLC, the vendor the department hired to develop a single tax administration system and improve its technology. Fast Enterprises is a leader in its industry and has implemented its GenTax software solution in municipalities and countries throughout the world.

The department's implementation of GenTax and myPATH are increasing efficiency, reducing risk of system failure, facilitating improved tax collection, reducing administrative costs, and allowing the department to improve overall taxpayer service.

More information on myPATH will be available soon and can be found at www.revenue.pa.gov/mypathinformation. 📌

TAXPAYERS URGED TO RESPOND TO REQUESTS FOR INFORMATION NOTICES THROUGH myPATH SYSTEM (NO LOG-IN INFORMATION REQUIRED)

As part of a continuing effort to provide a better customer experience, the Department of Revenue is asking taxpayers and tax professionals to submit responses to Request for Information notices through the myPATH system when possible. Submitting these responses via myPATH, accessible at mypath.pa.gov, helps improve the accuracy of information on a taxpayer's account and ultimately helps the department get the taxpayer's response in-line for quicker review.

Understanding Your Request for Information Notice

Below are some helpful tips on how to navigate a Request for Information notice:

A. Type of Notice - Request for Information Notice: This is the notice sent out to taxpayers who need to provide additional supporting documentation in order to verify the figures reported on their tax return.

B. Letter ID - This is the Letter ID that taxpayers will need to reference when they respond via myPATH.

C. Why You are Receiving this Notice - This section informs the taxpayer that the department requires additional information in order to process their tax return.

D. What They Need to Do - This section instructs the taxpayer how long they have to respond to this request and also gives them several ways to respond. Uploading their response via myPATH will result in the quickest possible turnaround time, and can be done using the Letter ID without even logging in.

E. Additional Documentation requested - This section instructs the taxpayer to see the reverse side of the notice for a detailed list of what information is necessary in order for the department to finish processing their tax return.

Responding to Your Notice Via myPATH

1. If you disagree with the amount of overpayment listed in a notice and would like to respond to the department, go to mypath.pa.gov. You do NOT need to log-in, or even have a myPATH account, in order to respond via myPATH.
2. Next, scroll down to the Submissions tile and select the hyperlink "Respond to a Letter."
3. In the "Respond to a Letter" section you will be required to:
 - a. Enter the Letter ID listed on the notice received.
PLEASE NOTE: If you received both a Credit Carry Forward Notice and an Adjustment Summary, please use the Letter ID of the Adjustment Summary. Otherwise, please use the Letter ID of the most recent notice received.
 - b. Enter the complete SSN or FEIN of the taxpayer on the notice.
 - c. Follow the prompts to upload your response

If you need further assistance submitting a response to a notice in myPATH, please visit the Department of Revenue's [Online Customer Service Center](#). This is where there are answers to frequently asked questions and an option available to securely submit a question to a department representative. 📩

REQUEST FOR INFORMATION NOTICE EXAMPLE



DEPARTMENT OF REVENUE
HARRISBURG PA 17128-2005

B Date Issued: November 01, 2020
Letter ID: L000040820
Case Number: 95228100123

||||B|A|R|C|J|O|D|E|I|||

SMITH, JOHN
123 WALNUT ST FL 2
HARRISBURG PA 17101-168

A

Request for Information

Why you are receiving this notice
If you have any questions regarding this notice, please contact the department using the information provided.

Customer Experience Center
(717) 787-8201

The Pennsylvania Department of Revenue requires additional information to process your return. Please see below for a summary.

What you need to do

Please provide the requested information within 30 days of the Date Issued printed on this notice. Requested information may be submitted using the department's online portal: myPATH, available at mypath.pa.gov. Select the Respond to Request for Information link, located in the Submissions panel. You will need your Letter ID, and identifying information for the taxpayer referenced.

D

Documentation may also be remitted electronically to RA-BITPTHOLDCOREFAKE@pa.gov, or to the address provided.

PA Department of Revenue
Bureau of Individual Taxes
PO Box 280501
Harrisburg, PA 17128-0501

Additional documentation requested

- You filed your Pennsylvania individual income tax return as married, filing a joint return. However, your spouse's Social Security Number was not listed on the return, or it was incorrect per our records. Please provide documentation to confirm the correct Social Security Number.

