

Pennsylvania



PA-NATP NEWS

Volume 19, Issue 2

Summer 2007

President's Message

Dear PA-NATP,

The summer is waning fast and our lives, slowly but surely, begin to get more hectic. Soon it will be tax season again. Prior to the onset of this busy time, many Pennsylvanians took advantage of the opportunity to attend our National Convention in Las Vegas, Nevada to meet with other Chapters and Chapter I Leaders.

I feel comfortable in saying that we belong to a strong National organization dedicated to its members and committed to the highest standards of education and ethics. The Conference was well run and a detail of the weeks events is provided in the newsletter.

At home we are addressing some issues vital to our Pennsylvania membership. These issues are:

- 1) By-Law changes
- 2) A Pennsylvania only NATP website dedicated to the unique issues facing Pennsylvania tax practitioners.

Both of these issues, as well as many other concerns, will be addressed at our Annual Convention in Harrisburg. Please make plans to attend this important event to be held in November. This newsletter contains all the details. Become an active voice in your State Chapter.

We look forward to seeing you. Have a safe and Happy Labor Day weekend.

Sean J. Brennan CPA, MBA
President PA-NATP

E.I.T. REFORM IN 2007?

Submitted by AC Stickel, Chairman
PA-NATP Tax Authority Liaison Committee

I don't recommend holding your breath, but the Pennsylvania House of Representatives has introduced HB 1550, a bill to consolidate Earned Income Tax collection by districts (generally drawn along county boundaries). The Senate is poised to introduce a similar bill upon returning from their summer break in mid September.

Last year the House held hearings on a Senate bill which had been amended to create a countywide system, but the bill never got out of the Senate finance committee. This year the house has moved preemptively and seems to have bi-partisan support. Former PA-NATP President Sam Wingard and I attended last year's hearings and I had the opportunity to testify. I argued in favor of the bill representing members of PA-NATP as well as the City of Altoona.

At last year's hearings several school districts, elected collectors and several of the proprietary collectors argued in opposition to the bill. However, this year, rumor has it, sponsors of the bill are confident of its passage. My contacts in the Senate are not as certain and personally I'm more than a little cautious in my optimism.

I know most tax professionals would prefer the tax to be collected by the state, but that seems completely unlikely at this point. This bill would mandate a single form to be used statewide and would also mandate consistent rules across the state. This bill also allows employers to remit to a single collector based on either the company's headquarters or payroll department location. Despite my skepticism, nothing is impossible. Therefore I encourage each of you to contact your local Senator and Representative and encourage them to support countywide consolidated E.I.T. collection. In the house refer to HB 1550.

PA-NATP Board of Directors

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August Board of Director Meeting Brief

A Board of Directors meeting was held by teleconference at 9:30 AM on August 10, 2007 with a total of 13 Directors participating. The meeting opened with a moment of silence in remembrance of long-time Chapter Secretary Dave Knickerbocker.

The first order of business was the appointment of Justina Tushak to the Chapter Secretary position. The issue of obtaining the Chapter records and passing them on to the new Secretary was then addressed.

President Sean Brennan remarked on the lack of a quorum at the June 21st BoD meeting. After discussion the Board then acted pursuant to the bylaws, Article IV, Section 7, and removed from office four Directors for neglect of duty.

The Secretary and Treasurer gave their reports which were approved. The following Committees also reported: Membership – as of July membership stood at 892, a new high. Nominations – questions were raised about redistricting and Board composition. Newsletter – next issue to appear by Aug 31. Public Relations – attempt has been made to have seminars advertised in a Pittsburgh newspaper. IRS/PA Liaison – President Brennan attended the Aug 8th Liaison meeting. Tax Authority – report on HB1550, an EIT reform bill. Conferences – preparations for upcoming seminars proceeding according to schedule.

Under Old Business the NATP Annual Conference was reviewed. Under New Business it was decided that the Chapter would purchase its own LCD projector. Two new committees were appointed: the first to investigate the establishment of an independent PA-NATP website, the second to establish a scholarship fund in memory of Dave Knickerbocker. Discussion also was held on bylaw amendments to reduce the size of the Board to 16 members.

The meeting adjourned at 11:50.

Due diligence has been used in preparing this publication, however, the possibility of mechanical or human error does exist. Laws, regulations and procedures do change so additional information sources should always be consulted before relying on any information herein contained. Additionally, the facts and circumstances of a particular situation may differ from those presented here. This material was presented with the understanding that PA-NATP is not engaged in rendering legal, accounting or tax advice.

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The Financial Page

Income & Expenses Year to Date

REVENUES		
Dues	8221.82	
Incentive	51.75	
Seminars	1074.61	
Interest	17.16	
Miscellaneous		
Receipts	<u>2.56</u>	
TOTAL REVENUES		<u><u>9367.90</u></u>
EXPENSES		
Newsletter - Postage	50.55	
Newsletter - Printing	105.47	
Newsletter - Miscellaneous	400.00	
SUBTOTAL		<u>556.02</u>
Admin - Faxes	22.19	
Admin - Bank Fees	184.33	
Admin - Postage	18.42	
Admin - Telephone	64.86	
Admin - Photocopies	2.25	
Admin - Miscellaneous	100.00	
SUBTOTAL		<u>392.05</u>
BOD - Conf. Calls	340.08	
BOD - Mileage Reimb	990.50	
BOD - Meeting Fees	90.00	
SUBTOTAL		<u>1420.58</u>
Conference - National Chapter Showcase	420.60	
Seminar - Eastern Region	2692.09	
SUBTOTAL		<u>3112.69</u>
TOTAL EXPENSES		<u><u>5481.34</u></u>
NET INCOME		<u><u>3886.56</u></u>

Balance Sheet

ASSETS		
Current Assets:		
Commercial Bank Checking	8087.24	
Commercial Bank Savings	8315.54	
Cash on Hand	0.00	
Accounts Receivable	<u>0.00</u>	
Total Current Assets:		16,402.78
Property and Equipment:		
Total Property and Equipment:		0.00
Other Assets:		
Deposits	<u>0.00</u>	
Total Other Assets:		<u>0.00</u>
Total Assets:		<u><u>16,402.78</u></u>
LIABILITIES AND CAPITAL		
Current Liabilities:		
Accounts Payable	0.00	
Sales Tax Payable	<u>0.00</u>	
Total Current Liabilities:		0.00
Long-Term Liabilities:		
Total Long-Term Liabilities:		<u>0.00</u>
Total Liabilities:		0.00
Capital:		
Retained Earnings:	12,516.22	
Net Income:	<u>3,886.56</u>	
Total Capital:		<u><u>16,402.78</u></u>
Total Liabilities & Capital:		<u><u>16,402.78</u></u>

Reminder I

If you haven't yet registered for the RCT-101 Workshop in Pittsburgh on Sep 14th, there is still time. See details and form for registration [at the end of this newsletter](#).

