



pennsylvania
DEPARTMENT OF REVENUE

TAX UPDATE

number 225  APR/MAY 2023

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

Click **HERE**
to sign up
for PA Tax
Update
e-alerts

Governor
Josh Shapiro

Acting Secretary of Revenue
Pat Browne

CONTENTS

- 1 ACTING SECRETARY PAT BROWNE JOINS LT. GOV. AUSTIN DAVIS, LOCAL OFFICIALS TO ADVOCATE FOR EXPANSION OF PROPERTY TAX/RENT REBATE PROGRAM

- 2 ONLINE APPLICATION FOR RESEARCH AND DEVELOPMENT TAX CREDIT MOVING TO myPATH

- 2 GUIDANCE FOR U.S. GOVERNMENT WORKERS TRAVELING ON BUSINESS

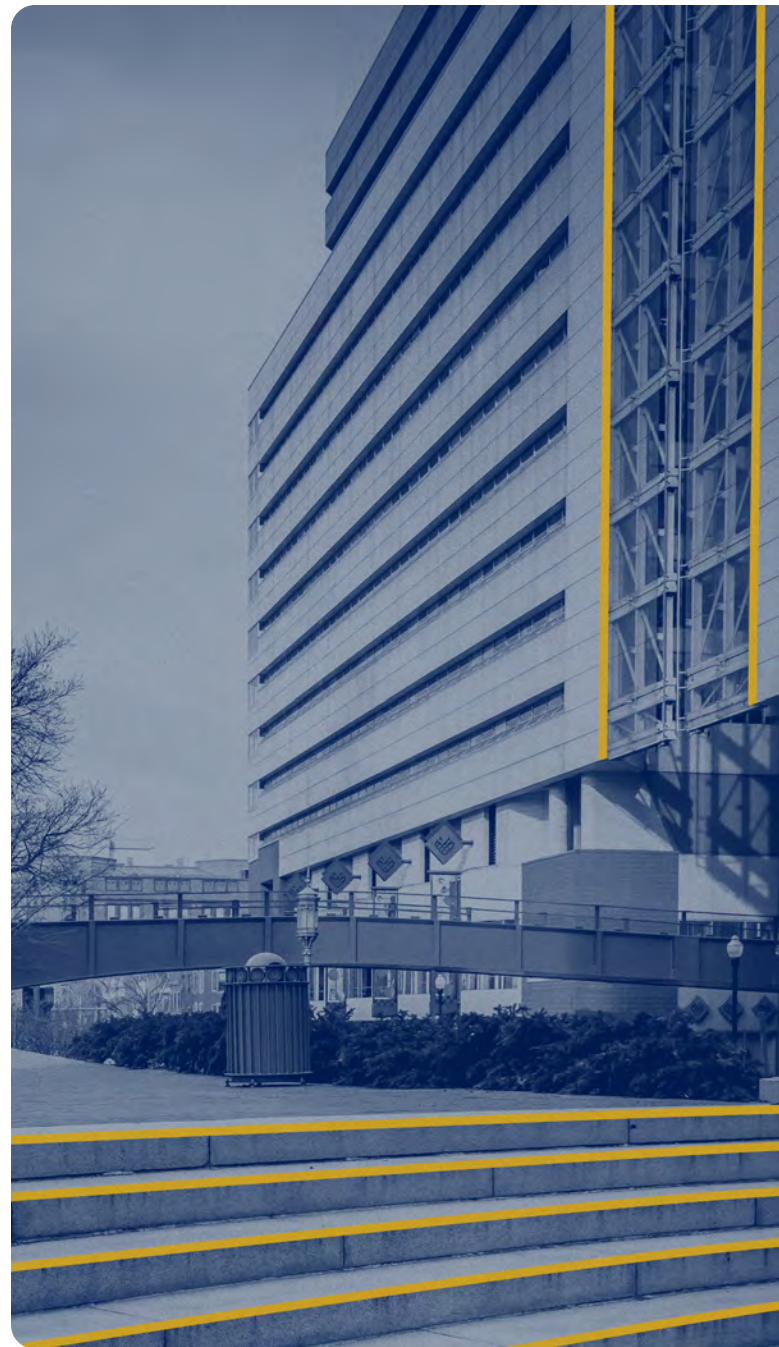
- 3 DEPARTMENT OF REVENUE MOVES TO NEW PLATFORM FOR TRANSMITTING FILES

- 3 DUE DATES EXTENDED FOR CERTAIN 2018 AND 2019 CORPORATE NET INCOME TAX REFUND PETITIONS

- 4-5 NEW GUIDANCE ISSUED FOR PRIVATE LETTER RULINGS

- 5 DEPARTMENT OF REVENUE WELCOMES NEW POLICY DIRECTOR

- 6 2022-23 GENERAL FUND REVENUES



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

- Acting Revenue Secretary Pat Browne

ACTING SECRETARY PAT BROWNE JOINS LT. GOV. AUSTIN DAVIS, LOCAL OFFICIALS TO ADVOCATE FOR EXPANSION OF PROPERTY TAX/RENT REBATE PROGRAM

Acting Secretary of Revenue Pat Browne recently joined Lt. Gov. Austin Davis and local officials in Allentown to discuss Governor Josh Shapiro's proposal to expand the Property Tax/Rent Rebate program.

"This [program] is something we want to keep relevant over time to make sure that as many senior citizens benefit as possible," Acting Secretary Browne said in a visit to Lehigh Valley Active Life, which provides programming and services to older adults. "One of the issues with keeping [this program] relevant is to make sure that the income levels increase over time. ... Now is the time to take a serious look at one of the most coveted programs that the Pennsylvania Lottery funds — and that is the Property Tax/Rent Rebate program."

Under Governor Shapiro's proposal, the maximum standard rebate will be boosted from \$650 to \$1,000. Additionally, the income limits for the program will increase to \$45,000 for both homeowners and renters, and those limits will be tied to the cost of living in the future. That means that seniors will not be priced out of the program due to economic factors beyond their control.

The Governor's proposal will result in nearly 175,000 additional Pennsylvanians qualifying for a rebate. Meanwhile, the vast majority of the 430,000 seniors who already qualify will see their rebates increase.