E

LOW-INCOME PENNSYLVANIANS MAY BE MISSING OUT ON PA TAX REFUNDS

The Department of Revenue recently started mailing letters to Pennsylvanians who may be eligible for a refund or reduction of their Pennsylvania personal income taxes through the commonwealth's **Tax Forgiveness program**. The recipients of the letters are encouraged to file a Pennsylvania Personal Income Tax Return (PA-40) to claim their refunds. Refunds available through the Tax Forgiveness program can be upwards of \$1,000 and depend on income and the number of dependent children.

"We want to reach as many Pennsylvanians as possible who are eligible for this program to let them know that their refunds are waiting for them," Revenue Secretary Dan Hassell said. "If you have a neighbor, friend or family member whom you think may be eligible for this program, please encourage them to check their eligibility and file a tax return with our department."

Using the most recent data available, the Department of Revenue estimates there are tens of thousands of Pennsylvania taxpayers who would qualify for Tax Forgiveness but do not file an income tax return with the commonwealth to claim the benefit.

How to File a PA-40 and Claim Tax Forgiveness

One easy way to file your Pennsylvania Personal Income Tax Return (PA-40) and the required additional form, Schedule SP, is by using **myPATH**, the Department of Revenue's free, online tax filing system.

Visit **mypath.pa.gov** and look at the links under the "Individuals" section on the homepage. You can click on either "File a PA Personal Income Tax Return for 2020" or "File a PA Personal Income Tax Return for 2019" to file a return for the appropriate year and claim a refund through Tax Forgiveness.

Taxpayers do not need to create a username or password to file the PA-40 and Schedule SP. Prior to filing your return, you will need your wage and tax information.

The system will walk you through a series of steps to file your return and determine your eligibility for Tax Forgiveness.

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.

Background on Tax Forgiveness

Through Tax Forgiveness, eligible working families who paid income tax throughout the year may be refunded some or all of that tax paid. Retired persons and low-income individuals who did not have PA income tax withheld from earnings may have PA income tax liabilities forgiven.

About one in five households qualify for Tax Forgiveness and it is a benefit commonly received by retirees and low-income workers. A family of four (couple with two children) can earn up to \$34,250 and qualify for Tax Forgiveness. Meanwhile, a single-parent, two-child family with income of up to \$27,750 can also qualify for Tax Forgiveness. Visit the **Tax Forgiveness page** on the Department of Revenue's website for further eligibility information, including eligibility income tables.

Keep in mind that people who are claimed as a dependent of another taxpayer are not eligible to receive Tax Forgiveness. There are additional instructions available in the **Tax Forgiveness section** of the Department of Revenue's PA Personal Income Tax Guide.

This program was authorized in the 1970s through legislation enacted by Pennsylvania's General Assembly. In recent years, the Tax Forgiveness program has annually delivered refunds totaling more than \$240 million to more than 1 million Pennsylvanians. However, many more people could be taking advantage of this benefit. 🏠



HOW TO APPLY

Eligible taxpayers who earn a wage must complete an additional form, the Schedule SP, when filing the Pennsylvania personal income tax return (PA-40).

For more information on eligibility requirements and how to apply for PA Tax Forgiveness, visit **www.revenue.pa.gov/taxforgiveness**.



REVENUE BEGINS NEW OUTREACH INITIATIVE TO IMPROVE RESTAURANT INDUSTRY TAX COMPLIANCE

The Department of Revenue is undertaking a new customer service initiative to help improve tax compliance in the restaurant industry. The two-fold approach is designed to first provide additional resources and guidance for the industry and secondly to better utilize department resources and ease the burden on compliant businesses.

Education and Outreach

The department is creating industry specific resources that will include an online record keeping training course and tax guidance tailored to those in the restaurant industry which will highlight common audit issues. As part of this initiative, Revenue will reach out to Pennsylvania restaurants to help them address compliance issues and share available resources. This approach is designed to provide assistance to all restaurants and additional outreach, including field visits, to some restaurants that may have outstanding issues with their tax accounts.

New Process for Ensuring Tax Compliance

During 2022, the department is planning adjustments to the process it uses for audits in the restaurant industry to help ease the burden on compliant businesses. When

restaurants are selected for audit and found to meet certain compliance requirements, the audit will be limited in scope to a current period — rather than the traditional three-year lookback. In order to be eligible for a limited scope audit solely of a current period, the restaurant will need to show proof of proper record keeping, filing of accurate tax returns, and proper remittance of taxes collected and withheld.

