



pennsylvania
DEPARTMENT OF REVENUE

TAX UPDATE

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Governor
Josh Shapiro

Secretary of Revenue
Pat Browne

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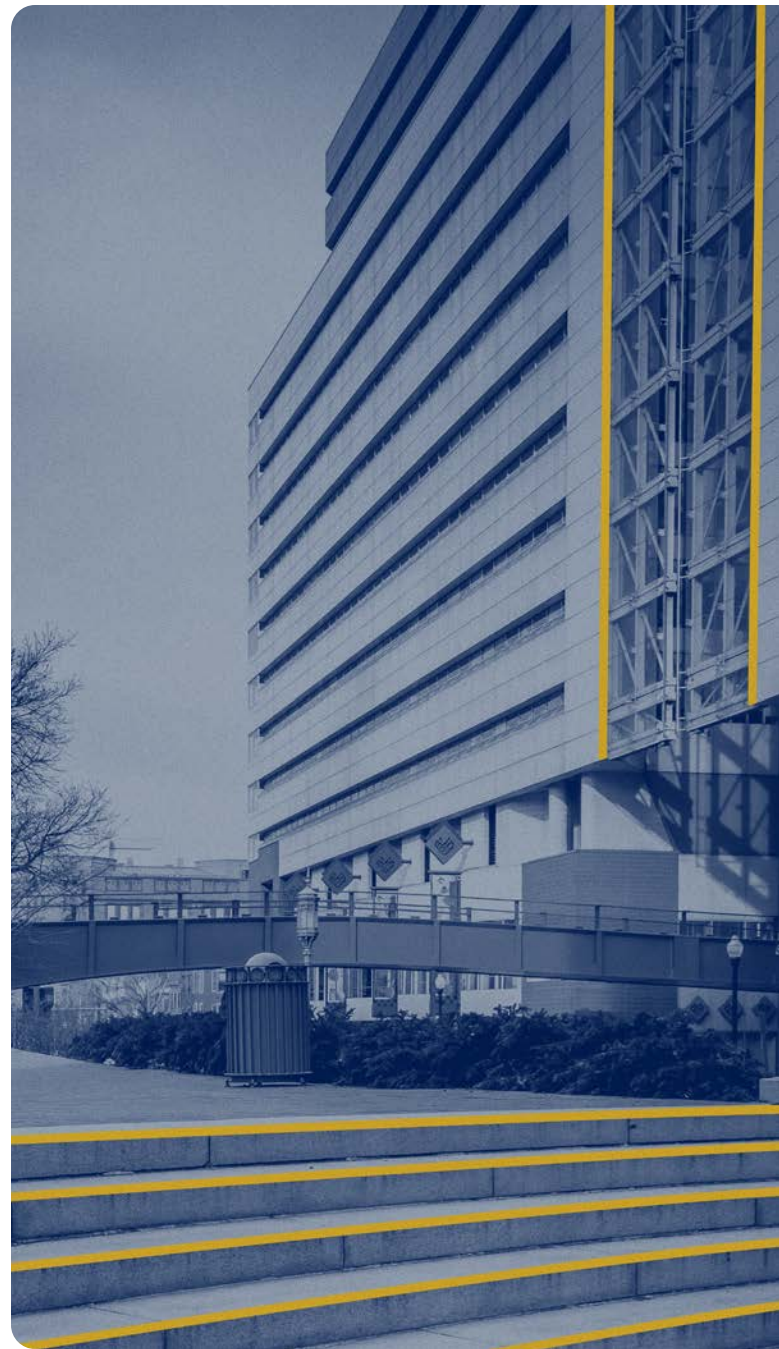
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The No. 1 goal in the department's strategic plan is to continually improve customer service.