About the Property Tax/Rent Rebate program

The Property Tax/Rent Rebate program, which is administered by the Department of Revenue, benefits eligible Pennsylvanians age 65 and older; widows and widowers age 50 and older; and people with disabilities

age 18 and older. Spouses, personal representatives or estates may also file rebate claims on behalf of claimants who lived at least one day in the claim year and meet all other eligibility criteria.

The maximum standard rebate is currently \$650, but supplemental rebates for qualifying homeowners can boost rebates to \$975.

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 more than \$8 billion in property tax and rent relief. The rebate program also receives funding from slots gaming.

Unfortunately, the program is in desperate need of updating. The income limits — \$35,000 for homeowners and \$15,000 for renters — have not been raised since 2006. That means that thousands of seniors continue to be priced out of the program every year due to economic factors beyond their control, such as inflation. In fact, at its peak the program at one time delivered roughly 605,000 rebates in a single year. We've now reached a point where it is anticipated that fewer than 430,000 rebates will be distributed for the most recent claim year.

That's why Governor Shapiro is calling for a major expansion of the Property Tax/Rent Rebate program in his 2023-2024 proposed budget. The Shapiro Administration is eager to work with the General Assembly to address this longstanding problem and deliver results for the people who truly need it in communities across the Commonwealth. 🏠

Pat Browne, Acting Secretary



ONLINE APPLICATION FOR RESEARCH AND DEVELOPMENT TAX CREDIT MOVING TO myPATH

Starting in July 2023, the online application for the Research and Development Tax Credit will be moved to **myPATH**, the Department of Revenue's new online filing system. This means that those applying for the R&D Tax Credit will need to use **myPATH** to file their applications prior to the filing deadline of December 1, 2023. After the December 1 deadline, applicants will no longer be able to file or make changes to their applications.

The current online application on e-TIDES for the R&D Tax Credit will remain accessible through February 2024 in a read-only format to allow taxpayers to reference information from prior years. It is important to note that this information from prior years will not be available through myPATH.

