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INTEGRATED TAX SYSTEM TO BEGIN PROCESSING CORPORATION TAX RETURNS IN MARCH 2013

In March 2013, the Department of Revenue will transition the first state taxes – corporation taxes – into its new integrated tax system (ITS), a system that will eventually improve tax processing across all state taxes through greater automation, improved data accessibility and enhanced process uniformity.

Revenue ID

To facilitate the transition to the ITS, in March each corporate taxpayer will be assigned a new 10-digit Revenue ID, which will replace the PA Account Identification Number or Box Number. The Revenue ID will allow the department to provide improved customer service with an integrated view of a taxpayer across all tax types, as more tax types are transitioned to the ITS.

The department will retain the ability to accept and recognize old identification numbers and federal employer identification numbers from taxpayers. To avoid confusion during tax season, the Department of Revenue will begin notifying taxpayers of their new Revenue IDs in May, and it will provide taxpayers the ability to lookup Revenue IDs at www.revenue.state.pa.us.

Preview of Other ITS Changes for Corporation Taxes

- Beginning in March 2013, delinquent corporation tax payments will first be applied to the tax, then interest, followed by penalty and legal fees, starting with the oldest delinquent period and paying each period completely before moving to the next period.

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FAST FACT:

Pennsylvania is providing \$782.5 million in property tax relief this year, including expanded rebates from the state's Property Tax/Rent Rebate program and general property tax relief for all homeowners distributed through school districts last summer.

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- The ITS will also provide the department with enhanced capability to offset credits in one tax against unsatisfied liabilities in other taxes. This automated offset capability will help taxpayers avoid unnecessary interest and penalties. Offsetting will first be made against liabilities against the same tax type, then against the oldest delinquencies of other tax types. The department will also be able to automatically apply restricted tax credits to a taxpayer's greatest benefit before credits expire.
- The ITS will provide more comprehensive enforcement of estimated payments. To avoid

penalties, taxpayers will need to make appropriate estimated payments.

- Beginning in March, corporate taxpayers and their practitioners will see improved correspondence from the department, as notices, letters, assessments and other communications are redesigned to be more taxpayer-friendly.

All efforts are being made to minimize interruptions in customer service as corporation taxes are transitioned to the ITS. More details regarding impacts of ITS implementation will be shared in future *Tax Update* articles.

INHERITANCE TAX RETURN CORRECTION PROCEDURES CLARIFIED

To address confusion among tax practitioners and taxpayers concerning proper procedures for correcting errors on inheritance tax returns, the department clarifies that amended inheritance tax returns are not recognized by state law or accepted by the department.

A supplemental return is required when reporting additional assets, transfers or deductions that were not reported on the original return or a previously filed supplemental return. It is not appropriate, however, to use a supplemental return to amend a prior return in an attempt to correct errors.

To report errors such as transposed figures, miscalculations and obvious duplication of assets, an estate must notify the Department of Revenue of the mistake by letter. The letter requesting administrative adjustment must identify the alleged error and the proposed correction. The letter, along with any

documentation supporting the adjustment, should be directed to:

PA Department of Revenue
Bureau of Individual Taxes
Post Assessment Review Unit
PO Box 280601
Harrisburg, PA 17128-0601

Errors more complex than those referenced herein must be resolved by utilizing either the statutory appeal or refund procedures. The appeal procedures are summarized on Page 4 of the [Instructions for the Pennsylvania Inheritance Tax Return for Resident Decedents REV-1500](#), and Page 5 of the [Instructions for the Pennsylvania Inheritance Tax Return for Nonresident Decedents REV-1737A](#)

Questions regarding correcting an error on a filed return may be directed to the Inheritance and Realty Transfer Tax Division at 717-787-8327.

FAMILIES, FRIENDS URGED TO DISCUSS PROPERTY TAX/RENT REBATE PROGRAM AS DEADLINE APPROACHES

Holiday gatherings are a great opportunity to remind older friends and relatives about Pennsylvania's Property Tax/Rent Rebate Program.

