

# PENNSYLVANIA'S NEW TAX AMNESTY PROGRAM – PLAN NOW FOR PEACE OF MIND

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On July 13, 2016, Governor Tom Wolf signed Act 84 of 2016 authorizing the Pennsylvania Tax Amnesty Program. This program presents a nice opportunity for taxpayers to become fully compliant with their Pennsylvania tax obligations while minimizing or eliminating the pain associated with penalties and interest. The amnesty period is short, beginning on April 21, 2017 and ending on June 19, 2017, and generally covers all delinquent Pennsylvania state taxes as of December 31, 2015. As such, taxpayers should begin planning immediately by reviewing their records to determine whether any potentially outstanding tax liabilities exist.



In order to participate, taxpayers must file an “amnesty return” with the Pennsylvania Department of Revenue. The “return,” which is available along with other details on the Department’s website at [www.revenue.pa.gov/taxamnesty](http://www.revenue.pa.gov/taxamnesty), is actually an application for approval to participate in the program. Taxpayers must also file all delinquent tax returns, including amended returns, if necessary, and pay all delinquent taxes within the amnesty period. One-half of the related interest must also be paid. Further, while post-2015 returns and taxes are not eligible, those returns and taxes, to the extent due, must nonetheless be filed by the taxpayer in order to participate in the program. In return, the Department of Revenue will waive all penalties, collection and lien fees, and the other half of the related interest.

## **Who is Eligible?**

Individuals, business entities and other entities are eligible to participate. However, certain taxpayers are ineligible, including those under criminal tax investigation and defendants in a criminal tax matter. Moreover, any taxpayer who participated in the 2010 amnesty program will be ineligible.

## **Eligible Taxes**

Eligible taxes include unpaid taxes, as well as under-reported taxes. Some of the more common types of taxes include personal income taxes, corporate net income taxes, employer withholding taxes, inheritance taxes, sales and use taxes, and capital stock/franchise taxes. Other taxes are eligible as well, and can be found on the Department’s website. By participating in the program, however, taxpayers must agree to give up their right to an administrative or judicial review or any refund related to taxes submitted under the program.

### **Identifying Delinquent Taxes**

Prior to the start of the amnesty period, the Department will mail notices to taxpayers with known tax delinquencies. However, taxpayers need not wait to begin planning. For example, business taxpayers can simply log in to e-TIDES at [www.etides.state.pa.us](http://www.etides.state.pa.us), while individuals can do the same at [www.doreservices.state.pa.us](http://www.doreservices.state.pa.us). Taxpayers are then responsible for identifying any unpaid or under-reported taxes that are unknown to the Department, and are urged to consult with a tax advisor for assistance in this regard.

### **In Summary**

Participation in the program has its obvious advantages. In general, taxpayers have the opportunity to pay delinquent taxes on a “no-questions-asked” basis. This opportunity comes at a bargain, since current interest rates remain at all-time low levels. Finally, according to the Department of Revenue, in some cases, compliance can eliminate any further exposure for taxes of the same type due prior to January 1, 2011.



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