



TAX & ESTATES DEPARTMENT

# ALERT

## A GOOD TIME TO MAKE PEACE WITH THE PENNSYLVANIA AND PHILADELPHIA DEPARTMENTS OF REVENUE

By Owen A. Knopping

If you have not read or heard about it and if you owe taxes to the state or the city, you can expect to be hearing from these taxing authorities in the near future. And even if you do not receive a communication from either taxing authority, there will be a “window of opportunity” to resolve your outstanding tax liabilities on a favorable basis.

Both the state and the city have announced Tax Amnesty Programs that will overlap in the time frame of their respective amnesty periods. However, the bottom line is the same. If a taxpayer remits the outstanding tax and one-half the interest that is otherwise due the state and/or the city in full during the tax amnesty period, the state and city will waive the other one-half of the interest amount that is otherwise due as well all assessed penalties.

Certain policy issues remain to be addressed, but the parameters of the respective programs are as follow:

### Tax Amnesty Periods

**State** April 26, 2010 to June 18, 2010

**City** May 3, 2010 to June 25, 2010

### Eligible Taxes

#### State

Delinquent taxes owed as of June 30, 2009

Non-filed returns as of June 30, 2009

Eligible Taxes Include:

- Bank and Trust Company Shares Tax

- Capital Stock/Foreign Franchise Tax
- Corporate Net Income Tax
- Employer Withholding Tax
- Personal Income Tax
- Sales and Use Tax
- Realty Transfer Tax
- Other taxes administered by the Department of Revenue

#### City

Delinquent taxes owed as of June 30, 2009, that were due and payable from February 1, 1986 through June 30, 2009 (including taxes due in connection with non-filed returns). Eligible Taxes include the following:

- Wage and Net Profits Tax
- Net Income Tax
- Realty Use and Occupancy Tax
- Liquor Sales Tax
- Hotel Room Rental Tax
- Business Privilege Tax
- Realty Transfer Tax
- Other taxes administered by the Department of Revenue

**Tax Relief (Generally)**

**State & City:**

If the tax and one-half the interest are paid in full during the amnesty period, the other one-half of the interest amount otherwise due and all of the assessed penalties will be stricken.

**Taxpayers Not Eligible for Relief**

**State**

Any taxpayer who is currently under criminal investigation for any alleged violation of any tax law; is named as a defendant in a criminal complaint alleging a violation of any tax law administered by the Department prior to April 26, 2010; or who will be a defendant in a criminal action for an alleged tax law violation.

**City**

Any taxpayer who has received a notice that he or she is under criminal investigation; is named as a defendant in a criminal

complaint relating to Eligible Taxes; or a taxpayer who participated in or a taxpayer (including a taxpayer who was an officer of a company) who participated in a prior city amnesty program, or a taxpayer against whom a judgment has been entered into after June 30, 2009 (although a judgment for failing to file a tax return does not disqualify the taxpayer).

**To Participate in Tax Amnesty**

**State**

Application for Tax Amnesty must be filed “online.”

**City**

Application (on form) prescribed by the Department.

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