Reminder II

2007 Quickfinder & TaxBook order forms are now available on the NATP website www.natptax.com. Click on "Chapter Information", then on "Quick Reference Guides".



PA-NATP Annual Conference & Membership Meeting

November 13, 2007, Harrisburg West Holiday Inn
5401 Carlisle Pike, Mechanicsburg, PA

TENTATIVE AGENDA

7:45 Registration & Continental Breakfast

8:30 PA Personal Income Tax Update
David Braden, Pa Dept of Revenue

9:30 – 9:40 Break

PA Personal Income Tax Update

11:10 – 11:20 Break

PA Personal Income Tax Update

12:10 – 1:00 Lunch

1:00 Local Issues, details yet to be finalized

2:00 – 2:10 Break

Local Issues

3:40 – 3:50 Break

Local Issues

4:40 Closing

5:30 – 7:00 **Dinner & Annual Meeting**

7:00 – 10:00 **Monte Carlo Night for Charity.** Join in the fun of Las Vegas style games of chance and help raise

money for the David L. Knickerbocker Memorial Scholarship Fund. Cash bar will be available.

CPE Credits available: 8 EA / 8 CPA

REGISTRATION FORM

Name: _____ Member # _____ First Time Attendee ___ Yes ___ No

Address: _____

Phone: _____

Check Enclosed Payable to **PA-NATP**: ___ Visa ___ MC ___ Card # _____

Cardholder Name: _____

Billing Address: _____

Exp Date: _____ V Code (last 3 digits on back of card) _____

I authorize PA-NATP to charge my VISA/MasterCard for the above amount. All goods and services have been received and are in good order.

Signature: _____

	<u>NATP Member:</u>	<u>Non-member:</u>
Full Day – Seminar, Annual Meeting, Casino Night (includes breakfast, lunch, breaks, dinner)	___ \$ 125.00	___ \$ 150.00
Seminar only (includes breakfast, lunch, breaks)	___ \$ 95.00	___ \$ 125.00
Annual Meeting & Casino Night (includes dinner)	___ \$ 35.00	___ \$ 35.00

