



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

– Revenue Secretary Dan Hassell

REGISTRATION PROCESS FOR PENNSYLVANIA BUSINESSES SET TO TRANSITION TO myPATH LATER THIS YEAR

Pennsylvania businesses that need to register for their business tax accounts will soon have a new online system to complete the registration process. Starting in late November 2022, the registration process will transition to **myPATH**, accessible at mypath.pa.gov. This will replace the current **Pennsylvania Online Business Registration (PA-100)**, which will be retired as part of this upgrade.

The Department of Revenue is moving forward with this transition to offer improved resources for its customers and move another step closer to implementing one integrated tax system. This will be a benefit for customers because they will soon have a system where they can access all of their account information and tax needs in one place. This transition is part of an overall modernization project that was launched to help the department achieve its goal of continually improving customer service.

The new myPATH registration service will include registration for all tax types included in the existing PA-100 application. This will also include the ability to register for corporate net income tax, corporation specialty taxes, and other withholding taxes that are new services being offered with this transition to myPATH. Here is the full list of functions that will be transitioning from the PA-100 to myPATH later this year:

- Register a new entity
- Add additional taxes or services
- Register a new entity that is acquiring all or part of an existing entity
- Request the Unemployment Compensation Experience record and Reserve Account Balance of a Predecessor

Registrations for the following taxes and services will be also be processed through myPATH:

- Employer Withholding Tax
- Promoter License
- Public Transportation Assistance Taxes and Fees
- Sales, Use, & Hotel Occupancy Tax
- Tobacco Products License
- Transient Vendor Certificate
- Unemployment Compensation
- Use Tax
- Vehicle Rental Tax
- Workers' Compensation Coverage
- Wholesaler Certificate

Transition of e-TIDES to myPATH

In addition to the PA-100 moving to myPATH, the functions available on e-TIDES, the current online filing system for businesses, will also transition to myPATH. This means customers currently using the services offered through e-TIDES, such as filing returns and making payments, will instead use myPATH to complete these tasks and manage their accounts.



It is recommended that all e-TIDES users wait until late November 2022 to create a myPATH profile and begin the process of migrating their e-TIDES accounts to myPATH. The department will share detailed instructions with e-TIDES users prior to this time in order to help guide them through the transition.

For more information, visit the myPATH information page on the Department of Revenue's website: **New! – Business Taxes Coming to myPATH in Late November 2022**

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 unified 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 can be found at www.revenue.pa.gov/mypathinformation. 📌

TELEFILE OPTIONS TO BE REDUCED AS PART OF TRANSITION OF BUSINESS TAXES TO myPATH

The Department of Revenue will soon be reducing the number of taxes supported by the **TeleFile** system, a toll-free service that allows taxpayers to file their tax returns and make payments over the phone. These changes will be made as the department moves forward with transitioning business taxes to **myPATH**, available at mypath.pa.gov, and encourages its customers to take advantage of this easy-to-use online service.

By the end of 2022, the following tax types will no longer be supported by TeleFile:

Capital Stock	Gross Premiums Unauthorized Foreign Companies
Domestic Marine Insurance	Gross Receipts Electric, Hydro-Electric and Water Power
Foreign Franchise	Gross Receipts Mobile Telecommunications
Foreign Marine Insurance	Gross Receipts Telephone Interstate
Gross Premiums Domestic Casual	Gross Receipts Telephone Intrastate
Gross Premiums Domestic Fire	Gross Receipts Transportation Company
Gross Premiums Domestic Life	Loans
Gross Premiums Foreign Casualty	Mutual Thrift Federal Savings
Gross Premiums Foreign Casualty Retaliatory Fee	Mutual Thrift State Savings
Gross Premiums Foreign Fire	Public Utility Realty
Gross Premiums Foreign Fire Retaliatory Fee	Shares Tax - National Bank
Gross Premiums Foreign Life	Shares Tax - State Bank
Gross Premiums Foreign Life Retaliatory Fee	Shares Tax - Title Insurance
Gross Premiums Foreign Title	Shares Tax - Trust Companies
Gross Premiums Foreign Title Retaliatory Fee	Unstampable Little Cigar
Gross Premiums Managed Care Organizations	Vehicle Rental Tax
Gross Premiums Surplus Lines Agents	

However, Telefile will still remain an option for several major taxes:

Return Filing

- Sales Tax
- Employer w3 (quarterly)
- Employer w2 (annual)
- Public Transportation Assistance

Payments

- Sales Tax
- Employer
- Public Transportation Assistance
- Corporate Net Income Tax
- Malt Beverage
- Using Notice ID 📄

CHANGES TO PROCEDURES FOR OFFSETTING OF OVERPAYMENTS

The Department of Revenue is moving forward with a major modernization project that involves moving all the taxes the agency administers into one, integrated tax system. This will allow the department to upgrade its technology, greatly improve customer service, and meet its goal of gaining efficiencies in the administration of taxpayers' accounts. Importantly, the agency will now effectively link all tax accounts owned by a single taxpayer in one place.

As this work continues, the department will be making changes to the way it handles taxpayer overpayments. Effective Dec. 1, 2022, the agency will implement the offsetting of overpayments which exist and are unused on older final tax years against collectible liabilities between all tax types under one taxpayer. The department possesses the authority to do this under longstanding Pennsylvania law.

EFFECTIVE DEC. 1, 2022

Additional information regarding administration of this process follows:

1. When a taxpayer has an overpayment¹ in one tax type and a collectible liability² in another tax type, the department will automatically apply the overpayment toward the liability. The taxpayer does not need to take any action for the offsetting to occur. Automated offsetting reduces the probability of the taxpayer receiving both a bill and a refund from the department. This can also minimize the interest due on outstanding liabilities.
 - a. Specific taxes/programs excluded from this policy include Inheritance Tax, Realty Transfer Tax, Medical Marijuana Tax, and the Property Tax Rent/Rebate program. The department will also exclude overpayments resulting from Motor License Fund tax revenue from offsetting into other funds/the General Fund.
2. In addition, the department will no longer maintain overpayments as credits indefinitely on taxpayer accounts. When an overpayment exists on a taxpayer

account, the department will take the following actions:

- A. If a collectible liability exists on another period within that same tax type, the department will automatically apply the credit toward the liability. Oldest periods will be offset first.
- B. If a collectible liability exists on another tax type registered by the taxpayer, the department will automatically apply the credit toward the liability. Tax types will offset based on a set tax type priority order. Oldest periods will be offset first within an account.
- C. If the overpayment has not been offset under the provisions above, the department will automatically carry the credit forward to the tax type's most recent tax period available, unless otherwise directed by the taxpayer on their tax return.
- D. If there is no further activity on the carry-forward period and the credit is approaching the statute of limitation to request the credit as a refund, the department will again notify the taxpayer of the credit and will take appropriate action to resolve the credit if the taxpayer is unresponsive to the notification of credit.

The department will issue an Offset Notice when an overpayment from a period is applied to another liability. The notice will provide the tax type from which the overpayment originated and tax type to which it is being applied. The notice will provide any credit amount remaining after applying the previous overpayment to the taxpayer's outstanding liabilities. A taxpayer that elects to challenge the offset may file a petition for refund with the department in accordance with the Tax Reform Code (72 P.S. § 10003.1).

The department will not offset an overpayment against liabilities of affiliated entities as each entity is its own taxpayer. To the extent an entity wishes to assign an existing overpayment to another taxpayer which is an affiliated entity, the department will not conduct such an offset or apply a transfer of the credit/overpayment without a specific request from the taxpayer which had the original credit/overpayment.

Taxpayer questions on the department's offsetting policy should be submitted through the Online Customer Service Center, available at <https://revenue-pa.custhelp.com/>. Taxpayers can securely submit a message through this system in a process that is very similar to sending an email. 📧

¹ An overpayment recognized on a taxpayer's account does not include restricted tax credits such as those described in Restricted Tax Credit Bulletin 2021-09.

² A collectible liability will be any amount due and owing the department after all statutory appeal periods have been exhausted or expired, which is not under bankruptcy protection or being paid under an active installment plan with the department.

HOW TO RESPOND TO A LETTER FROM THE DEPARTMENT OF REVENUE IN myPATH

The Department of Revenue recently released a **Revenue411 informational video** that provides taxpayers and tax professionals with step-by-step instructions on how to use **myPATH** to respond to a letter they have received from the Department of Revenue.

Responding to a letter using **myPATH** is a fast and convenient way to communicate with the Department of Revenue.