The Department of Revenue is working to directly contact R&D Tax Credit applicants from prior years to inform them of the change to the online filing process. Further guidance to help applicants navigate the filing process will be released as it becomes available.

About the R&D Tax Credit

The R&D Tax Credit is available to businesses and individuals performing qualified research in Pennsylvania, to encourage businesses in the commonwealth to conduct research. For more information and resources on the program, visit revenue.pa.gov/taxcredits.

Tax questions on credits may be directed to the Department of Revenue at 717-772-3896 or ra-rvtaxcredits@pa.gov. 📧

R&D TAX CREDIT



GUIDANCE FOR U.S. GOVERNMENT WORKERS TRAVELING ON BUSINESS

The Department of Revenue recently **issued guidance on its website** for U.S. government employees traveling on government business. If the employee is staying in a Pennsylvania hotel on official government business, the room is generally exempt from Pennsylvania hotel occupancy taxes if the room is paid for by the government. Here are important facts to keep in mind:

- The stay is exempt from PA hotel occupancy taxes if the federal government pays for the room directly at the time of the stay.
- The stay is also exempt from PA hotel occupancy taxes if the employee pays for the room at the time of stay and is later reimbursed by the government.
- In all instances, the employee must present the following:
 1. A **Pennsylvania Exemption Certificate (REV-1220)** (fill in Reason H under Box #2).
 2. A copy of the travel orders, a statement from a supervisor, or other evidence identifying the customer as a federal employee. The Department of Revenue will consider the "GSA SmartPay2" card as documentary evidence to identify the purchaser as an employee on U.S. government business.

Note: This guidance only pertains to the Pennsylvania state tax of six percent and additional one percent in Philadelphia and Allegheny counties, imposed on hotel occupancy in Pennsylvania. It does not address any additional taxes that local governments may impose on hotel occupancy. 📌



DEPARTMENT OF REVENUE MOVES TO NEW PLATFORM FOR TRANSMITTING FILES

When interacting with the Department of Revenue, some taxpayers may have the need to transmit large digital files. This occurs most frequently in corporate and sales tax matters with taxpayers who are communicating with the Bureau of Audits, the Board of Appeals, and the Office of Chief Counsel.

The Department of Revenue has now transitioned to a new tool called Workspaces to facilitate large file transfers. This platform replaced the Mail Express tool that has been used in the past.

How the Process Works

In most cases, representatives from the department will reach out to the taxpayer with a request for additional information (records, etc.). This correspondence will include detailed instructions that the taxpayer can follow to access Workspaces and share digital files with the department.

This process will require the taxpayer to sign up for an account on Workspaces, or potentially update information for an existing account if they already have one. Correspondence from the department also typically includes a specific deadline to submit the documents by.

Reducing Costs, Time for Taxpayers

Using Workspaces helps to reduce the costs that are associated with the processing and handling of paper correspondence. Using an online solution also saves taxpayers time because their files will be transmitted instantly, rather than waiting for paper documents to arrive in the mail.

Importance of Security

The new Workspaces tool utilizes multiple secure protocols, flexible authentication, and the flexibility and power of workflow automation. The tool leverages the highest levels of security, regulatory compliance, authentication, and data encryption.

Features of Workspaces

Workspaces is designed to share folders and their files securely between department employees and external partners. The tool can also be used to send secure messages and attachments without file type or size limitations. 📌

DUE DATES EXTENDED FOR CERTAIN 2018 AND 2019 CORPORATE NET INCOME TAX REFUND PETITIONS

Pennsylvania corporate taxpayers who had the original due dates for their 2018 or 2019 Pennsylvania Corporate Tax Reports (Form RCT-101) extended due to COVID-19 related relief provisions should be aware that they will also receive an extension of time to file certain refund claims with the Board of Appeals.