- Revenue Secretary Pat Browne

PROPERTY TAX/RENT REBATE PROGRAM: HOW TO GET THE MOST OUT OF HISTORIC EXPANSION

By Revenue Secretary Pat Browne & Aging Secretary Jason Kavulich

When Governor Josh Shapiro recently signed historic legislation creating Act 7 of 2023, he kept a promise he made to older Pennsylvanians by delivering a major expansion of the **Property Tax/Rent Rebate (PTRR) program**. The Governor recognizes this program serves as a lifeline for hundreds of thousands of people in our Commonwealth, so he rightfully made it a priority to deliver the largest targeted tax cut for Pennsylvania's seniors in nearly two decades.

As the leaders of two state departments that play critical roles in administering this program, we want Pennsylvania homeowners and renters to know that they don't need to take any immediate action to benefit from the PTRR expansion. Rather, these changes will be in effect starting in January 2024.

Here are some helpful tips on how the process will work starting early next year.

What is changing with the PTRR program in 2024?

Starting in mid-January 2024, those eligible will be able to apply for rebates on property taxes and rent paid in 2023. As this application period opens, here is what's changing under the program's new guidelines that are part of the expansion first proposed by the Governor:

- **First**, the maximum standard rebate is increasing from \$650 to \$1,000.
- **Second**, the income cap for both renters and homeowners will be made equal and increase to \$45,000 a year.
- **Third**, the income caps will be tied to the cost-of-living moving forward, meaning those who receive a rebate won't lose their eligibility in the future due to increases in Social Security payments.

The Governor's plan expands the PTRR program to nearly 175,000 more Pennsylvania seniors and others with disabilities. At the same time, 86 percent of the 430,000 claimants who already qualified for the program under the prior guidelines will see their rebates increase.

What is staying the same with the PTRR program in 2024?

We are pleased to share that the **process and systems** that are already in place — and that have served PTRR applicants for years — will remain the same.

- The eligibility criteria will stay the same, meaning the program will continue to benefit eligible Pennsylvanians age 65 and older; widows and widowers age 50 and older; and people with disabilities age 18 and older.
- Pennsylvanians eligible for the PTRR program will be able to apply for their rebates either online or by paper:
 - **Online:** File for a rebate using **myPATH at mypath.pa.gov**, the Department of Revenue's user-friendly online filing system. Filing online gives instant confirmation that a claim has been successfully filed, allows access to automatic calculators, and includes other helpful features.
 - **Paper:** Any person who filed for a 2022 Property Tax/Rent Rebate by paper will automatically be mailed a paper instruction booklet/application form. Starting in mid-January 2024, you can also find the paper application online at **revenue.pa.gov/prr** or by calling 1-888-222-9190.
- You can find other helpful information and answers to FAQs by visiting the Department of Revenue's website at **revenue.pa.gov**.

In closing, the expansion of the Property Tax/Rent Rebate program is delivering on a pledge **Governor Shapiro** made to our seniors and to people with disabilities to provide them with financial relief as they struggle under the burden of rising prices. All of us at the departments of Revenue and Aging are ready, able, and willing to do our part to help the residents of our great Commonwealth apply for and receive rebates that will make an impact on their lives. 🏠



Pat Browne, left, is the Secretary of the Pennsylvania Department of Revenue, which administers the Property Tax/Rent Rebate program and operates the Pennsylvania Lottery. Jason Kavulich, right, is the Secretary of the Pennsylvania Department of Aging, which works to ensure that older Pennsylvanians have access to quality services and supports that help them age and live well. Versions of the opinion piece above appeared in the Patriot-News/PennLive, Pittsburgh Tribune-Review/TribLive, and Allentown's The Morning Call.

UNDERSTANDING ‘REQUESTS FOR COMPROMISE’ AT THE PENNSYLVANIA BOARD OF APPEALS

By Ryan M. Froman

The Board of Appeals is the first formal level in adjudication of tax, rebate, and refund appeals in Pennsylvania. The Board is on track to receive about 35,000 appeals this year that stem from several different Pennsylvania taxes and rebates that the **Department of Revenue** is responsible for administering.

One important tool that can be of use in the appeals process is the “Request for Compromise.” To illustrate this point, over the last 10 years (2013-2023) the Board has granted more than \$1 billion in relief through the compromise process. Read on to learn about the process and how to pursue a compromise.