Please submit a separate form for each person attending.

~~~~~**detach Here**~~~~~

|                              |                      |
|------------------------------|----------------------|
| Mail to:                     | Richard Miller       |
| Or fax to: 724 853-8537      | PA-NATP Treasurer    |
| Questions call: 800-726-2871 | 168 McCabe Drive     |
|                              | Greensburg, PA 15601 |

**CANCELLATIONS/REFUNDS:** You may cancel anytime prior to Oct. 20. A \$25 service fee will be charged after Oct 19. No refunds will be issued for cancellations after Nov. 7 or for no-shows however printed material will be mailed. Substitutions are acceptable at the same member/nonmember rate.

**HOTEL INFORMATION:**  
The Harrisburg West Holiday Inn is offering a special sleeping room rate of \$89 if reserved by Oct 15. Mention PA-NATP when reserving. For reservations call 717 697-0321 or 1 800 772-7829

**DRIVING DIRECTIONS:**  
Visit the hotel’s website @ <http://www.hiharrisburgwest.com/dir.html> or call 717 697-0321.

This program is open to anyone interested in increasing or reinforcing his or her knowledge in the subject area. CPE Certificates will be mailed to all attendees. Attendees will be responsible for reporting their CPE credits in accordance with their respective reporting requirements. To ensure the integrity of this program, attendance will be periodically monitored for late arrivals or early departures and credits will be adjusted accordingly.

PA-NATP is registered as a sponsor of Continuing Professional Education for the Internal Revenue Service and the PA State Board of Accountancy which has final authority on the acceptance of individual topics for CPE credit. This program qualifies for 8 CPE Credits for Enrolled Agents under Treasury Department Circular 230, Section 10(g) and 8 Credits under Pennsylvania Code, Title 49, Chapter 11, Section 11.63. Each credit is based on a 50-minute credit hour. Field of Study: Taxation. Prerequisite: None. Level of Knowledge: Basic. Teaching Method: Seminar/ Lecture.

**AMERICANS WITH DISABILITIES ACT:** In accordance with the ADA, please note any special needs you have on both the registration form and when making hotel reservations

# 2007 NATP National Conference Report

Submitted by Gary N. Smith, EA, CFP

The NATP national conference was held on July 23-26, 2007 at Caesar's Palace in Las Vegas. There were 1,085 NATP members in attendance, 36 from The Keystone State. Everyone experienced NATP's always-excellent CPE, access to and information from IRS executives at the highest level, the chance to do meaningful charity support and the opportunity to get to know NATP national board members and staff. In addition, there was an opportunity for state chapters to strut their stuff at the chapter showcase. And at the end of it all, everyone got to see the Ed Sullivan show!

What there wasn't was an abundance of time off - which may be a good thing if you're like me, and rarely win at the tables.

CPE sessions covered a wide range of tax topics from basic to advanced. They were taught by experts and came with high-quality reference materials. If you were unable to attend and would like to obtain audio recordings of the presentations, you can do so at a modest cost through iPlayback. You can reach them online at [www.iplayback.com](http://www.iplayback.com) <<http://www.iplayback.com/>>

The keynote speaker was Paul Cherecwich, who is a member of the IRS Oversight Board. He provided useful insight into the relationship of the Oversight Board and the IRS. Congress created the Oversight Board as part of the IRS Restructuring and Reform Act of 1998. The Oversight Board works closely with IRS in the establishment of both operational and budgetary policy, and is interested in dialog with practitioner groups. Mr. Cherecwich also spoke at some length on what is fast becoming everyone's favorite topic - the tax gap.

IRS executives were also present and addressed the group. Richard J. Morgante, Commissioner of the Wage and Investment Group, Kathy Petronchak, Commissioner of SB/SE and Office of Professional Responsibility Director Michael Chesman were all on hand. After answering a series of questions put by NATP's Larry Gray, each had an opportunity to address the group about their respective responsibilities and their future impact on tax administration, including, of course the tax gap.

Chesman promised vigorous enforcement of the Circular 230 rules, including the additional responsibility placed on practitioners by recent legislation. He also stated that his group is ready to administer any program that requires the regulation of currently un-enrolled practitioners, should legislation now under consideration become law.

A group of 35 NATP members had the opportunity to meet with Paul Mamo, Director of Development Services for Electronic Tax Administration. I had the good fortune to be among this group. Mamo was there to gather suggestions for the modernized e-file 1040 program. The contracts for development work on this important phase of e-filing upgrades is about to be awarded. Ours was the first practitioner group to meet with him for this purpose. He got an earful! Lots of good suggestions and even a few gripes flowed. Our fellow NATP members were anything but shy in expressing their views.

Present plans call for the rollout period for 1040 modernized e-file to take place over two tax years. During this time, there will be two e-file systems for 1040's. Which one you use will depend on the forms in the particular return you're filing. If the modernized system can handle all the forms in the return, that's the system it should go to. If not, the old system should be used. The current plan calls for the ERO practitioner to make this determination.

My two cents worth consisted of suggesting that the selection of which e-file platform to use for a particular return should be made automatically by software on the front end of the transmitter's package. This would insure better consistency while relieving the individual practitioner of this burden.

Chapter showcase was great! This was a primarily social event. If you've been to chapter showcase at this or other national conferences, you know what a good time this can be. Each chapter had a table and display. Some were quite elaborate. Many had a give away and some had a raffle prize. Your Pennsylvania chapter display included a memorial photo tribute to the late Dave Knickerbocker, long-time secretary of the chapter. We also handed out chapter pins, which many members collect, raffled a box of chocolates and distributed Tastykake products.

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## National Conference

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When NATP goes into a town, they like to leave it better off than the way they found it. The generosity of four fellow members raised \$12,764 for Safe-Nest, a local charity that provides services to people coping with domestic violence. This was presented to the charity during the banquet at the end of the conference.

The Pennsylvania Chapter hosted a luncheon at the Cheesecake Factory for all attendees from our state. It was a great chance to meet and greet old friends and new faces alike. Who says there's no such thing as a free lunch!

The national conference was terrific. There was lots of CPE, lots of positive interaction with IRS, and plenty of opportunity to get to know your fellow practitioners as well as NATP staff. Kudos to the NATP staff who worked so hard to bring off this event. Nice job, everybody!

If you've never been to a national conference, or it's been a while since you've attended one, you should consider going to the 2008 conference. It will be in Atlanta July 7 - 10, 2008. Attendance at a national conference provides a level of interaction coupled with insight and access that can't be duplicated at the typical stand-alone CPE session.

## Electronic Filing of Local EIT Available for Some Taxpayers

Submitted by Samuel Wingard

In early 2007 Berkheimer Tax Administrator, the largest collector of Local Earned Income Tax in Pennsylvania, began offering electronic filing of individual year-end Local EIT returns thru their **berk-e File** on line system. According to Berkheimer President Patti McNamara, it has been a successful and well-received option by taxpayers and tax preparers. With help features and search ability available for seamless use, "easy" has been the word that is most frequently used to describe this new feature.

