



Pennsylvania Tax Amnesty Program

JANUARY 2010

As part of an effort to raise revenue, the State of Pennsylvania has recently enacted a tax amnesty program. This amnesty program provides businesses and individuals a limited window of opportunity to cure Pennsylvania unpaid tax liabilities on relatively favorable terms.

Important details about the program include:

- The amnesty period begins on April 26, 2010 and ends on June 18, 2010.
- Penalties and one-half of the interest due as of June 30, 2009 are waived for outstanding tax liabilities which are eligible for amnesty.
- Eligible Pennsylvania taxes include those administered by the PA Department of Revenue, which were due as of June 30, 2009.
- Participation requirements include the filing of an online Amnesty Return, making a payment of all taxes and one-half of the interest due, and filing completed tax returns for all required tax periods (or amended returns in the case of underreported tax liabilities).
- If a single payment would cause a serious financial hardship, the taxpayer can make a payment equal to one-half of the total amnesty liability

and pay the balance in two payments on or before the end of the amnesty period.

- Taxpayers participating in the amnesty program waive their rights to later challenge the assessment.
- Outstanding tax liabilities associated with pending criminal tax cases are not eligible for the amnesty program.
- The State has established an amnesty website at:
http://www.portal.state.pa.us/portal/server.pt/community/revenue_home/10648/amnesty/609682

What's the Benefit?

Since the tax liability itself is not reduced, taxpayers may question the value of participating in the amnesty program. More often than not, the Department of Revenue will audit multiple years at once and, in some cases, the interest and penalty charges will exceed the tax due. Therefore, the ability to eliminate penalties completely and one-half of the interest costs is a substantial benefit to the taxpayers.

Taxpayers who choose not to participate in the amnesty program will be assessed an additional 5% non-participation penalty on all unpaid tax, penalty, and interest not paid in full during the amnesty period.

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**TAX ALERT**

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Who Should Take Advantage of Amnesty?

Out of state businesses with business activities in Pennsylvania who have never filed tax returns are good candidates for participation in the amnesty program.

Pennsylvania-based businesses should perform a self audit to determine whether any exposure exists. Businesses with unpaid or underpaid withholding or sales and use taxes should consider participation in the program as this is one of the most common focal points of State level tax examinations.

Additionally, individual taxpayers who have erroneously omitted or underreported income from their Pennsylvania tax returns, or who have not filed prior year tax returns should take advantage of this opportunity to remediate these matters.

Limited Window – Act Now

The Pennsylvania Tax Amnesty Program will only last until June 18, 2010.

Therefore, it is critical that taxpayers prepare now for this opportunity. Furthermore, taxpayers currently under audit or faced with collections activity by the Pennsylvania Department of Revenue should contact our office as soon as possible.

The above represents a summary of this program and does not address all of the details contained in the new legislation. For clarification or more information on these and other tax matters, contact your W&G tax advisor at 732-846-3000.

Any U.S. tax advice contained in this communication is not intended or written to be used, and cannot be used, for the purpose of avoiding tax penalties that may be imposed on the taxpayer.

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