Overview of Compromise Requests at the Board of Appeals

Pursuant to 72 P.S. §9707, upon request from a taxpayer, the Board of Appeals has the statutory authority to consent to a compromise of the amount of liability for tax, interest, penalty, or additions administered by the department.

In situations where a taxpayer proposes a compromise request, the Board reaches an agreeable compromise in a very high percentage of cases, particularly in recent years (for example: 87 percent in 2022).

FISCAL YEAR ENDING	ACCEPTANCE RATE
2013	64%
2014	45%
2015	78%
2016	76%
2017	80%
2018	54%
2019	83%
2020	77%
2021	94%
2022	87%

To submit a compromise request, a taxpayer should submit the DBA-10 form available on the Board’s website with their appeal.

There are two bases for the Board to agree to a compromise:

1. **Doubt as to liability.**
2. **The promotion of effective tax administration.**

What does “doubt as to liability” mean?

While the Board will review the facts and circumstances for each individual taxpayer, generally doubt as to liability will include situations with varying interpretations of the law, situations where the Department failed to consider all the evidence presented; and/or situations where new evidence is available to support a change.

An example of doubt as to liability might include the following situation that may occur for a small business or individual taxpayer:

You or your business suffered a disaster (such as books and records were destroyed in a fire, flood, or other natural disaster). You did your best to accurately file your return, however, the Department reviewed the return and issued an assessment disallowing any claimed expenses due to lack of supporting records. You are unable to reconstruct your books and records,

but you can provide an explanation that justifies or approximates a reasonable reduction to a portion of your assessment.



What the Board of Appeals Cannot Compromise

Pursuant to the law, the Board is not able to compromise:

1. denials of property tax/rent rebate claims.
2. denials of charitable exemptions.
3. revocation of sales tax licenses.
4. appeals of taxes covered under the Gaming Control Act.

Additionally, certain situations are not eligible for compromise:

1. any compromise request demanding 100 percent relief.
2. any “hardship” compromise request (based exclusively on a taxpayer’s financial situation or inability to pay; this is a collections matter).
3. if a taxpayer has not filed any Pennsylvania tax returns.
4. if a criminal prosecution is pending.

A Few Compromise Tips

The Compromise Request process at the Board of Appeals is not a “tennis-match” style of negotiation. The Board expects and assumes the taxpayer is putting forth their best compromise offer.

If the Board is unable to accept the offer presented by the taxpayer, but feels the matter is not too far away from reaching a compromise, in some situations, the Board may respond with a counter-proposal. This should be viewed as a best and final proposal from the Board. Failure to accept such a proposal will likely terminate the compromise request review and the Board will move forward with a decision on the merits of the issues in the appeal.

Clearly stating your compromise offer (including proposed relief on tax, penalties, and interest) on the compromise request form (DBA-10), as well as prompt responses to any clarifying questions from the Hearing Officer assigned to your appeal, will assist in the compromise process.

Please be advised that the Hearing Officer will not advise anyone on the appropriate percentage relief on initial compromise requests.

If you have already filed an appeal and you have questions about the compromise process at the Board, please contact the Hearing Officer assigned to your appeal. 📌

Ryan M. Froman is Chair of the Pennsylvania Department of Revenue Board of Appeals. He has been with the Board of Appeals for over 17 years. Ryan has an MBA from Carnegie Mellon University and a Juris Doctor from the University of Pittsburgh. He can be reached at rfroman@pa.gov. A version of this article was prepared for the Pennsylvania Institute of Certified Public Accountants (PICPA).

NEARLY \$17 MILLION DISTRIBUTED THROUGH CRIZ PROGRAM



Secretary of Revenue Pat Browne recently announced that nearly \$17 million will be returned to three communities participating in the **City Revitalization and Improvement Zone (CRIZ)** program. This funding will go to:

- Bethlehem — \$2,721,809.71
- Lancaster — \$12,678,686.88
- Tamaqua, Schuylkill County — \$1,596,307.50

“This program is generating critical economic growth right in Pennsylvanians’ backyards,” **Secretary Browne** said. “In the decade that this program has existed, we are seeing encouraging results from the investments that have been made in the participating communities.”