The **berk-e** portal enables a taxpayer or tax preparer to file a Local Earned Income Tax Return online. If payment is required, a payment method using bank direct debit or a credit card option with a processing charge is available. Before filing an online tax return, a user must be a registered **berk-e** user and create a tax account. Users must have access to the taxpayer's W-2 form to complete the tax return. PA Schedule UE - Allowable Employee Business Expenses and one PA Schedule C - Profit or Loss from Business (Sole Proprietorship) can also be filed online if these forms are needed to complete the return.

Berkheimer has allowed employers to fill out and file their quarterly tax returns for over a year and it has been very successful. In 2007 they rolled out the latest feature added to this program – the employer file upload, which allows employers to simply and securely upload their quarterly information through their web site. **berk-e File** for Employers provides business, accountants, payroll companies, and tax collectors with an online system for storing tax data and paying local earned-income taxes. Users can upload employer tax data quarterly, view a history of tax data previously uploaded, and pay quarterly taxes by credit card or direct debit from a checking or savings account. Employers, accountants, payroll companies, and tax collectors must create a new employer account before logging in to Berkheimer Online Tax Portal.

Since Berkheimer is the largest EIT collector, many Pennsylvania taxpayers will now be able to file their federal, state and local returns electronically. However, because of the fragmented nature of the collection system, a large percentage of taxpayers filing with the dozens of other collectors will likely have to continue filing paper local returns until our state legislators see fit to bring this system into the 21<sup>st</sup> century.

## *Farm Income Averaging*

Submitted by Dave Fleming, EA

With higher farm commodity prices this year for grain and milk, I am frequently asked about using farm income averaging (Schedule J) to reduce federal income taxes. In many "normal" situations, using farm income averaging will produce no change in federal income tax due. It can be used to an advantage (to reduce taxes due) in extraordinarily profitable years and when there are significant sales of business use assets such as breeding livestock.

Some common questions follow:

Q: Who is eligible to use farm income averaging?

A: Persons who are engaged in farming business as a sole proprietor, a partner in a partnership, or as a shareholder in an S-Corporation.

Q: When is it advantageous to use income averaging?

A: Generally farm income averaging is favorable in years when taxable income increases enough to place the taxpayer in a higher marginal tax bracket.

Q: Can I decide how much income I want to average?

A: Yes, within certain limits. The amounts of income that you can average to the 3 previous years are limited to the net profit from farming, and net capital gains from farming. Equal amounts must be averaged to each of the 3 prior years. Multiple calculations are necessary to maximize the tax savings. You can also use negative taxable income in the prior years if the standard deduction and personal exemptions brought taxable income below zero.

Q: Which taxes will I reduce by using income averaging?

A: Farm income averaging will reduce only federal income tax. It has no effect on Self-employment tax, state income tax, or local income tax.

Q: I sold my farm, can I use farm income averaging for the capital gains on the land portion of the sale?

A: No, gains from the sale are not eligible for farm income averaging. However if you have other gains attributable to farming (Schedule F profit or breeding stock sales) you can average the income from those items.

For more information on Farm Income Averaging, please refer to Pub 225.

## *Revenue Collects \$31.4 Million In Delinquent Taxes By Citing Businesses Operating Without A Sales Tax License*

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

Act 46 of 2003, granted PA Department of Revenue enforcement agents the authority to issue citations to people who sell or lease items subject to Pennsylvania sales tax without a valid sales tax license.

Since 2003, the Revenue Department has collected more than \$31.4 million in delinquent taxes from issuing citations to businesses operating without a sales tax license. The department's tax enforcement agents, located across the state, have issued 590 citations to 513 businesses since the program started. Ninety-one of the businesses failed to comply with the first citation and were issued more than one citation.

The penalties for making sales without a valid license can include a fine between \$300 and \$1,500 for each violation, as determined by a magisterial district judge. If the person maintaining the business fails to pay the fines, he/she could be imprisoned for five to 30 days.

This authority continues to be one of the most successful collection tools available to the department in collecting delinquent taxes. It also helps ensure that businesses located within the commonwealth operate on a level playing field.

## [Record Number of Pennsylvania Taxpayers Filed Their State Taxes Electronically](#)

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

More than 2.9 million taxpayers, or about half of all individual taxpayers, filed their 2006 state personal income tax returns electronically this year, setting an all-time record for electronic filing.

"Each year, more and more taxpayers file their tax returns electronically," said Secretary of Revenue Thomas W. Wolf, who noted that the state received 7 percent more tax returns electronically this year than last year. "It is the most cost-effective method of filing a tax return and gives taxpayers more options and advantages compared to filing a traditional paper return."

Taxpayers who file using an electronic method can have their refund deposited directly into their bank account or pay a balance due electronically. This tax season, more than 540,000 taxpayers chose to directly deposit their refund; about 201,000 chose to pay their taxes using the ACH debit/credit option; and more than 21,000 chose to pay their taxes by credit card.

The department's Web site, [www.revenue.state.pa.us](http://www.revenue.state.pa.us), continues to be a popular source for tax information as more than 198.7 million hits were recorded this tax season, a 13 percent increase from last year. The site allows taxpayers to download forms, receive answers to their most commonly asked questions through the online customer service center, and file their state income tax returns electronically for free.

## [Electronic Business Registrations Continue to Rise](#)

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

The Department of Revenue has seen a steady increase in the percentage of businesses using the Internet to register their businesses since 2001. During the week of April 16, the department received 88 percent of business registration applications electronically.

Overall, the number of business applications submitted electronically has increased from 25 percent in 2001 to 82 percent in 2007, as of April 30.

The [PA Open for Business Web site](#) allows users to register an enterprise electronically with the commonwealth in two ways: an online interactive interview or an online version of the PA-100 Enterprise Registration Form. The Online PA-100 is a fill-in form, and allows users to register an enterprise with the Departments of Labor & Industry and Revenue, but **does not** register the enterprise with the Department of State. The Online PA-100 is designed for users who are familiar with the PA-100 process and know the taxes and services for which they need to register. The Online Business Registration Interview is a step-by-step wizard that guides users through the process of registering an enterprise with the departments of [Labor & Industry](#), [Revenue](#) and [State](#). It is designed for:

- Users who are unfamiliar with Pennsylvania taxes, services and business registration requirements.
- Enterprises that have not registered their Limited Liability Company, Corporation, Limited Partnership, Limited Liability Partnership or Fictitious Name with the Department of State.

To view all of the Department's electronic services, visit the Revenue [e-Services Center](#) at [www.revenue.state.pa.us](http://www.revenue.state.pa.us).

## *E-Tides Celebrates 7 Years*

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