To get started you will need:

- The letter ID number from the notice mailed to you
- Your Social Security Number (SSN) or Employer Identification Number (EIN)
- Any supporting documentation that you plan to include with your response

It is important to remember that responding to a letter with **myPATH** does not require a taxpayer to create a username or password. 📌

CLICK IMAGE BELOW
TO VISIT VIDEO ON  YouTube



presents

Responding to a Letter



GOV. WOLF CALLS ON GENERAL ASSEMBLY TO INVEST IN OLDER PENNSYLVANIANS, INDIVIDUALS WITH DISABILITIES THROUGH PROPERTY TAX/RENT REBATE PROGRAM

Governor Tom Wolf recently held an event in Montgomery County as part of a continued effort to encourage the Pennsylvania General Assembly to use a portion of the \$1.7 billion in unspent American Rescue Plan Act dollars to help older adults and individuals with disabilities through property tax and rent rebates. This aid will help them continue to recover from the impacts of the COVID-19 pandemic.

“Our commonwealth is sitting on billions of dollars in federal COVID-19 relief money that is meant to help our citizens and it is time to use that money for its intended purpose – to improve the lives of Pennsylvanians,” said Gov. Wolf. “For Pennsylvanians on a budget or a fixed income, inflation causing costs to go up on everything, can lead to painful decisions. That is why I am asking the General Assembly to spend the federal funding to improve the lives of Pennsylvanians. By investing more money into the Property Tax/Rent Rebate program, older Pennsylvanians and individuals with disabilities can stay in their homes.”

In early 2022, Gov. Wolf proposed his \$1.7 billion action plan, which includes a proposal to direct \$204 million to provide property tax relief to Pennsylvanians by investing in the **Property Tax Rent Rebate program**. This investment would be a one-time bonus rebate to

current program users, doubling existing rebates with an estimated 466,000 Pennsylvanians receiving an additional average rebate of \$475. Since its inception in 1971, the Property Tax/Rent Rebate program has delivered more than \$7.1 billion to older adults and individuals with disabilities.

“The governor’s proposal is a simple plan to execute. Claimants won’t have to take any additional action to receive their one-time bonus rebates,” said Revenue Secretary Dan Hassell, who heads the agency that administers the Property Tax/Rent Rebate program. “Claimants should fill out their rebate applications as they normally do, and we will automatically calculate and distribute the additional rebates to them. If anyone needs help with their rebate application, filing assistance is available at the Department of Revenue’s district offices, local Area Agencies on Aging, senior centers and state legislators’ offices.”

Eligible Pennsylvanians can apply for the Property Tax/Rent Rebate program online for free with the Department of Revenue’s **myPATH system**. Information on eligibility requirements and more can be found on the Department of Revenue **Property Tax/Rent Rebate Program webpage**. 🗳️

“
...and it is time to use that money for its intended purpose –
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Pennsylvanians.”

Governor Tom Wolf’s proposal intends to direct \$204 million to Pennsylvanians by investing in the Property Tax/Rent Rebate program.



REVENUE TESTIFIES AT HEARING FOR PROPOSED ONLINE ELECTRONIC LIEN REPOSITORY



Dale Simpson, Deputy Secretary for Compliance and Collections, and Mark Morabito, Special Advisor to the Deputy Secretary for Compliance and Collections, testify before the House Finance Committee on a proposal for an online electronic lien repository.

The Department of Revenue recently participated in an informational hearing that the House Finance Committee organized to receive testimony on House Bill 2438, a legislative proposal that would create a new online electronic lien repository. Dale Simpson, Deputy Secretary for Compliance and Collections, and Mark Morabito, Special Advisor to the Deputy Secretary for Compliance and Collections, explained to legislators how the proposal would greatly improve customer service and create many efficiencies.

If passed into law, the electronic lien and centralized repository would provide authority for the Department of Revenue to streamline the process for the filing and satisfaction of Department of Revenue tax liens.

Liens would be posted on a department administered website in lieu of filing the lien with the appropriate county prothonotary or clerk of court office. Since liens are public documents, this proposal would allow the process to be more accessible and transparent. It would also make the lien filing and satisfaction process much faster and significantly less expensive for the department and more importantly, the taxpayer. All current pre-lien collection processes would remain unchanged.