The funding being returned is based off the period from January 1, 2022 to December 31, 2022. The CRIZ program functions by capturing state and local taxes that are returned to a designated zone up to 130 acres for the purpose of improvement and development. Overall, the CRIZ program has delivered a total of more than \$70.2 million since its inception in 2013, spurring new growth in cities and reviving struggling areas while creating jobs.

Below is a full breakdown of the CRIZ funding certified by the Department of Revenue for the period running from January 1, 2022 to December 31, 2022.

City of Bethlehem: The 2022 revenue that will be paid to the CRIZ in Bethlehem is \$2,721,809.71.

- The payment is attributable to \$1,130,830.56 in state taxes remitted by 14 new businesses within the program, as well as \$97,803.31 in incremental growth from 16 existing businesses, and \$1,493,175.84 from 72 construction contractors.
- Of the 124 businesses in the zone, 103 required reports were filed.

City of Lancaster: The 2022 revenue that will be paid to the CRIZ in Lancaster is \$12,678,686.88.

- The payment is attributable to \$2,010,213.11 in state taxes remitted by 130 new businesses within the program, as well as \$10,523,960.57 from 271 existing

businesses, and \$144,513.20 from 35 construction contractors.

- Of the 551 businesses in the zone, 467 required reports were filed.

Borough of Tamaqua: The 2022 revenue that will be paid to the CRIZ in Tamaqua, Schuylkill County is \$1,596,307.50.

- The payment is attributable to \$835,904.17 in state taxes remitted by 39 new businesses within the program, as well as \$748,715.46 in incremental growth from 129 existing businesses, and \$11,687.87 from eight construction contractors.
- Of the 235 businesses in the zone, 187 required reports were filed.

About the CRIZ Program

The City Revitalization and Improvement Zone (CRIZ) program was established by Act 52 of 2013 and amended under Act 84 of 2016 to spur new growth in cities that have struggled to attract development, helping to revive downtowns and create jobs for the residents in the regions. A CRIZ is an area of up to 130 acres, comprised of parcels designated by an authority to capture state and local taxes for the purpose of improvement and development in the designated CRIZ zone.

The program is similar to a tax incremental financing program. It is structured to protect the existing state and local tax base, while providing incremental funding for tax revenues based on new growth generated over and above an established baseline per business and new tax.

The funds are paid to the local development authority for the zone, and can be used for debt service, property acquisition, new construction, and other costs related to development projects in the zone.

The CRIZ program is administered by the **Department of Revenue**, the **Department of Community and Economic Development (DCED)**, and the **Governor’s Budget Office**. 📌

REMINDER: REQUIREMENT FOR MAKING ESTIMATED PAYMENTS FOR CORPORATION TAXES

The Department of Revenue is reminding corporate taxpayers of the requirement to submit estimated tax payments which meet the applicable safe harbor thresholds in order to avoid imposition of interest on the underpayment. Beginning in January 2024, the Department will begin issuing assessments to taxpayers for failure to meet this requirement.

This requirement applies to the following corporate tax types:

Corporate Net Income Tax

Estimated corporate net income tax payments must be made in equal installments on or before the 15th day of the third, sixth, ninth, and 12th months of the taxpayer's tax year. To sustain a safe harbor, the taxpayer's payments must meet the requirements set forth in 72 P.S. § 10003.3.

Estimated tax payments may be submitted using **myPATH**, or using the Estimated Tax Payment coupon (REV-857).

Mutual Thrift Tax

Estimated mutual thrift tax payments must be made in equal installments on or before the 15th day of the third, sixth, ninth, and 12th months of the taxpayer's tax year. To sustain a safe harbor, the taxpayer's payments must meet the requirements set forth in 72 P.S. § 10003.3.

Estimated tax payments may be submitted using **myPATH** or using the Estimated Tax Payment coupon (REV-426).

Gross Receipts and Gross Premiums Taxes

Taxpayers are required to make an annual estimated prepayment on or before March 15 of the current year. The payment is due the next business day if the due date falls on a weekend or legal holiday.