The Department of Revenue is implementing this new approach in its tax compliance work to provide as much customer service as possible to Pennsylvania restaurants. Using these resources will help restaurants avoid common tax compliance errors and the business costs that are often associated with an unexpected tax assessment.

With the difficulties brought on by the COVID-19 pandemic, the restaurant industry was hit especially hard. The department's refined approach for 2022 will assist restaurant owners and help to ensure everyone is operating on a level playing field.

More information on this initiative will soon be posted on the department's website, www.revenue.pa.gov. 📌



CLICK FOR ALL OF YOUR TAX ANSWERS

TAX PROFESSIONALS ENCOURAGED TO PROTECT THEMSELVES AGAINST IDENTITY THEFT AND CYBERCRIMINALS

With **National Tax Security Awareness Week** running from Nov. 29 to Dec. 3, the Department of Revenue is encouraging tax professionals to take the appropriate steps to protect themselves against identity theft and cybercriminals. These bad actors are constantly working to steal sensitive information, including the data that belongs to tax professionals' clients. This information can be used to file fraudulent tax returns and request fraudulent tax refunds.

"We want everyone to know that bad actors are routinely coming up with new schemes to impersonate others, including government agencies. They use email, phone calls and other tactics as they try to trick you into giving up your passwords or sensitive information," Revenue Secretary Dan Hassell said. "As our partners at the IRS say, don't take the bait. Be cautious and always be suspicious, particularly of unsolicited messages or calls that you receive."



National Tax Security Awareness Week is an initiative that is designed to raise awareness about tax scams and provide taxpayers and tax professionals with helpful tips on security measures. This awareness campaign involves the IRS, state tax agencies, and members of the nation's tax industry.

Please consider these tips to protect sensitive information from identity thieves:

Keep Your Computer and Mobile Phone Secure

- Use firewall and security software and enable automatic updates.
- Always use security software with firewall and anti-virus protections.

- Use strong, unique passwords.
- Use Multi-Factor Authentication.
- Verify websites are encrypted before entering sensitive information - look for "https" addresses.
- Always use a virtual private network when connecting to public Wi-Fi.

Avoid Phishing Scams and Malware

Identity thieves often use phishing emails to trick users into giving up passwords and other information.

Look out for:

- Emails and other communications that pose as trusted source, such as imposters stating they are an official from the IRS, Department of Revenue or other government entity.
- Emails with an urgent message, or instructions to open a link or attachment.
- Software or apps from pop-up advertising that ask you to download a file.
- Requests for unusual payment methods.

Steps to follow if you are a victim of a scam

The Department of Revenue reminds taxpayers that it has a Fraud Detection and Analysis Unit dedicated to assisting victims of identity theft and combating tax refund fraud.

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 Fraud Detection and Analysis Unit by emailing **RA-RVPITFRAUD@pa.gov**.

For more information on ways to protect yourself, visit Revenue's **Identity Theft Victim Assistance** webpage. You can also find further information about protecting yourself online at **PA.gov/Cybersecurity**. ▼

"We want everyone to know that bad actors are routinely coming up with new schemes to impersonate others, including gov't agencies." - Secretary Dan Hassell



REMINDER: PENNSYLVANIANS CAN FILE PROPERTY TAX/ RENT REBATE PROGRAM APPLICATIONS UNTIL DEC. 31



The Department of Revenue is reminding older and disabled Pennsylvanians that the deadline to apply for rebates on rent and property taxes paid in 2020 is December 31, 2021.

Claimants of the **Property Tax/Rent Rebate Program** are encouraged to file their rebate applications online by visiting mypath.pa.gov. The Department of Revenue 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.

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.

Where is my Rebate?

If you provide your phone number on your Property Tax/Rent Rebate application form or in the **myPATH** electronic application, you will receive an automated call from the Department of Revenue when your claim posts to the department's processing system. You will also receive another automated call when your claim is approved.

The easiest way to check the status of your rebate is to use the **Where's My Rebate?** tool. To check on the status of your claim, you will need your:

- Social Security number
- Claim year
- Date of birth

Using myPATH to File Your Rebate Application

Submitting your application online through **mypath.pa.gov** 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.