**E-TIDES**, the Department of Revenue's free online business tax filing system, turns seven years old this year.

When it was introduced in 2000, e-TIDES (Electronic Tax Information Data Exchange System) promised to be secure, convenient, accessible, customer-driven, easy and effective. Over the years, the system has proven to meet all of those promises and even more as the department continues to develop and improve its online tax filing and payment services.

The primary business taxes filed on the e-TIDES system include: Employer Withholding, Sales and Use, Corporate and Motor Fuels Taxes. Filings in all tax categories have increased annually since 2000.

## *Pennsylvania Business Can Now Electronically File State Corporate Tax Returns*

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

Secretary of Revenue Thomas W. Wolf announced in July that businesses can now electronically file PA Corporate Tax Reports (RCT-101), forms and schedules for tax year 2006.

"For the first time, the 320,000 Pennsylvania businesses that file corporate net income and capital stock and franchise tax reports can file electronically," Wolf said. "Electronic filing is the most cost-effective method of filing a tax return and the returns are processed faster and more accurately compared to the traditional paper tax returns."

Pennsylvania joins six other states, including neighboring New York and Maryland, in partnering with the IRS and software vendors to provide a single-point filing method that enables federal and state corporate tax returns/reports to be filed electronically and simultaneously.

For a list of software vendors approved to prepare electronic corporate tax reports for Pennsylvania, please visit the e-Services Center on the Revenue Web site, [www.revenue.state.pa.us](http://www.revenue.state.pa.us). Software developers and products will be added to the list in alphabetical order as vendors are approved.

The Pennsylvania Corporate Tax Report (form RCT-101) is used to file the corporate net income, capital stock and foreign franchise and corporate loans taxes. Pennsylvania corporate tax reports are due April 15 for corporations operating on a calendar-year basis, or 30 days after the federal corporate tax due date for corporations operating on a fiscal-year basis.

The PA Department of Revenue requires business tax payments of \$20,000 or more to be submitted electronically. The IRS has offered electronic filing for federal corporate tax returns since 2004 and now requires some large and mid-size corporations to file electronically. The IRS requires corporations with assets exceeding \$10 million and that file at least 250 federal returns each year, such as Form W-2 and Form 1099, to file federal corporate tax returns electronically. These businesses can now electronically file their Pennsylvania corporate tax reports at the same time.

Pennsylvania's Corporate Tax e-File Program was developed over the past three years in conjunction with the IRS's modernized e-File platform and under the umbrella of the Federation of Tax Administrators. The Department of Revenue and the IRS continue to work closely with e-file software developers and e-file service providers to ensure a smooth transition to electronic filing for businesses.

Questions about Pennsylvania's corporate e-file program may be directed to the Department of Revenue's Online Customer Service Center at [www.revenue.state.pa.us](http://www.revenue.state.pa.us).

## *Corporation Tax Settlement Process Changes Jan. 1, 2008*

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

Act 119 (SB 993), signed into law on October 27, 2006, by Governor Edward G. Rendell, replaces the current corporation tax settlement process with an assessment and reassessment process beginning Jan. 1, 2008. With this change, corporation tax returns will be treated similarly to other tax returns and similarly to the tax return processes used in other states. Returns will be considered accepted as filed unless the Pennsylvania Department of Revenue or Auditor General selects them for review or audit.

Act 119 implements recommendations made by the bi-partisan Business Tax Reform Commission appointed by Governor Rendell in 2004, which the newly-appointed Secretary of Revenue Thomas W. Wolf was a member of.

Three major provisions of the law become effective Jan. 1, 2008. Act 119 will require the Department of Revenue to issue assessments (of \$300 or more, as amended by Act 55 of 2007) by certified mail, including the basis for such assessments, for all taxes covered by the statute. Another prominent change is the replacement of the current settlement procedure for corporation taxes with an assessment process comparable to that used for other Pennsylvania state taxes. Finally, consistent appeal procedures will be adopted for major state taxes.

### **To summarize, Act 119:**

Standardizes assessment terminology throughout the tax code;

Replaces the existing settlement process for corporation taxes with an assessment and reassessment process similar to that used for the other major state taxes (including sales and use and personal income taxes);

Requires all tax assessment notices (of \$300 or more, as amended by Act 55 of 2007) to be sent by certified mail;

Allows the department to issue estimated assessments for failure to file a corporation tax report (or for filing a return that is too incomplete to determine the tax);

Provides new administrative procedures for petitions for reassessments and petitions for refunds made to the Board of Appeals; and

Authorizes new time limits for tax assessments.

A new article in the Tax Reform Code, Article (XXVII), adopts new rules to be consistently applied for major taxes, petitions for reassessments and petitions for refund content and procedures. This new assessment process does not apply to Liquid Fuels Tax, Oil Company Franchise Tax, or Motor Carriers Road Tax. The new appeal procedures do not apply to Inheritance Taxes (Article XXI).

### **Before Act 119:**

Assessments and settlements of state taxes were occasionally misdirected in the mail and the appropriate taxpayers' officials could not confirm that they received the information. (By sending assessments of \$300 or more via certified mail, the department can now confirm with some certainty whether or not an assessment has been received by the taxpayer or his/her representative.)

A tax settlement process was required because there was no final determined tax liability until either the state settled the return or the settlement period expired. This led to the existing process in which all corporation tax reports were settled within 18 months of receipt to legally determine the tax liability, even if no adjustment or change was made with settlement. (In most other states, a tax liability is established when a taxpayer reports it, a process usually referred to as self-assessment. Under Act 119, Pennsylvania will now treat corporation taxes like it does other major taxes – with an assessment and reassessment process.)

The PA Department of Revenue is working to implement the changes required by Act 119. Currently, the department is finalizing its review of the process and system requirements necessary for changing the corporation tax settlement process to an assessment process.

# [Property Tax/Rent Rebate Program Deadline Extended To End Of The Year](#)

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

The deadline to apply for Pennsylvania's recently-expanded Property Tax/Rent Rebate program has been extended from June 30 to Dec. 31.

"We are extending the program deadline again this year because we want to be sure that those who are eligible have ample time to apply for property tax or rent rebates," Secretary of Revenue Thomas W. Wolf said. "The rebate program was dramatically expanded this year, so we especially want to give some extra time to those people who are applying for a rebate for the first time."

The rebate program benefits eligible Pennsylvanians age 65 and older; widows and widowers age 50 and older; and people with disabilities age 18 and older. Last year, Governor Edward G. Rendell signed a law expanding the rebate program by increasing the income limit from \$15,000 to \$35,000 for homeowners and raising the maximum rebate for both homeowners and renters from \$500 to \$650. Applicants can exclude, as income, one-half of Social Security, Supplemental Security Income and Railroad Retirement Tier 1 benefits.

## **The expanded household income limits and rebate amounts are:**

|                      |        |
|----------------------|--------|
| Homeowners:          |        |
| Income               | Rebate |
| \$0 to \$8,000       | \$650  |
| \$8,001 to \$15,000  | \$500  |
| \$15,001 to \$18,000 | \$300  |
| \$18,001 to \$35,000 | \$250  |
| Renters              |        |