The Gross Receipts Tax prepayment must be equal to 90 percent of the current tax year liability. However, taxpayers are eligible to use the "safe harbor" option in the event they cannot accurately estimate their current year liability. The prepayment requirement will be satisfied if the taxpayer prepays an amount equal to 100 percent

of their "safe harbor" tax year liability. The "safe harbor" tax year is the second preceding year to the current tax year. For example, the "safe harbor" year for purposes of making the 2024 estimated prepayment is tax year 2022.

The single estimated tax payment requirement applies to the following corporate tax types:

- Gross Receipts Telecommunications
- Gross Receipts Hydro Electric
- Gross Receipts Transportation Company
- Gross Premiums Domestic Casualty
- Gross Premiums Domestic Fire
- Gross Premiums Domestic Life
- Gross Premiums Foreign Casualty
- Gross Premiums Foreign Fire
- Gross Premiums Foreign Life
- Gross Premiums Foreign Title

Estimated tax payments may be submitted using **myPATH** or using the Estimated Tax Payment coupon (REV-426).

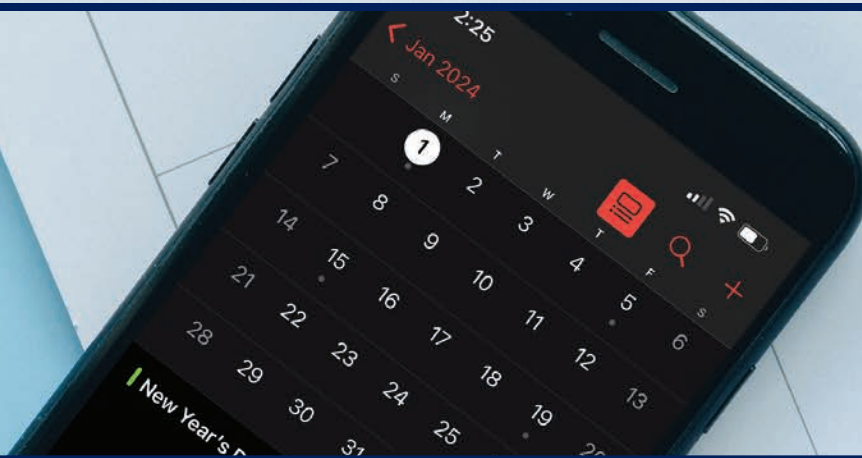
Payments

Estimated tax payments over \$1,000 must be submitted electronically. Accepted forms of payment to satisfy the electronic payment requirement include:

- ACH Debit
- ACH Credit
- Credit/Debit Card
- Certified/Cashier's Check

If paying by certified/cashier's check, the taxpayer should: (1) use the Estimated Payment coupon (REV-857) if submitting Corporate Net Income Tax payments; (2) use the Specialty Tax Estimated Coupon (REV-426) for other taxes.

For all of the above taxes, tax remaining due at the close of the taxable year must be paid on the original due date of the return. Any tax due that was not paid by the original due date of the return would be subject to additional penalties and interest. 📌



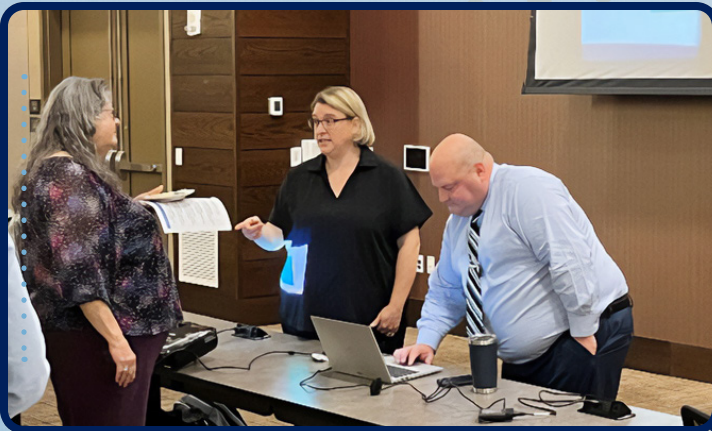
DEPT. OF REVENUE'S TAX SEMINARS: CONNECTING WITH TAX PROFESSIONALS TO INFORM, COLLABORATE, AND ANSWER QUESTIONS

The Department of Revenue's annual Tax Seminars wrapped up in early December. The seminars provided time and space for tax professionals to learn the latest tax updates, get questions answered in real time, and network with fellow professionals.