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.

Note: 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. ▾

DALE SIMPSON SWORN-IN AS DEPUTY SECRETARY FOR COMPLIANCE AND COLLECTIONS

Dale Simpson, who has more than 28 years of experience with the Department of Revenue, was recently officially sworn in as the department's Deputy Secretary for Compliance and Collections. Simpson has served in this role since August 2020, but the COVID-19 pandemic delayed his official swearing in ceremony. Acting Commonwealth Secretary Veronica Degraffenreid led Simpson in his oath. ▾



Dale Simpson, Deputy Secretary for Compliance and Collection as he takes the oath of office.

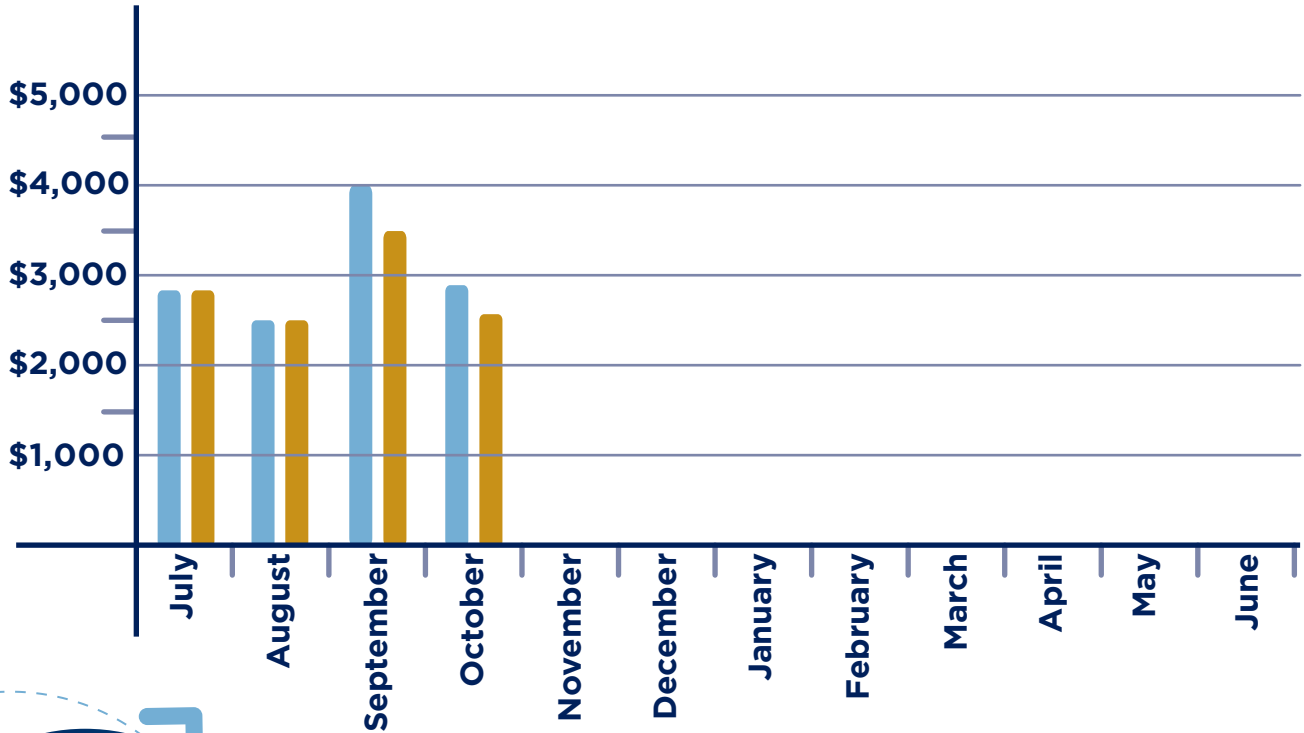
2021-2022 General Fund Revenues

Estimated vs. Actual Revenue Collections (in millions)

Through October, General Fund collections totaled \$12.1 billion

Actual Revenue

Estimated Revenue



GRAPH

ACTUAL FIGURES
(in millions)

Month	Actual Revenues	Estimated Revenues
July	2,700	2,703
August	2,574	2,439
September	4,003	3,507
October	2,814	2,654
November		
December		
January		
February		
March		
April		
May		
June		