

2010 Tax Amnesty Program Overview

- Overview of Tax Amnesty
- Tax Amnesty Program Requirements
- Post-Amnesty Enforcement
- Tax Amnesty Process Overview
- Who to Contact
- Tax Amnesty Resources

- By the end of this module, you will be able to answer the following questions:
 - What is Tax Amnesty?
 - Who may participate?
 - What tax liabilities are eligible?
 - Who is excluded from participation?
 - How will taxpayers be notified of the Tax Amnesty program?

2010 Tax Amnesty Program



- Tax Amnesty is a 54-day program that begins April 26, 2010, and runs through June 18, 2010.
- The program allows taxpayers to pay 100 percent of their delinquent tax liability that exists as of June 30, 2009, and 50 percent of interest - free of penalty and without fear of prosecution.

- The following individuals and entities may participate in the Tax Amnesty program:
 - Any person
 - Association
 - Fiduciary
 - Partnership
 - Corporation
 - S Corporation
 - Limited Liability Company
 - Any other entity required to pay or collect any of the eligible taxes

- In order for individuals or entities to participate in Tax Amnesty, they must have an eligible tax liability.
- An eligible tax liability according to the Tax Amnesty legislation is any tax that is administered by the Department of Revenue and is delinquent as of June 30, 2009.

- An eligible tax liability may be known or unknown to the Department and includes non-filed tax returns or reports and unpaid or underreported taxes.

- A known liability is a delinquency of which the Department has knowledge.
- In order for a known liability to be eligible under Tax Amnesty, it must be on the Department's records as of June 30, 2009.

- Payments for tax liabilities due after June 30, 2009, are not eligible for Tax Amnesty and can not be made through the online Tax Amnesty application.
- Taxpayers currently working with a local Revenue agent are asked to contact that agent for assistance.
- If not, taxpayers are to call 717-783-8434 to make payment arrangements, and a Revenue representative will provide assistance with the payment process.

- An unknown liability is a delinquency for which either:
 1. No return or report has been filed, no payment has been made and the taxpayer has not been contacted by the Department; or
 2. A return or report has been filed, the tax was underreported and the taxpayer has not been contacted by the Department.

- A taxpayer that is reporting and paying taxes which are completely unknown to the Department could qualify for a limited filing period.
- Under Tax Amnesty, an unknown tax liability will only include taxes due to the Department within the five years prior to June 30, 2009.

- In this case, only undisclosed tax delinquencies dating back to July 1, 2004, will be required to be filed and paid under the Tax Amnesty program.

- Taxpayers who have entered into a duly-approved and executed deferred payment plan with the Department are eligible to participate in the Tax Amnesty program.

- Deferred payment plans are limited to the relief from penalty and half the interest that remains on the payment plan balance for an eligible liability as of the date of final tax payment.
- The entire delinquent balance must be paid by the close of the Tax Amnesty period, June 18, 2010.

- Taxpayers in the following categories are excluded from participation in Tax Amnesty:
 - Under criminal investigation for an alleged violation of a tax law;
 - A defendant in a criminal complaint or action for an alleged violation of any law imposing an eligible tax; or
 - In bankruptcy protection under Title 11 of the U.S. Code or have a discharge determination of PA tax liabilities through a bankruptcy court.

- For each tax delinquency, a notice will be sent to the taxpayer's last known address on the Department's records.
- A taxpayer with delinquencies for multiple tax types may receive more than one notification.

- The notice will contain important information for the recipient to participate in the Tax Amnesty program, such as:
 - Tax Amnesty PIN #
 - Tax Type
 - Taxpayer ID
 - Instructions on how to file

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- By the end of this module, you will be able to answer the following questions:
 - What are the conditions for participation?
 - What must a taxpayer do to participate?
 - What must an unregistered business do to participate?
 - What payment types will be accepted?

- A taxpayer who participated in the previous Tax Amnesty program (1995/1996) is eligible to participate in the 2010 Tax Amnesty program.
- A taxpayer who participates in the 2010 Tax Amnesty program will NOT be eligible to participate in any future Tax Amnesty programs.

- Participation is conditional upon the taxpayer's agreement not to petition for a refund of money paid under the Tax Amnesty program.
- In addition, a taxpayer with an active administrative or judicial appeal is eligible to participate, but must withdraw the appeal related to the periods accepted in the Tax Amnesty program.

- To be considered a participant in the Tax Amnesty program, a taxpayer must complete the following four steps.
- This information will also be included in the notice that will be mailed to taxpayers with known liabilities with the Department.

▶ Taxpayer Participation – Step 1



- Taxpayers must electronically file a Tax Amnesty application during the Tax Amnesty period (April 26 to June 18, 2010).
- No extensions will be granted.

- Taxpayers must file all delinquent tax returns.
- This means that complete tax returns must be filed for all years the taxpayer previously had not filed.
- In addition, complete amended returns must be filed for all years the taxpayer underreported a tax liability.

- Taxpayers must make the required payment within the Tax Amnesty period (April 26 to June 18, 2010).
- Payment includes all taxes and 50 percent of the interest due.