"Our annual Tax Seminars are an important part of the work that we do throughout the year to offer the best customer service that we can," **Revenue Secretary Pat Browne** said. "We recognize the importance of the work that tax professionals do on behalf of their clients, and we value their service and commitment to assisting Pennsylvania taxpayers. The Tax Seminars are a great resource to make sure they are as informed as possible on the latest tax law changes and the customer service tools that are available to them."

The department had great success using these in-person and virtual events to help tax professionals continue their education on a variety of taxes, including personal income tax, sales tax, and corporate taxes. The seminars also covered compliance initiatives, and how to use the department's website and online resources, including myPATH, to establish tax accounts to file tax returns and pay state taxes.

It's thanks to partnerships with the Pennsylvania Society of Tax and Accounting Professionals (PSTAP) and Wilkes University's Continuing Education Department that the department is able to host these events. Hundreds of tax professionals benefit from these events every year. 🍷



Hundreds of tax professionals attended the tax seminars and heard from presenters, including the Dept. of Revenue's Don Bianchi, Ryan Froman, Alicia Gonse, and Jane McCurdy.

TELEFILE UPDATE: USERS NEED TO TAKE ACTION

The Department of Revenue is moving forward with plans to limit the use of TeleFile, the service that customers use to file tax returns and make payments over the phone.

Letters are being mailed to current users with a **TeleFile Request Form** enclosed. TeleFile users will need to complete the form and return it to the Department of Revenue to continue using the TeleFile service. The form includes a section where TeleFile users can cite the reason they cannot use **myPATH** — the department's online filing system — to file sales and use tax and/or employer withholding tax. This includes being unable to access the Internet or religious reasons.

The **TeleFile Request Form** must be submitted at least 30 business days prior to a due date; otherwise, the user will be required to submit their returns electronically for that taxable period. Importantly, this form does not exempt Pennsylvania taxpayers from their filing and payment obligations required under Pennsylvania law. Returns must be filed and taxes paid by the applicable due date.

Use myPATH to File Returns, Make Payments Online

As an alternative to TeleFile, customers can use an online filing option by visiting mypath.pa.gov. myPATH is a user-friendly system that allows taxpayers to accurately and securely file returns, make payments, manage their accounts, and interact with the department. myPATH is compatible with all browsers and devices, including tablets or smart phones. Please keep in mind that users may need to scroll down to see additional options when viewing from these devices.

To use **myPATH**, create a username and password. To sign up, the following is needed:

- A unique email address that is not associated with any other myPATH profile
- Username with a minimum of 5 characters (no special characters)
- Password with a minimum of 8 characters. The password must contain at least one of the following: uppercase and lowercase letters, numbers, and special characters
- Primary phone number