| Income               | Rebate |
| \$0 to \$8,000       | \$650  |
| \$8,001 to \$15,000  | \$500  |

Renters with incomes between \$0 and \$8,000 will now receive a \$650 rebate and those with incomes between \$8,001 and \$15,000 will receive a \$500 rebate.

Rebates for property taxes or rent paid during 2006 were distributed beginning on July 1, as specified by law. Rebates will now be distributed as the claims are received and approved.

To check on the receipt and status of a claim, call the department's automated FACT and Information Line at 1-888-PATAxes (1-888-728-2937). Touch-tone telephone service is required. Callers will need their Social Security Number and the amount of their rebate. People can also call 1-888-222-9190 between 7:30 a.m. and 5:30 p.m. for help.

Property Tax/Rent Rebate claim forms (PA-1000) are available online at [www.revenue.state.pa.us](http://www.revenue.state.pa.us) or by calling 1-888-222-9190. Forms and assistance also are available at the department's district offices (listed in the government section of local telephone directories), local area agencies on aging, senior centers and state legislators' offices. Claimants are reminded to provide all the necessary income, property tax or rental information for their claims to be processed accurately and quickly.

The Property Tax/Rent Rebate Program is one of four programs supported by the Pennsylvania Lottery. Since the program's 1971 inception, \$3.76 billion has been paid to qualified applicants. The expanded portion of the rebate program is being paid for with revenue from slots gaming.

## 66 BUSINESSES ADDED TO TAX DELINQUENT LIST

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

### ***\$30.5 Million in Delinquent Taxes Collected since Web Site's Debut***

HARRISBURG – The Pennsylvania Department of Revenue has added 66 new names to its Internet list of tax delinquents, Secretary of Revenue Thomas W. Wolf said today.

"The tax delinquent Web site has proven to be an effective tool to help collect unpaid taxes from businesses that previously ignored Revenue Department efforts," Wolf said. "Businesses collect sales and employer withholding taxes from their customers and employees. It's unfair for some businesses to keep that money."

Among the 66 new delinquent taxpayers added to the list are: Operation Nehemiah, Pittsburgh, Allegheny County (which owes \$94,637.10); Kall Foods Inc. dba Society Hill Pizza, Philadelphia (\$77,389.04); Keystone Pools Inc., Carlisle, Cumberland County (\$61,072.08); City Termite and Pest Control Inc., Allentown, Lehigh County (\$37,703.51); Grode Florist of Erie; Erie (\$32,383.58); and Pocono Brewing Company Inc., Swiftwater, Monroe County (\$25,273.74).

The list now includes a total of 282 businesses that owe sales and/or employer withholding taxes. Since the list was posted in April 2006, 183 of the 399 businesses that have appeared on the tax delinquent list have been removed from the site because they either paid their taxes in full or committed to a deferred payment plan.

Businesses and individuals listed on the Web site are contacted by the department and given one final chance to make payment arrangements before appearing on the list. The prospect of appearing on the list has helped convince delinquent taxpayers to pay \$30.5 million and enter into deferred payment plans for an additional \$19.5 million in previously unpaid taxes.

Other states have found that the threat of public exposure can be a powerful tax collection incentive. At least 20 other states, including Maryland, New Jersey and Virginia, use Internet lists to help collect unpaid taxes.

Information on the Web site is public as a result of a lien filed by the Revenue Department. The liens are recorded in the county prothonotary's office where the person lives or does business. The amounts listed on the Web site represent the original liens. The current amount of tax due may differ from the amount listed on the site because of partial payments and/or the accrual of additional interest since the tax lien was filed.

Delinquent taxpayers who appear on the list should contact the Revenue Department at the telephone number listed on the letter they received or call the nearest Revenue district office to make payment arrangements. The Web site is updated monthly, and delinquent taxpayers who resolve their tax liabilities are removed from the site each month.

The complete PA Tax Delinquent List is available on the Department of Revenue's Web site at [www.revenue.state.pa.us](http://www.revenue.state.pa.us).

###

**EDITOR'S NOTE:** The 282 businesses on the PA Tax Delinquent List are from the following 48 counties and 12 are out of state: Adams (3), Allegheny (19), Armstrong (2), Beaver (2), Berks (2), Blair (3), Bradford (1), Bucks (12), Butler (5), Centre (1), Chester (4), Clearfield (2), Columbia (1), Cumberland (10), Dauphin (13), Delaware (11), Erie (5), Fayette (4), Franklin (6), Greene (1), Indiana (2), Jefferson (1), Juniata (3), Lackawanna (7), Lancaster (7), Lawrence (3), Lebanon (1), Lehigh (11), Luzerne (13), Lycoming (2), McKean (2), Mercer (4), Monroe (3), Montgomery (16), Northampton (3), Northumberland (4), Perry (3), Philadelphia (50), Pike (1), Schuylkill (1), Snyder (4), Somerset (1), Susquehanna (2), Union (1), Washington (1), Wayne (2), Westmoreland (6), and York (9).

For more information contact: Stephanie Weyant, Press Secretary 717-787-6960

# *Pennsylvanians Who Purchase Cigarettes Over The Internet Must Pay PA State Taxes*

*Revenue Department Mailed Letters to 4,329 People on April 18*

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

Pennsylvanians who purchased 100 cartons of cigarettes or more over the Internet or from out-of-state mail order companies were the first to receive letters from the PA Department of Revenue asking them to pay state taxes owed on the purchases.

Under the federal Jenkins Act, vendors that ship cigarettes into another state are required to release information about the purchases to state taxing authorities.

In April, the Revenue Department mailed cigarette tax forms and letters explaining Pennsylvania's cigarette tax law to 4,329 people who purchased 100 or more cartons of cigarettes or more from out-of-state sources since January 2005.

The department estimates that the commonwealth is owed about \$9.3 million in cigarette taxes and another \$1.1 million in sales and use taxes from these purchases. These individuals purchased a total of 694,126 cartons of cigarettes; the average number of cartons purchased was 160.

If recipients of the letters respond by the due date listed, the department will waive late-payment penalties. Deferred payment plans are available for those who cannot afford to pay the taxes they owe at one time by calling the department at (717) 214-7287.

The state Revenue Department has been receiving information on cigarette purchases from a number of Web sites nationwide. The department plans to contact everyone who avoided the tax by purchasing cigarettes online, including those who purchased less than 100 cartons. Everyone will have an opportunity to pay within a penalty-free time period, and with a payment plan if needed.

At least 13 other states, including neighboring New Jersey, Ohio and New York, have also been using the federal information to collect cigarettes taxes.

All cigarettes sold legally in Pennsylvania are marked with a Pennsylvania cigarette tax stamp on the bottom of the pack to show that the appropriate tax has been paid. The cigarette tax is imposed on the ultimate consumer, but licensed cigarette stamping agents remit the tax, currently \$1.35 per pack of 20 cigarettes, to the commonwealth.

The cigarette tax is the same regardless of where the cigarettes are purchased—in a local store or online. The only difference is who is responsible for paying the tax. The cigarette tax is included in the price of cigarettes purchased from Pennsylvania stores. Cigarettes purchased online most likely do not include the tax, so the person who purchases the cigarettes is responsible for paying it

Retailers that sell cigarettes bearing the appropriate Pennsylvania Cigarette Tax stamp are at a competitive disadvantage against retailers that do not. By enforcing the Cigarette Tax laws of the commonwealth, the Department of Revenue is helping to ensure a level playing field among businesses.

The department has sent posters and flyers to businesses across Pennsylvania that sell cigarettes. Click [here](#) to view the [poster](#) and [flyer](#). If you are interested in obtaining these materials to display in your cigarette retail establishment, please contact Janis Holloway by phone at (717) 787-6960 or by e-mail at [janhollowa@state.pa.us](mailto:janhollowa@state.pa.us).