As previously discussed in [Tax Update No. 207 \(April/May 2020 issue\)](#), after the IRS announced the extension of original due dates for corporate filers due to the COVID-19 pandemic, the Department of Revenue extended certain corporate taxpayers' original and extended filing deadlines for Pennsylvania purposes. Per the schedule announced at that time, the following corporate taxpayers were impacted and had their original due dates adjusted as follows:

Corporations	Annual Returns	Original Due Date	New Due Date
Fiscal Year Ending 11/30/2019	RCT-101	April 15, 2020	August 14, 2020
Calendar Year 2019	RCT-101	May 15, 2020	August 14, 2020
Fiscal Year Ending 1/31/2000	RCT-101	June 15, 2020	August 14, 2020
Fiscal Year Ending 2/29/2020	RCT-101	July 15, 2020	August 14, 2020

In accordance with that guidance, corporations that had original Pennsylvania corporate report due dates falling from April 15, 2020 to July 15, 2020 extended until August 14, 2020 will be able to file refund petitions with the Board of Appeals through August 14, 2023. Again, these refund petitions would be regarding 2018 or 2019 Pennsylvania Corporate Tax Reports, as applicable. 📌

NEW GUIDANCE ISSUED FOR PRIVATE LETTER RULINGS

The Department of Revenue recently **issued new guidance on private letter rulings** on its website. That guidance is being republished here for the benefit of taxpayers and tax professionals.

Private Letter Rulings



Department of Revenue regulations (61 Pa. Code § 3.3) provide for the issuance of private letter rulings.

A private letter ruling is issued at the discretion of the department by its Office of Chief Counsel for the purpose of advising a taxpayer of the department's application of tax laws to a specific factual situation and issue(s) unique to the taxpayer. The department will not issue "comfort" private letter rulings, that is a letter to address an issue that is clearly and adequately addressed by other sources (statutes, regulations, court rulings, tax bulletins, forms, and instructions, etc.).

A private letter ruling is designed to provide guidance regarding the department's interpretation and application of tax laws. Its purpose is not to make findings of fact. Facts provided by the taxpayer will be assumed to be correct. It is not intended to serve as a pre-assessment review nor is it designed as a mechanism to circumvent the department's investigatory or assessment powers.

The department will not consider a request for only a "favorable" ruling (a ruling with the result requested or espoused by the taxpayer). Further, the department will not consider a ruling whereby the taxpayer requests permission to withdraw the request if the department's interpretation is inconsistent with the taxpayer's interpretation of the tax law. Once the Office of Chief Counsel has determined that it will issue a private letter ruling, the requesting taxpayer cannot withdraw its request.

A letter ruling is binding upon the department based upon the facts provided. It is not binding upon the taxpayer. Therefore, the issuance of a private letter ruling is not an adjudication of the Department of Revenue. A taxpayer has no right to challenge or appeal the determinations or conclusions contained in a letter ruling.

Letter ruling requests concerning taxes for which the Auditor General has the right to approve determinations of tax liability must be approved by the Auditor General before the Department of Revenue can issue the letter ruling to the taxpayer.

Only the taxpayer to whom a private letter ruling is issued may rely on the ruling. A person may not rely on a letter ruling issued to another taxpayer even if the facts are identical to those described in the letter ruling.

A letter ruling has a term of five years during which a taxpayer may rely on the ruling absent a subsequent statutory or regulatory change or department revocation

or modification of the private letter ruling. A taxpayer may request a renewal of a private letter ruling.

Procedure for Obtaining a Private Letter Ruling

A request for a private letter ruling must be submitted in writing to the Office of Chief Counsel. Private letter ruling requests may be submitted by mail, fax, or email at the following address:

**Pennsylvania Department of Revenue
Office of Chief Counsel
P.O. Box 281061
Harrisburg, PA 17128-1061
Fax: 717-772-1459
Email: ra-rvchiefcounsel@pa.gov**

Form



There is no specific form that must be used for a private letter ruling request, but the request must be submitted in writing. Because a private letter ruling applies to a specific taxpayer and set of facts, a private letter ruling will not be issued in response to a general question or a hypothetical set of facts.

A request for a private letter ruling must specifically identify the taxpayer(s) to whom it will be issued. It must also contain all relevant facts related to the transaction or taxing event for which the letter ruling is requested. Complete copies of all relevant documents should be submitted with the ruling request, such as tax forms, contracts, agreements, deeds, trusts, and wills. Further, the request must contain the specific legal question(s) to be answered. The Office of Chief Counsel may request additional information or documentation to supplement a private letter ruling request.

