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GOVERNOR CORBETT INTRODUCES JOBS-FOCUSED BUDGET; POSITIONS PA FOR CONTINUED ECONOMIC SUCCESS

In February, Gov. Tom Corbett introduced a jobs-focused budget proposal that continues to make state government a true partner in job creation.

Through broad-based tax reform, building a trained and skilled workforce and deploying strategic solutions to foster a strong business climate, the governor's proposal positions Pennsylvania well for continued job growth.

The governor's budget includes a bold tax reform proposal that focuses on improving Pennsylvania's tax climate by reducing tax burdens that inhibit job creation and economic growth. Specific initiatives include the following:

- **Eliminating the capital stock/foreign franchise tax** in January 2014, putting an end to Pennsylvania's role as the only state in the nation to tax both business income and business assets.
- **Beginning to reduce the corporate net income tax** from one of the highest rates in the nation at 9.99 percent down to 6.99 percent through a gradual, multi-year phase-down.
- **Raising the cap on net operating loss deductions** from \$3 million, or 20 percent of income, to \$5 million, or 30 percent of income, to attract technology, bioscience and research companies.
- **Allowing for like-kind exchanges and start-up business deductions**, aligning state tax code with federal tax treatment and encouraging small business expansion.

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FAST FACT:

www.PABizOnline.com, an upgrade of the Open for Business website, launched in February to guide potential entrepreneurs in establishing new businesses in Pennsylvania.

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- **Repealing the corporate loans tax**, ending an unjust burden placed on small businesses without access to traditional forms of lending that take loans to grow or simply pay regular business expenses. Elimination of this tax will also end a deterrent to establishing corporate headquarters in Pennsylvania.
- **Simplifying the tax code and repealing nuisance taxes**, eliminating a number of anti-job growth restrictions on business and individuals and removing obsolete taxation and administrative provisions.

Combined, these tax reform measures are projected to have a significant positive impact on Pennsylvania's economy.

"Economic modeling shows that these initiatives will create more than 18,000 jobs over the next 10 years, as well as increase the state gross domestic product by \$2.8 billion and grow personal income by \$1.9 billion by 2030," Department of Revenue Secretary Dan Meuser said. "These positive economic effects also increase state tax revenue, creating more than \$1 billion in new tax revenue through 2030."

The governor's proposed budget for the Department of Community and Economic Development (DCED) places an emphasis on public/private partnerships, international business development, and deploying state resources to support private sector job creation and business growth.

Corbett's budget also expands Pennsylvania's ability to market itself to growing businesses through a \$5 million increase to the Marketing to Attract Business program.

Common-sense principles are being infused into the administration of state government through the establishment of the Pennsylvania Business Development Authority (PBDA). The PBDA will consolidate business financing programs to form a true public/private partnership to support a number of business growth needs including: site development, infrastructure improvements, machinery and equipment acquisition, and capital for small businesses and entrepreneurs.

Additionally, the governor proposes to launch the Small Business Champion Network, a team of business experts within DCED created to help employers navigate permitting processes, identify public and private

resources, and connect with Pennsylvania's vast small business support network through the state.

"Understanding that government does not create jobs, Governor Corbett is creating a business climate in Pennsylvania that encourages our employers to grow and create jobs," DCED Secretary C. Alan Walker said. "The governor has created a solid roadmap that if followed, will lead to economic prosperity and a job for every Pennsylvanian who wants one."

The governor's proposed budget for the Department of Labor & Industry continues to support programs that help out-of-work Pennsylvanians find employment. These programs include a premiere job-matching initiative, JobGateway, which connects job seekers and employers in a more targeted, meaningful way.

JobGateway is already at work providing more than 200,000 real-time job postings for those seeking work in the commonwealth. JobGateway connects job seekers and employers at no cost to either.

In the coming year, Labor & Industry will continue to focus on ensuring Pennsylvanians are ready for the jobs that are available now through effective job placement programs and innovative training opportunities such as the Keystone Works program.

Labor & Industry's Keystone Works Program is a \$2.5 million job-training program focused on matching newly unemployed individuals to high priority occupations. Keystone Works strengthens the state's workforce through job-specific training, gets Pennsylvanians back to work, and lessens the strain on the state's unemployment compensation fund.

"Labor & Industry's programs and initiatives are hard at work to get unemployed Pennsylvanians back to work," said Secretary of Labor and Industry Julia Hearshway.