H.B. 2438 is sponsored by state Rep. Robert Mercuri. This proposal has been implemented in several other states with great success. 📌

DEPARTMENT OF REVENUE HIGHLIGHTS 2021 TAX SEASON STATISTICS (AS OF 4/30/22)



5,995,594
Returns Received



40,483
Bureau of
Enforcement and
Taxpayer Assistance
Contacts



102,487
Customer Experience
Center Contacts



\$2.5b+
Total Payments
Received

2021 PIT Tax Season Highlights



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on social MEDIA!



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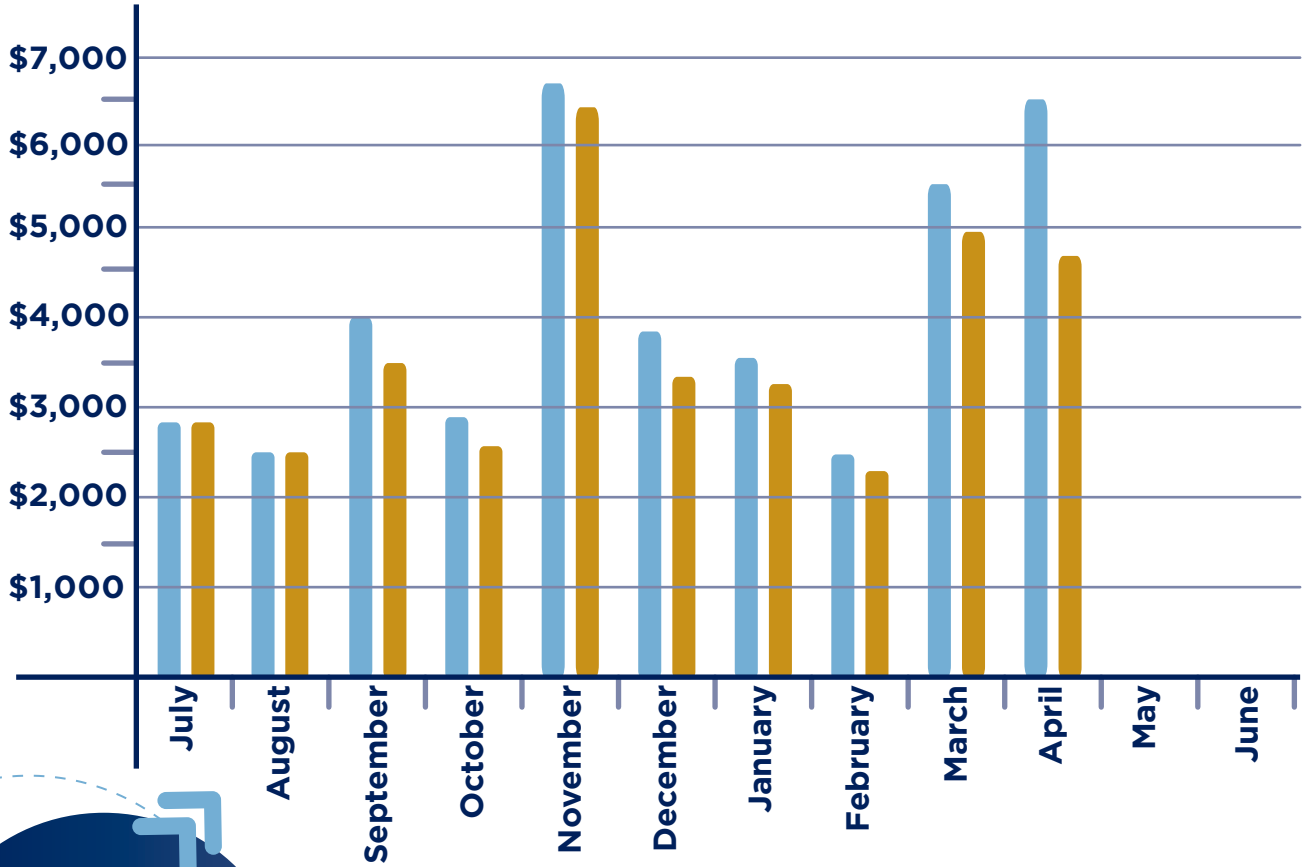
2021-2022 General Fund Revenues

Estimated vs. Actual Revenue Collections (in millions)

Through February, General Fund collections totaled \$40.7 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	6,621	6,404
December	3,846	3,382
January	3,589	3,213
February	2,434	2,279
March	5,557	4,898
April	6,519	4,699
May		
June		