Timeframe



There is no statutory timeframe in which the Office of Chief Counsel must issue a private letter ruling. The Office of Chief Counsel attempts to issue rulings within 60 days of the request, but that timeframe can depend upon the complexity of the request. This general timeframe may also be extended for matters in which Auditor General review and approval is required.

Discretionary



As previously stated, private letter rulings are discretionary. If the Office of Chief Counsel does not issue a private letter ruling, it will notify the taxpayer and may provide a non-binding response that provides general guidance in response to the request.

NEW GUIDANCE ISSUED FOR PRIVATE LETTER RULINGS

• • • continued from previous page

Fees



There is no fee/cost for a private letter ruling.

Renewal



A taxpayer may request that a private letter be renewed. A request for a renewal follows the same procedure for an original private letter ruling request. A taxpayer should submit a renew request well in advance of the 5-year expiration date.

Publication



Although a private letter ruling is issued to a specific taxpayer and is only binding for that taxpayer, many questions raised in private letter ruling requests have applicability to the public.

Therefore, the department reserves the right to publish redacted copies of private letter rulings on its website for informational purposes. A taxpayer who requests a private letter ruling consents to such publication unless the taxpayer specifically indicates in the letter ruling request that the taxpayer does not agree to the department publishing the ruling.

Right to Know Law

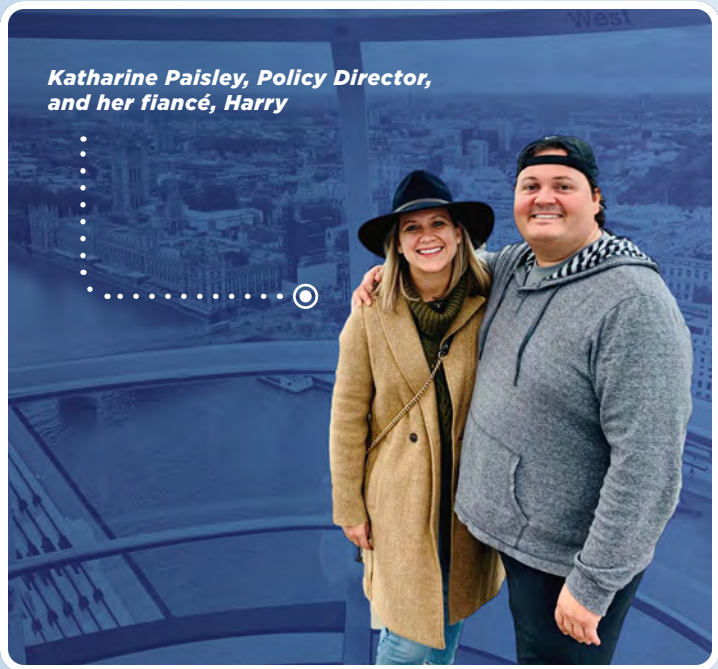


All private letter rulings are subject to the **Right to Know Law**, regardless of whether they are published on the department's website. 🗳

DEPARTMENT OF REVENUE WELCOMES NEW POLICY DIRECTOR

Katharine Paisley recently joined the Department of Revenue as the agency's new Policy Director. In this role she will dually report to both Acting Secretary of Revenue Pat Browne and the Governor's Policy Office.

Prior to joining the department, Katie served as a government and regulatory affairs analyst at Ballard Spahr LLP, working with clients on a variety of issues including gaming, pharmaceutical distribution, alternative energy, government procurement and economic development. She also worked for the federal government from 2011 to 2014, and as an in-house lobbyist for the Depository Trust and Clearing Corporation (DTCC). Katie is a proud University of Delaware Blue Hen and lives in Philadelphia with her fiancé, Harry. 🗳