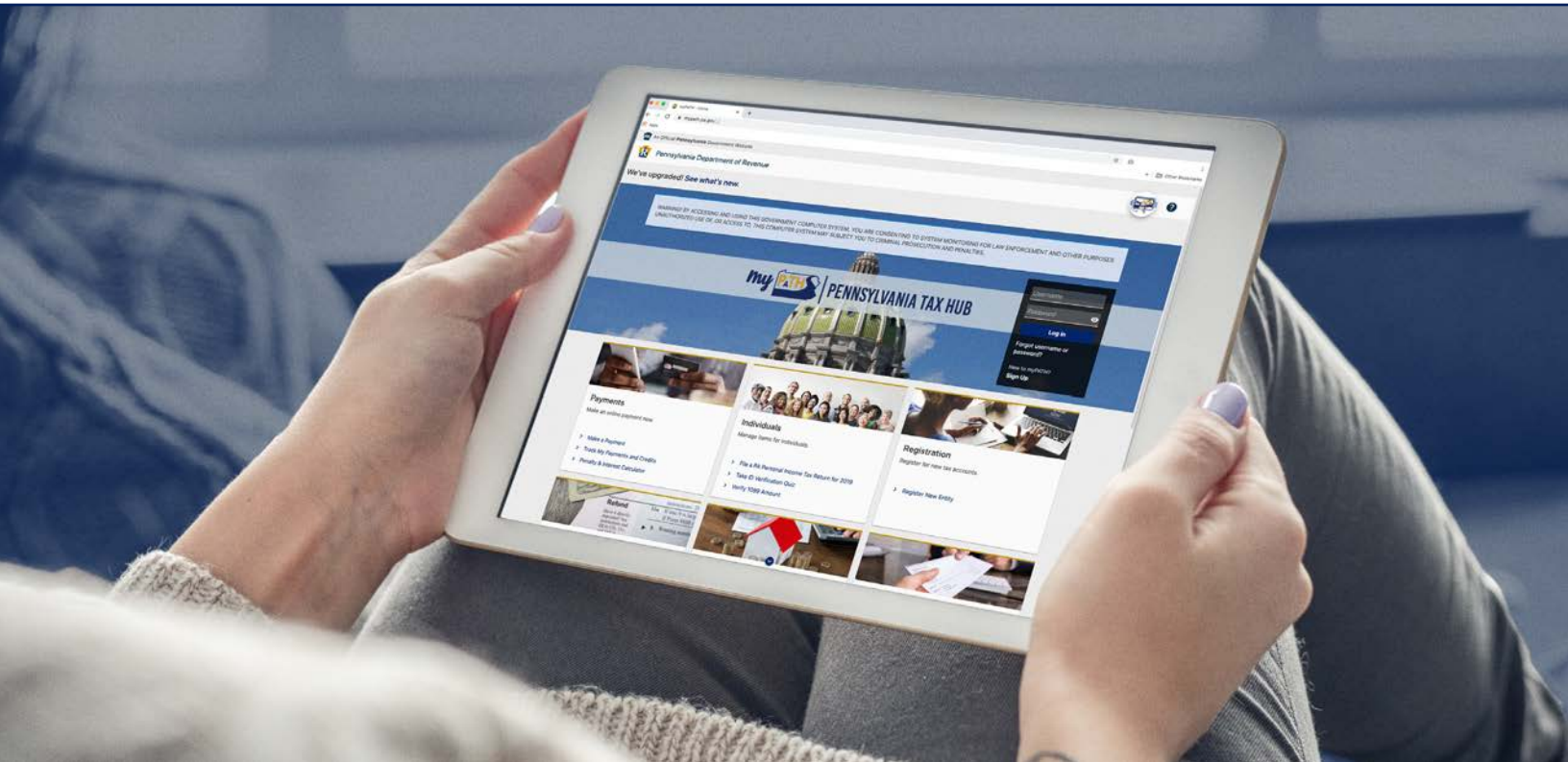
Additionally, if a customer uses a tax professional, they can gain access to the tax account directly from their Third-Party user profile. They must request account access and provide the proper validation. This will allow them to file and pay without the need for a customer to sign in.

Contact Us

The Department of Revenue offers in-person taxpayer support at its district offices. Visit revenue.pa.gov/offices for further information.