▶ Taxpayer Participation – Step 4



- Taxpayers must agree not to protest or petition for a refund of money paid under the Tax Amnesty program.

- Businesses previously not registered with the Department who wish to apply for Tax Amnesty must begin the registration process to obtain Pennsylvania tax account numbers.
- Businesses may register by completing the PA-100 and/or registering with the Department of State by the conclusion of the Tax Amnesty period.

- The lack of an account number will not:
 - Extend the time allotted to file the Tax Amnesty application and submit payment for tax liabilities due, or
 - Prevent a taxpayer from participating in the Tax Amnesty program.

- The following forms of payment will be accepted to satisfy the taxpayer's liability to the Department.
- Electronic Transfer (ACH Debit & Credit)
- Credit Card
- Check (Certified, Cashiers, Official or Personal)
- Money Order
- Cash *

* Cash will only be accepted in the Department of Revenue lobby in Strawberry Square in Harrisburg.

- Once taxpayers submit an application, they may make multiple payments during the Tax Amnesty period.
- Taxpayers must select a method of payment in the Tax Amnesty application.
- Please note that a coupon must be printed from the Tax Amnesty application and submitted with check, money order or cash payments.

- No interest will be paid on the overpayment of an eligible tax refunded within 180 days after the Tax Amnesty application is filed.
- No refund or credit will be issued for any interest or penalty on eligible taxes paid to the Department prior to the Tax Amnesty period.

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- By the end of this module, you will be able to answer the following questions:
 - What will occur after Tax Amnesty to ensure continued compliance?
 - Are there other penalties that a taxpayer can face by not participating in the Tax Amnesty program?

- The Department will assess and collect from a taxpayer all penalty and interest waived through the Tax Amnesty program if within two years after the end of the program:
 - The payment of taxes due or filing of returns are delinquent for three consecutive periods for semi-monthly, monthly and quarterly filing and the taxpayer has not contested the liability; or

- The Department will assess and collect from a taxpayer all penalty and interest waived through the Tax Amnesty program if within two years after the end of the program:
 - The payment of taxes due or filing of returns on an annual basis is delinquent or more than 8 months late and the taxpayer has not contested the liability.

Non-participation Penalty

- For all non-participants, at the conclusion of the Tax Amnesty period, a 5 percent non-participation penalty will be imposed on unpaid liabilities not paid in full during the Tax Amnesty period.
- Exceptions include taxpayers with active deferred payment plans, active appeals or entities in bankruptcy.

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- This module will provide an overview of the high-level steps in the Tax Amnesty process.
- The process starts with the taxpayer's receipt of notification through the Department's approval or denial of the taxpayer's Tax Amnesty application.

- The taxpayer receives notification or becomes aware of Tax Amnesty through the advertising campaign.
- Notifications will be sent to all delinquent taxpayers known to the Department starting April 23, 2010.
- The statewide advertising campaign will begin promoting Tax Amnesty on April 26, 2010.

- The taxpayer registers in the Tax Amnesty system to obtain an user ID and password.

- The taxpayer reviews the known liabilities in the Tax Amnesty system and updates any unknown or underreported liabilities.

- The taxpayer submits the Tax Amnesty application, payment and tax returns.
- Tax returns may be submitted electronically or in hardcopy to the Department. For paper tax returns, taxpayers must send them to the Office of Tax Amnesty's mailing address.

▶ Tax Amnesty Process – Step 5



- The Department processes the taxpayers payment and tax returns.

▶ Tax Amnesty Process – Step 6



- The Department's tax systems update with payment and tax return data.

▶ Tax Amnesty Process – Step 7



- The returns and payments are reviewed by the Department.

▶ Tax Amnesty Process – Step 8



- The taxpayer's Tax Amnesty application is approved or denied.

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- This module will provide taxpayer contact information for questions relating to Tax Amnesty.

- The Department of Revenue has established an Office of Tax Amnesty. The mailing address for the office is:

PO Box 281101

Harrisburg, PA 17128-1101

- Paper returns and payments (checks and money order) should be sent to this address.

- Toll-free PA Tax Amnesty phone number: 1-877-34-PAYUP (1-877-347-2987).
 - The call center will be open 7:30 a.m. and 7 p.m., Monday through Friday.
 - The call center will also be open on the following Saturdays from 8 a.m. to 4 p.m.: May 1, May 8, June 5 and June 12.

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- This module will provide you with information on the Tax Amnesty Web site and where to access Tax Amnesty resources.

- www.PATaxPayUp.com
- The resources available on the Tax Amnesty Web site include:
 - Frequently Asked Questions and Answers
 - A Tax Amnesty Application Simulation
 - Step-by-Step Tax Amnesty Application Instructions
 - The PA Tax Amnesty online application will be available on this site beginning April 26

- General questions and answers about the 2010 Tax Amnesty program are available on the Tax Amnesty Web site under the Contact Us section.
- Taxpayers may submit general Tax Amnesty questions in this section.

Thank you for taking the time
to learn more about the PA
Tax Amnesty Program.