Eligible older adults and residents with disabilities have until Dec. 31 to apply for rebates of up to \$975 from the program.

"The deadline to apply is approaching, but older residents and those with disabilities still have more than a month to submit claims for rebates," said Secretary of Revenue Dan Meuser. "I urge our residents to take the opportunity this holiday season to explore eligibility for property tax and rent rebates."

It costs nothing to apply for a rebate. Free filing help is available at hundreds of locations across the state. Application forms and assistance are available at no cost from Department of Revenue district offices, local Area Agencies on Aging, senior centers and state legislators' offices.

Property Tax/Rent Rebate claim forms (PA-1000) and information are also available online at www.revenue.state.pa.us and by calling, toll free, 1-888-222-9190, between 7:30 a.m. and 5 p.m., Monday through Friday.

To speed processing, claimants are reminded to provide all required income, property tax or rent information. Applications must be postmarked by Monday, Dec. 31.

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.

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

Pennsylvania is providing \$782.5 million in property tax relief this year, including expanded rebates from the state's Property Tax/Rent Rebate Program and general property tax relief for all homeowners distributed through school districts last summer.

Last year, more than 604,000 seniors received \$284.1 million in rebates. So far this year, more than 595,000 households have applied for rebates. As of mid-November, rebates totaling \$276.4 million have been sent to more than 583,000 homeowners and renters.

The Property Tax/Rent Rebate Program is one of five programs supported by the Pennsylvania Lottery. Since the program's 1971 inception, older adults and adults with disabilities have received \$5.1 billion in of property tax and rent rebates. The expanded portion of the rebate program is being paid for with revenue from slots gaming.

STAY INFORMED OF PENNSYLVANIA NEWS WITH GOVERNOR CORBETT'S WEEKLY E-NEWSLETTER

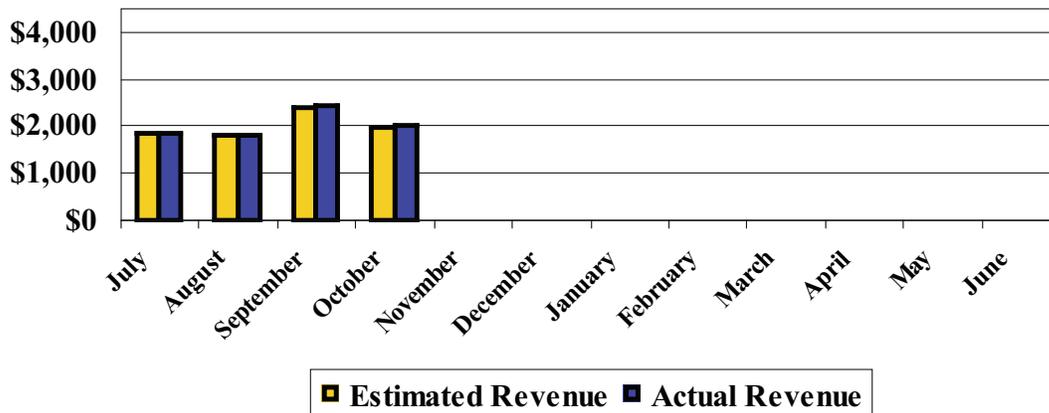
Pennsylvania residents are encouraged to keep informed of the latest happenings and updates from around the commonwealth by subscribing to a weekly e-newsletter from Governor Corbett.

To receive weekly videos, articles and information about Pennsylvania news and the Governor's events, visit www.pa.gov and click "subscribe."

2012-2013 General Fund Revenues

Estimated versus Actual Revenue Collections (in millions)

Fiscal year 2012-13 collections through October totaled \$8.1 billion, which is \$82.2 million, or 1 percent, above estimate.



TAX PROFESSIONAL E-SERVICES CENTER



Tax professionals are encouraged to use the department's Tax Professional e-Services Center for easy access to clients' tax information.

Visit the department's [Online Customer Service Center](#) or call 717-787-1392.