For those with questions about creating a myPATH profile, accessing tax accounts, filing returns, or making payments, contact the department's Customer Experience Center: myPATH@pa.gov or **717-425-2495, Ext. 72841 (PATH1)**

In addition, a series of Revenue411 instructional videos is available on the department's website. Visit revenue.pa.gov/videos to access the videos and learn how to perform a variety of functions in myPATH. 📺



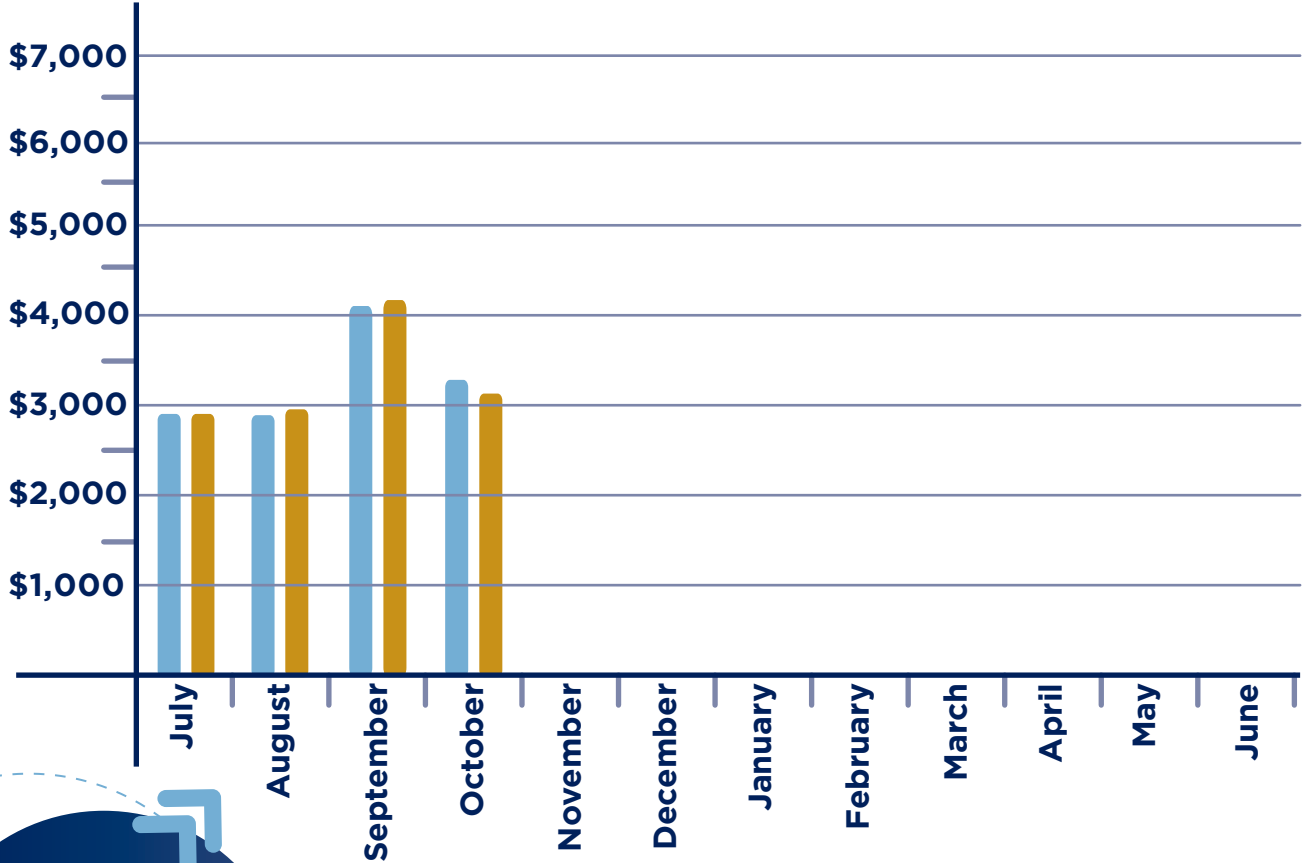
2023-2024 General Fund Revenues

Estimated vs. Actual Revenue Collections (in millions)

Through October, General Fund collections totaled \$13.1 billion, which is \$47.5 million, or 0.4 percent, below estimate.

Actual Revenue

Estimated Revenue



GRAPH

ACTUAL FIGURES
(in millions)

Month	Actual Revenues	Estimated Revenues
July	2,881	2,882
August	2,899	2,927
September	4,057	4,197
October	3,246	3,127
November		
December		
January		
February		
March		
April		
May		
June		