"Since Governor Corbett took office, we have added more than 100,000 private sector jobs and Pennsylvania's labor force reached an all-time high in December.

"Labor force growth is an indicator that not only have more Pennsylvanians found jobs, but also that Pennsylvania's unemployed have renewed faith in the economy and are looking for jobs once again."

For more information about Governor Corbett's proposed 2013-14 budget and his plan for economic growth and job creation, visit www.pa.gov.

CORPORATION TAXES UPGRADES MADE TO E-TIDES, TELEFILE

This month, the PA Department of Revenue begins transitioning corporation taxes into a new integrated tax system (ITS), which brings upgrades to e-TIDES and TeleFile. Functionality in the e-TIDES Internet-based system has been enhanced for corporate filers, and the business tax TeleFile system has been expanded to accept corporate tax payments. Additionally, more corporate tax payments can now be made by credit/debit card.

New e-TIDES Functionality for Corporate Filers

Following are new options available to corporate filers through www.etides.state.pa.us.

- Real time e-TIDES registration, allowing a taxpayer to register and make payments the same day
- Acceptance of RCT-101 annual tax payments
- Acceptance of specialty tax annual payments
- Acceptance of payments in conjunction with a department notice
- Ability to change/update bank information online

TeleFile Now Accepts Corporation Tax Payments

Corporation taxpayers can now make annual, estimated, extension and notice payments through TeleFile, 1-800-748-8299. A corporation taxpayer will need to provide its seven-digit Account ID Number and nine-digit Entity ID (Federal Employer Identification Number) to access the system. Menu prompts will help a taxpayer select the tax type, tax period end date and payment amount.

Credit/Debit Card Payment of Corporate Tax Payments

Taxpayers can now make the following corporation tax payments by credit or debit card:

- Delinquent payments
- Estimated payments
- Extension payments
- Report payments
- Payments in conjunction with department notices

Corporate tax payments can be made online (www.officialpayments.com) or by calling 1-800-2PAYTAX (1-800-272-9829).

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.

THRESHOLD CHANGES FOR ELECTRONIC FUNDS TRANSFER (EFT) PAYMENTS

Act 87 of 2012 reduced the EFT threshold from \$20,000 to \$10,000, and effective Jan. 1, 2013, taxpayers whose payments are \$10,000 or more for any of the following taxes must remit the payments by automated clearing house (ACH) debit, ACH credit or credit card.

- Sales/use tax
- Employer withholding
- Liquid fuels/fuels tax
- Mutual thrift institutions tax
- Oil company franchise tax
- Malt beverage tax
- Motor carriers road tax
- Corporate net income tax
- Capital stock/foreign franchise tax
- Bank shares tax
- Title insurance and trust company shares tax
- Insurance premiums tax
- Public utility realty tax
- Gross receipts tax

All payments of \$10,000 or more of these taxes must be made by an approved EFT method, and taxpayers of other payments – regardless of tax type or amount – are encouraged to voluntarily remit payments via EFT.

Businesses making EFT payments should register to file and remit online through e-TIDES. Taxpayers not currently registered to file using e-TIDES are encouraged to visit www.etides.state.pa.us for additional information.

Failure to comply with the EFT requirement may result in assessment of penalty of 3 percent on each payment (up to \$500) required to be made by EFT but not made by ACH credit, ACH debit or credit card.

DEPARTMENT COMBINES THREE E-FILING HANDBOOKS INTO ONE

The department has combined the Handbook for Electronic Filers of PA Individual Income Tax Returns (PA-1345), the Partnership e-File Handbook for Authorized e-File Providers of PA S Corporation/Partnership Information Returns (REV-993) and the Corporate e-File Handbook (REV-1138). The new, combined booklet, [REV-993, Pennsylvania Fed/State e-File Handbook](#), now includes information for authorized e-file providers of 2012 personal income tax returns, corporation tax returns and partnership information returns.

Since electronic filing of all these returns is now being transmitted via the IRS Fed/State MeF System, the handbooks were combined into one document so that software vendors and electronic return originators would receive consistent information and instructions across the three tax return types.

2012-2013 General Fund Revenues

Estimated versus Actual Revenue Collections (in millions)

Fiscal year-to-date collections through February total \$16.2 billion, which is \$105 million, or 0.7 percent, above estimate.