Katharine Paisley, Policy Director, and her fiancé, Harry



CLICK FOR ALL OF YOUR TAX ANSWERS

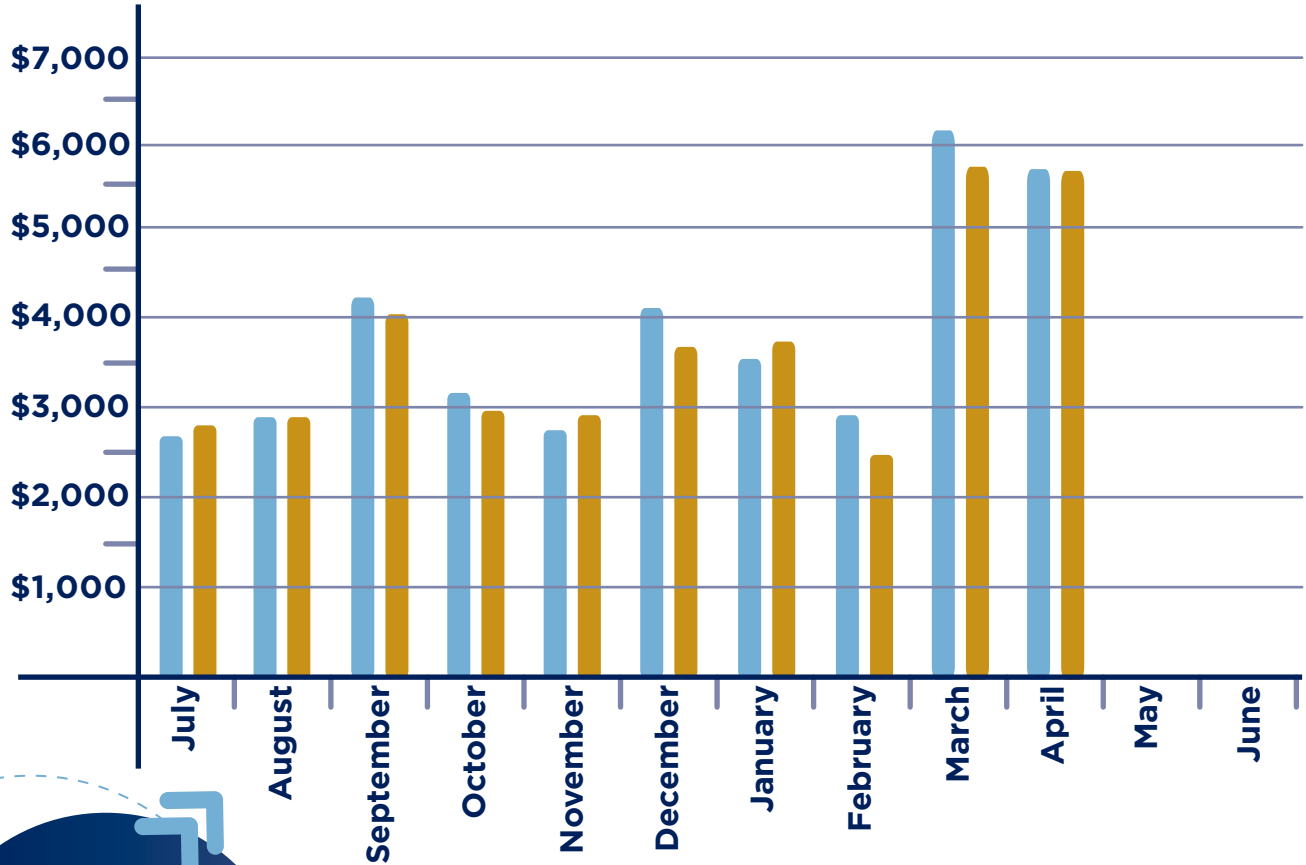
2022-2023 General Fund Revenues

Estimated vs. Actual Revenue Collections (in millions)

Through April, General Fund collections totaled, \$37.9 billion, which is \$1.2 billion, or 3.3 percent, above estimate.

Actual Revenue

Estimated Revenue



GRAPH

ACTUAL FIGURES
(in millions)

Month	Actual Revenues	Estimated Revenues
July	2,696	2,700
August	2,865	2,801
September	4,218	4,082
October	3,125	2,936
November	2,754	2,955
December	4,042	3,722
January	3,566	3,771
February	2,828	2,476
March	6,190	5,691
April	5,656	5,605
May		
June		