

**Annual Report Checklist**

Check to make sure you received each of the following to file your annual report properly and completely:

- RCT-111, Gross Receipts Tax Report for Telegraph, Telephone, Mobile Telecommunications Business
- RCT-111-I, Instructions for RCT-111
- REV-862, Estimated Payment Coupon
- REV-863, Extension to File Coupon

**Imposition, Base and Rate**

Gross receipts tax is imposed on telephone and telegraph companies that do business in Pennsylvania. The tax applies to telegraph or telephone messages transmitted wholly within PA; telegraph or telephone messages transmitted in interstate commerce (including international calls) where messages originate or terminate in PA and the charges for such messages are billed to a service address in PA; and mobile telecommunication service messages sourced to PA per the Mobile Telecommunications Sourcing Act.

The Rate is as follows:

<b>Tax Type</b>	<b>Tax Rate:</b>	<b>Surtax:</b>	<b>PURTA Surcharge:</b> (see 38 Pa.B. 5401)	<b>Total:</b>
11 - Intrastate	45 mills	5 mills	0 mills	50 mills (.05)
12 - Interstate	45 mills	5 mills	n/a	50 mills (.05)
13 - Mobile	45 mills	5 mills	n/a	50 mills (.05)

For more information, see Section 1101(a) of the Tax Reform Code of 1971 (72 P.S. § 8101(a)) and the Mobile Telecommunications Sourcing Act (4 U.S.C. § 117). For information on the PURTA surcharge see Pennsylvania Bulletin (38 Pa.B. 5401)

Use the Federal Communications Commission (FCC) uniform system of accounts to identify sources of receipts.

- On Page 2, enter total gross receipts everywhere in Column A.
- For those receipts included in Column A, enter receipts from business done in other states in Column B.
- Pennsylvania receipts should be reported as follows: non-taxable PA receipts in Column C (provide details), PA sales for resale in Column D and PA-taxable gross receipts in Column E.
- Column E equals Column A minus Column B minus Column C minus Column D from Page 2.
- Report taxable gross receipts from intrastate services (11), interstate services (12), and mobile telecommunication services (13), respectively, in Columns F, G and H. The sum of these three columns must equal Column E.

The source(s) of information on this report must be FCC and Public Utility Commission (PUC) annual reports, or, if not required to file with either regulatory commission, the federal income tax return. Complete box at top of Page 2.

Provide all information requested at bottom of Page 2 and indicate what method of accounting is used to report gross receipts.

**Resale Exemption Schedule – Intrastate, Interstate and Mobile Communications**

Exempt from gross receipts tax are sales for resale of telecommunication services, including telecommunications exchange access to interconnect with a local exchange carrier's network and network elements on an unbundled basis. This exemption only applies to receipts from sales to resellers who are subject to the gross receipts tax.

To claim the exemption, provide the name and federal employer identification number (EIN) of the reseller along with the amount received from each entity for each of the three tax types.

The PA Sales for Resale Exemption Schedule has been expanded to include the reseller's PA sales tax number. Note, however, the existence of a Sales for Resale Exemption Certificate for PA sales tax purposes does not mean the reseller is subject to the PA gross receipts tax. This information helps determine if the reseller is subject to PA gross receipts tax.

For more information, see: Section 1101(a)(2)(ii) of the Tax Reform Code of 1971 (72 P.S. § 8101(a)(2)(ii)).

**Credit Schedules – Interstate & Mobile**

Entities may be entitled to credits against PA tax due if they pay gross receipts taxes to other states on messages or services taxable in PA. However, credit may not exceed the tax due. Taxpayers claiming this credit must complete and submit the appropriate schedules and include copies of tax returns filed with the other states.

For more information, see Section 1101(a.1) of the Tax Reform Code of 1971(72 P.S. § 8101(a.1)).

**Amended Report**

Check this box if you are filing an amended report to add, delete or adjust information. An amended report should only be filed if an original report was filed previously for the same period.

The department may adjust the tax originally reported based on information from the amended report. The department will not make a tax adjustment three years beyond the receipt date of the original report unless the taxpayer consents to extending the assessment period.

When filing an amended report, record the amended tax liability on Page 1, Column A.

**Last Report**

Include a copy of your FCC and/or PUC cancellation notice if checking this box.

**Reports and Due Dates**

This report is due on or before March 15 for the immediately preceding year ended Dec. 31. If March 15 falls on a Saturday, Sunday or holiday, the report is due the next business day. A penalty for late filing will be imposed as follows and assessed at the time of filing: 10 percent of the first \$1,000 of tax liability, 5 percent of the next \$4,000 of tax liability and 1 percent on any tax liability in excess of \$5,000.

The estimated tax payment for 2010 is due in total by March 15, 2010. All late payments and untimely transfers will be subject to interest charges.

