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CORPORATION TAXES MIGRATES TO THE INTEGRATED TAX SYSTEM

In March 2013 the Pennsylvania Department of Revenue transitioned corporation taxes to a new system for tax return processing and account management. While most aspects of this system migration are invisible to taxpayers, there are some changes of which practitioners and taxpayers should be aware.

Revenue ID

The Department of Revenue has assigned each corporate taxpayer a new identification number, a Revenue ID. The Revenue ID is a unique 10-digit number assigned by the department to a taxpayer, separate from any federally issued identification number(s) or Pennsylvania license number(s). The Revenue ID will be included on all corporation tax correspondence from the Pennsylvania Department of Revenue.

Existing identification numbers including the Corporate Account/Box Number and federal EIN will continue to be recognized by the department; however, in order for taxpayers and practitioners to receive the best possible service, taxpayers and their representatives are encouraged to immediately begin referencing the Revenue ID every time they interact with the department.

A corporate taxpayer's Revenue ID should be shared with all those who represent the corporation with the Pennsylvania Department of Revenue, including appropriate employees, corporate officers, tax practitioners and legal representatives.

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FAST FACT:

The average statewide property tax reduction for each household is expected to be about \$200 this year.

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Corporation Taxes Assessments for EFT Penalty, Estimated Underpayment Interest Now Automated

While penalties for not remitting large payments to the department electronically, and interest imposed when the required payment of estimated tax is not made, have been on the books for many years, the department is now able to automate and streamline these assessments for corporation taxes, rather than to create them manually. The result will be greater consistency and accuracy in enforcement of these requirements.

A new process for ensuring compliance with the EFT law for all payments over \$10,000 is now in place, and a penalty of 3 percent of the total tax due, not to exceed \$500, will be imposed on each payment of \$10,000 or more not made through electronic funds transfer.

In addition, the requirements for estimated tax will be enforced for tax year 2013, with any interest due on underpayments of estimated tax calculated at the time that the 2013 tax return is filed next year.

Practitioners are encouraged to discuss Pennsylvania's requirements for EFT payments and quarterly estimated payments with clients, to avoid unnecessary penalty assessments.

New Overpayment Summary Combines Notices, Includes Corporate Ledger Transactions

Corporate taxpayers are beginning to see a new notice generated from the integrated tax system: the Tax Period Overpayment Summary. When an overpayment develops in a corporate account, this notice provides details regarding the department's resolution of the overpayment along with other transaction activity within the account. This notice combines information previously provided on the Notice of Available Credit, Regulation 151.22 Transfer Notice and corporate ledger.

The new notice includes the following sections and information:

- Summary of Tax Period Activity – Identifies the application of cash payments and restricted tax credits to tax within the notice period.

- Summary of Overpayments Applied to Non-Tax Liabilities in the Notice Period – Identifies application of a tax overpayment to non-tax liabilities in the notice period.
- Summary of Overpayments Applied to Other Period Liabilities – Identifies application of a tax overpayment to all other periods with open liabilities.
- Remaining Overpayment Available for Transfer or Refund – Identifies the calculated tax overpayment available for transfer or refund after offset to all open liabilities within the account.
- Summary of Payments/Credit in the Notice Period – Identifies all cash payments, credit transfers and other credits in the notice period that are available for application to liabilities in the account.
- Summary of Cash Overpayments Available for Transfer to the Next Non-Filed Tax Year – Identifies all or a portion of cash payments transferred to the next non-filed tax year.
- Summary of Cash Overpayments Refunded from the Current Notice Period – Identifies all or a portion of cash payments refunded from the current notice period.
- Summary of Restricted Credits Applied to Tax Liabilities in the Notice Period – Identifies all originally awarded or purchased restricted tax credits eligible for application to tax liabilities within the notice period.
- Summary of Available Restricted Tax Credits – Identifies restricted tax credits available for application to future tax liabilities or for sale or pass-through.

Taxpayers and preparers should note that the new overpayment summary will only be generated when an overpayment occurs. To confirm tax payments and restricted credits on a corporation tax account prior to filing the corporate tax report, taxpayers and preparers are encouraged to call 1-888 PATAXES.

ACH DEBIT CHANGE

Beginning July 1, the department will no longer accept corporation tax ACH debit payments through the existing electronic funds transfer (EFT) telephone program (1-800-950-1381).

Beginning July 1, all corporation tax payments of \$10,000 or more must be made through an approved electronic method using one of the following options: [e-TIDES](#), business tax TeleFile, credit/debit card, ACH credit or certified/cashier's check.

PASS-THROUGHS WITH 100+ PA SCHEDULES RK-1 AND/OR NRK-1 FORMS MUST NOW FILE PA-20S/PA-65 ELECTRONICALLY

In an effort to increase the rate of electronic filing – the fastest and most cost-effective way for the Department of Revenue to process tax returns – effective Jan. 1, 2013, the department requires pass-through entities with 100 or more Schedules RK-1/NRK-1 to file PA Forms PA-20S/PA-65 electronically through the Modernized e-Filing (MeF) platform. Such schedules will no longer be accepted on CD-rom.

In 2009, the department began offering filers the option to file the Form PA-20S/PA-65 electronically through the Modernized e-Filing platform, which can accept an unlimited number of Schedules RK-1 and NRK-1.

For detailed information on the e-file requirements for entities with 100 or more Schedule RK-1 and/or NRK-1, review [Informational Notice Personal Income Tax 2013-02](#) on the department's website.

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.

BUDGET SECRETARY CERTIFIES MORE THAN \$778 MILLION FOR STATEWIDE PROPERTY TAX RELIEF

Last month Budget Secretary Charles B. Zogby certified that more than \$778 million in gaming revenue will be available for property tax relief in 2013.

The 2006 Taxpayer Relief Act established the Property Tax Relief Fund as a way to use gaming revenue to reduce property taxes for homeowners. The law requires the budget secretary to certify the actual balance in the fund by April 15 of each year and to project gaming revenue coming into the fund in the next six months.

Zogby certified that the balance in the Property Tax Relief Fund is nearly \$416 million. Gaming revenue from mid-April through Oct. 15 is projected to add almost \$420 million to the relief fund, bringing the total amount in the fund at that time to approximately \$836 million which includes a projected balance of nearly \$58 million in the Property Tax Relief Reserve Fund.

The average statewide property tax reduction for each household is expected to be about \$200 this year. School districts will receive their share of property tax relief in two equal installments in August and October.

Homeowners in 66 counties will receive reductions in the school property tax bills they will receive this summer. In accordance with the Taxpayer Relief Act,

Philadelphia's share of funding for broad-based tax relief – more than \$86 million – will be used to reduce the city's wage tax.

The amount of property tax relief will vary by school district and the Department of Education notified each school district of its specific level of property tax relief this month. Under the law, Pennsylvania homeowners will see the property tax reduction itemized on their tax bill, which most school districts will issue this summer.

The amount of property tax relief in each school district is available at the School District Property Tax Relief section of the Department of Education website at www.education.state.pa.us.

Gaming revenue also supports the Property Tax/Rent Rebate program. Under this program, older and disabled homeowners with incomes up to \$35,000 – and renters with incomes up to \$15,000 – are eligible for rebates of up to \$650. Supplemental rebates for qualifying homeowners can increase rebates to \$975. The deadline to apply for the program is June 30. Information is available at www.revenue.state.pa.us or by calling 1-888-222-9190.

2012-2013 General Fund Revenues
Estimated versus Actual Revenue Collections (in millions)

Fiscal year-to-date collections through April total \$23.9 billion, which is \$67.2 million, or 0.3 percent, above estimate.