Payments of \$20,000 or more must be remitted by electronic funds transfer (EFT). For more information and to register for EFT, visit [www.etides.state.pa.us](http://www.etides.state.pa.us). Payments under \$20,000 may be remitted by mail, made payable to the PA Department of Revenue.

Mail RCT-111 – with remittance, if applicable – to the following address, using the envelope provided (E-140):

PA DEPARTMENT OF REVENUE  
PO BOX 280407  
HARRISBURG, PA 17128-0407

When filing, taxpayers are required to include with RCT-111 copies of annual reports as filed with the FCC and/or PUC. If such reports are not complete by the RCT-111 due date, please submit them separately to the following address, accompanied by a cover letter referencing the appropriate PA Account ID.

PA DEPARTMENT OF REVENUE  
PO BOX 280703  
HARRISBURG, PA 17128-0703

### **Due Date Extension Request**

To request a due date extension of up to 60 days to file the annual report, you must file an extension request coupon by the original report due date. However, an extension of time to file does not extend the deadline for payment of tax, and an extension request must be accompanied by payment of taxes owed for the taxable year for which the extension is requested. Mail the extension coupon separately from all other forms, using the enclosed return envelope (E-203).

Taxpayers using electronic funds transfer (EFT) to make payment with an extension request are not required to submit the extension coupon

### **Overpayment Instructions**

If the remittance column is less than zero on Page 1 of your completed RCT-111, an overpayment exists, and you should instruct the department how to transfer and/or refund the overpayment. Select only one option in the "Overpayment Instructions" area of Page 1. If no option is selected, any overpayment will automatically be credited to the next tax period.

- A. Overpayment is transferred automatically to offset other underpaid taxes in the current tax period, and any remaining credit is then applied to the next tax period for estimated tax purposes.
- B. Prior to issuing a refund, the department will apply overpayment to unpaid tax in the current tax period. The department may also offset other unpaid liabilities or commonwealth obligations for the account.

### **Estimated Payment Instructions**

All accounts are expected to remit estimated prepayments toward the final liability a corporation estimates due for the taxable year. Prepayment for gross receipts tax is due March 15 of the reported year. Tax remaining due at the close of the taxable year must be paid on March 15th of the following year.

Should a corporation realize estimated tax is underpaid, additional payments should be submitted to minimize underpayment penalty. Underpayment is measured against 90 percent of the tax reported due for the taxable year. However, if the final total tax increases the self-reported tax by 10 percent or more, the underpayment will be measured against 90 percent of the final total tax. The period of underpayment is measured from the due date of the installment to the date the underpayment is paid or the date the safe harbor is satisfied.

A corporation may avoid interest charges by timely paying estimated tax equal to the liability in the second-prior taxable year (safe harbor). This amount must be adjusted to reflect the tax rate and law for the estimated tax year and must reflect the total liability if it exceeds the self-reported liability by 10 percent or more. Where the second-prior year is a short period, the safe harbor is annualized. Second year corporations may use the immediate prior year (annualized if necessary) as the base year for the safe harbor.

Mail the estimated payment coupon separately from all other forms, using the enclosed return envelope (E-203).

### **Refund/Transfer Request**

Use Page 1 of RCT-111 to request refunds or transfers for the current tax period

Requests for refunds of overpayments from prior periods or refunds of estimated tax payments in advance of filing the annual tax report must

PA DEPARTMENT OF REVENUE  
PO BOX 280701  
HARRISBURG, PA 17128-0701

Requests to transfer overpayments to or from tax periods prior to that covered by the current annual report should be made in writing to the same address (immediately above).

Please do not duplicate requests for refund and/or transfer by submitting both RCT-111 and written correspondence

### **CONTACT INFORMATION**

- Visit the e-Services center at [www.revenue.state.pa.us](http://www.revenue.state.pa.us) to learn about electronic filing options and for the current list of software vendors approved to file federal and state corporate reports simultaneously and electronically.
- To make EFT payments and file extensions electronically and free of charge, visit e-TIDES at [www.etides.state.pa.us](http://www.etides.state.pa.us).
- With general business tax questions, call 717-787-1064.
- To confirm account payments, call 1-888-PATAXES.
- With questions regarding payments or refunds, call the Accounting Division at 717-705-6225.
- For information and assistance with electronic payment and filing options, call 717-783-6277.
- Requests for transfer of credit may be faxed to the Accounting Division at 717-705-6227.
- With questions regarding tax settlements, assessments or filing requirements, call the Specialty Tax Unit at 717-783-6031.



**ESTIMATED PAYMENTS AND EXTENSIONS TO FILE THE RCT-111 CAN  
BE FILED ONLINE AT [WWW.ETIDES.STATE.PA.US](http://WWW.ETIDES.STATE.PA.US)**