## [Revenue Secretary Wolf Addresses York County Residents on Governor Rendell's "Prescription for Pennsylvania"](#)

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

At the York City Council Chambers on May 17, Revenue Secretary Thomas Wolf was one of a four-member panel: Eve Gardner (Healthy York Network); Sharon Ward (Keystone Research Center) and Rep. Eugene DePasquale, which discussed at length Governor Edward Rendell's health care plan, "Prescription for Pennsylvania."

Prescription for Pennsylvania is a set of integrated, practical strategies for improving health care and containing costs for all Pennsylvanians. The core components are **affordability**, **accessibility** and **quality**.

To improve access to health care by lowering costs, Governor Rendell's proposal calls for the creation of Cover All Pennsylvanians (CAP), a program which will offer affordable basic health coverage to small businesses and the uninsured through the private insurance market.

Cover All Pennsylvanians focuses urgent help where it is needed the most – on small businesses and on the uninsured. The majority of uninsured adults in Pennsylvania are employed, and most of the uninsured workers hold full-time jobs. Bringing down the cost of coverage makes it easier for businesses and employees to obtain desperately needed health coverage.

Businesses may participate in CAP if they have not offered health care for their employees in the past six months, if they have fewer than 50 employees and if, on average, those employees earn less than the state average annual wage (approximately \$39,000). Businesses that choose to join the program will pay approximately \$130 per employee per month, and their employees will pay on a sliding scale, ranging from \$10 to \$70, depending on income.

Governor Rendell said all uninsured Pennsylvanians – no matter what size their employer – will be able to purchase affordable health insurance through CAP. Every uninsured adult who earns more than 300 percent of the federal poverty level can participate in CAP by paying the full cost of the premium, which will be approximately \$280 per month.

Uninsured adults who earn less than 300 percent of the federal poverty level and employees of small businesses whose average wages are lower than the Pennsylvania average, will get help paying CAP premiums through discounts and subsidies. For example, a family of four who earns up to \$60,000 a year will be eligible for assistance.

The Governor plans to phase in a mandate requiring health insurance for those with incomes more than 300 percent of the federal poverty level (\$60,000 for a family of four) and require that full-time four-year college students and graduate students have insurance coverage. He said if more people are covered, it will drive down health care costs for everyone.

There would be a fair share assessment on all companies that do not insure their employees. That assessment would be used to help pay for the cost of the CAP program. In the first year of the assessment, employers with fewer than 50 employees would be exempt.

As proposed, the tax amount for fiscal years 2007-2008 through 2009-2010 is 3 percent of wages paid by the employer, and thereafter, the tax will be 3.5 percent of wages. Start up credit over the first five years will assist all employers, but especially small employers, in adjusting to the tax.

Additional credit is available to employers equal to 3 percent of the wages paid by the employer for fiscal years 2007-2008 through 2009-2010 and 3.5 percent of the wages thereafter are as follows:

- Employer must offer qualifying health care coverage to all employees working 30 hours or more per week.
- Employees working less than 90 consecutive days are not included in requirement.
- Qualifying coverage will be determined by Departments of Labor & Industry and Insurance based on out-of-pocket cost to employee and level of participation in employer's plan.

Each quarter, employers who have a preliminary tax liability after calculation of tax and subtraction of start-up credit must file a report with Department of Labor & Industry.

For more information on Governor Rendell's Prescription for Pennsylvania and the proposed Cover All Pennsylvanians program, visit [www.gohcr.state.pa.us](http://www.gohcr.state.pa.us).

## [Tax Professional e-Services Center](#)

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

Tax Professionals are encouraged to use the department's new Tax Professional e-Services Center for easy access to their client's tax information.

For questions concerning the Center, refer to the department's [Online Customer Service Center](#) or call (717) 787-1392.

### [W-2 News](#)

The following is excerpted from the May 30, 2007 edition of *W-2 News*, the electronic newsletter for employers who submit W-2s to Social Security

#### **Employers – Changes to Social Security Number Verification Service (SSNVS)**

Beginning August 25, 2007, SSA will implement four changes to the SSNVS process:

1. SSA will return all names and numbers submitted, not just the mismatches.
2. Where names and Social Security numbers match, SSA will return only the last four digits of the Social Security number.
3. A new unverified code "6" will now be returned when appropriate.
4. The eight position tracking code will be replaced by a 16-position confirmation number.

For more detailed information go to [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer) and select "Learn How To Use SSNVS."

#### **IRS/SSA Reconciliation**

Have you received a letter from Social Security concerning a discrepancy between the wages you reported to Social Security and the wages you reported to the Internal Revenue Service? Did you know that you can submit the missing W-2s electronically, regardless of how you filed originally? To learn more about electronic filing using SSA's Business Services Online, go to [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer). For additional information on the reconciliation process, go to [www.socialsecurity.gov/employer/recon/recon.htm](http://www.socialsecurity.gov/employer/recon/recon.htm).

Note: If you submit an additional W-2 for an employee with exactly the same wages as the first one, it will be treated as a duplicate and will not be credited to the wage earner's account. To avoid this situation, make sure that you do not submit a second W-2 that has the same money amounts as the first one.

#### **Friendly Reminders about PINs, Passwords and Activation Codes**

To keep PINS active, passwords can be updated at any time prior to the expiration date. Passwords must be changed every 365 days.

Activation codes are mailed to the address your company provided to the Internal Revenue Service. Addresses should be updated timely with IRS to make sure Activation Codes are received at the correct location.

For more information visit [www.ssa.gov/bsowelcom e.htm](http://www.ssa.gov/bsowelcom e.htm).

#### **Helpful hints for:**

##### **Submitting wage reports, verifying Social Security numbers, and for third-party submitters.**

###### **Electronic Filing**

Do not send paper copies of Forms W-2 or W-3 to Social Security when filing electronically.

Forms 1099 are filed with IRS, not SSA.

When resubmitting wage files, use the wage file identifiers (WFID) already assigned.

Corrections to previously submitted reports for the current tax year can be completed electronically by using W-2C Online.

Visit [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer) for more information.

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## [W-2 News](#)

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### **Social Security Number Verification Service (SSNVS)**

SSN verification is available online and will allow from 1-10 verifications per session. The results are displayed immediately.

To verify SSNs online, a PIN, password and an activation code are needed.

The Business Services Online, SSNVS Handbook is located at [www.socialsecurity.gov/employer/ssnvs\\_handbk.htm](http://www.socialsecurity.gov/employer/ssnvs_handbk.htm).

### [Third-Party Submitters](#)

When submitting wage reports, be certain that the client's employer identification number (EIN) is used in the RE record, and not your EIN.

More information is located at [www.socialsecurity.gov/employer/07efw2.pdf](http://www.socialsecurity.gov/employer/07efw2.pdf).

### **IRS Starts e-Newsletter Just for Small Businesses**

The IRS has started a new service, e-News for Small Business. Distributed every Wednesday, it brings timely, useful tax information right to your computer, including:

Important upcoming tax dates.

What's new on the IRS web site.

Reminders and tips to assist businesses with tax compliance.

IRS news releases and special IRS announcements.

e-News' convenient format will put IRS tax information at your fingertips. "Useful Links" brings you quickly to some of the most useful information on [www.irs.gov](http://www.irs.gov) for large and small businesses and the self-employed.

To begin your FREE subscription to e-News for Small Business, go to the IRS website at [www.irs.gov/businesses/small/content/0,,id=154826,00.html](http://www.irs.gov/businesses/small/content/0,,id=154826,00.html), type in your e-mail address and submit.

### **Employer Reporting Resource Kits**

Make the following web pages your favorites for valuable resource information. You can link to these pages from the "Employer W-2 Filing Instructions & Information" website at

[www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer).

[Frequently Asked Questions](#)

[Learn How to E-File Using Business Services Online Tutorial](#)

[Forms and Publications](#)

[Contact the Experts](#)

### **Form 6559 Obsolete!**

The Form 6559 (Transmitter Report and Summary of Magnetic Media) is now obsolete. All wages must be filed either electronically or on paper. If you use off-the-shelf software to prepare your wage reports and it does not offer electronic filing, contact the software company.

For a more information about electronic filing, and for a list of vendors that offer wage reporting services and/or products, visit [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer).

### **SSA/IRS Reporter**

The "SSA/IRS Reporter" is a newsletter issued by the Social Security Administration (SSA) and the Internal Revenue Service (IRS). It publishes articles about employment and business tax compliance. The "SSA/IRS Reporter" also carries general information about best payroll and employment tax practices as well as SSA and IRS products and services.

Current and past issues are available in both English and Spanish on [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer) and [www.irs.gov](http://www.irs.gov) and search for "Reporter."

# [IRS Issue Management Resolution System Update](#)

The Issue Management Resolution System (IMRS) is a streamlined and structured process that facilitates stakeholder issue identification, resolution and feedback. IMRS captures, develops, resolves and responds to significant national and local stakeholder issues. When stakeholder organizations notify the IRS of concerns about IRS policies, practices and procedures, SL researches the issues to bring about resolution. IMRS also identifies nationwide trends in the reporting, filing and paying requirements that may necessitate changes to IRS processes and procedures. Progress on stakeholder issues is closely monitored to assure proper response and communication to the initiating stakeholder and all impacted stakeholders.

If you are experiencing problems with the IRS that are systemic in nature, please report them to PA-NATP's Liaison, Sean Brennan, [sean@brennantax.com](mailto:sean@brennantax.com)

Following is a partial list of issues currently in the system. The complete list is available on the website: <http://www.irs.gov/businesses/small/article/0,,id=158507,00.html>

## **NEW IMRS ISSUES**

### **IMRS 07-0000544 – Form 8453, U.S. Individual Income Tax Declaration for Electronic Filing**

**Issue:** Practitioner suggests that, in light of the recent changes concerning Form 8453, the IRS develop a way for Electronic Return Originators (EROs) to validate when Form 8453 is received by the campus.

### **IMRS 07-0000539 – Change of Address**

**Issue:** CPA suggests that the IRS generate a letter upon changing an address to confirm that the taxpayer requested and agrees to the change.

### **IMRS 07-0000521 – Form 2553, Election by a Small Business Corporation**

**Issue:** Practitioner advises that when a Form 2553 has been filed for a corporate client, the corporation did not receive a determination of acceptance or nonacceptance of election within two months of the date of filing or within five months if box Q1 was checked. When practitioner calls to check the status, the IRS advises that a Power of Attorney (POA) is required before discussing. The practitioner feels that the information he is seeking is a matter of public record and should be available without a POA.

## **IN PROCESS ISSUES**

### **IMRS 07-0000513 – Fraudulent W-2s**

**Issue:** Practitioner suggests that e-filed returns with employer EINs that do not match the employer's name be rejected.

**Status:** Coordinating with Electronic Tax Administration.

### **IMRS 07-0000488 – Points of Contact for State E-file Coordinators**

**Issue:** Stakeholder requests that the 41 State e-file coordinators have access to a central point of contact at the e-Help desk in Andover.

**Status:** Coordinating with W&I.

## **RECENTLY CLOSED ISSUES**

### **IMRS 07-0000471 – Automated UnderReporter (AUR) Program – Jointly Owned Income**

**Issue:** Practitioner is concerned that the IRS Automated Under Reporter (AUR) Units are not cross-checking spouses' returns to determine if jointly owned income (such as interest, dividends, or capital gains proceeds) is split between the returns when married taxpayers file separately.

**Response:** Married Filing Separately (MFS) return issues are addressed during the AUR matching process. Reducing taxpayer burden is one of the guiding principles of the AUR program. AUR actively attempts to resolve MFS issues prior to initiating taxpayer contact e.g. 300 MFS returns resulted in fewer than 10 CP2000 notices (3 percent occurrence rate). To further address this issue, we will ensure that the MFS procedures are emphasized during the upcoming Continuing Professional Education training sessions which are mandatory for all employees.

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IMRS Update  
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**IMRS 07-0000472 – Identity Theft**

**Issue:** Practitioner raised the concern that, by having taxpayers include their social security number on their checks or money orders for payments, they may be prey to identity theft and suggests an electronic funds withdrawal option be made available.

**Response:** Electronic Funds Withdrawal (EFW) is an application offered only to those taxpayers who electronically file their tax return. It would not be feasible to offer this option for paper-filed returns. For instance, a payment record would need to be completed and submitted with the tax return, as well as some form of authorization statement authorizing the Treasury Financial Agent (TFA) to process the electronic payment. Unlike with e-file, there would be no way to check the return and/or payment against various reject conditions, which would greatly increase the number of rejects that would occur when the TFA attempted to process the payments. Timeliness of receipt by the TFA to process EFW requests submitted with a paper return on the date requested by the taxpayer would be an issue. The speed and efficiency by which EFW now works would be greatly impaired for paper-submitted EFW requests mailed in with a return. Besides EFW, other electronic options offered are credit card and EFTPS.

The inclusion of the social security number, tax year and tax period on checks or money orders are essential for the posting of return/payment information to the appropriate taxpayer account. The absence of these items would increase processing costs, due to the time and labor required to research and resolve problems caused by the lack of this information. This information provides the necessary supporting documentation and eliminates the need for IRS to have additional contact with taxpayers. The IRS would otherwise have to make telephone contacts and/or issue correspondence to ensure that these checks and remittances are credited to the appropriate taxpayer accounts.

**2007 CALENDAR OF EVENTS**

**Bold type = PA-NATP sponsored or cosponsored events**

*Italic type = National sponsored events*

|                       |                                         |                                                         |
|-----------------------|-----------------------------------------|---------------------------------------------------------|
| <b>September 14*</b>  | <b>Western PA Regional Seminar</b>      | <b>Allegheny Valley Holiday Inn<br/>Pittsburgh, PA</b>  |
| <b>September 28</b>   | <b>Western PA Working Together</b>      | <b>Futules' Harmar House<br/>Cheswick, PA</b>           |
| <i>November 5-6</i>   | <i>Famous 1040/1040 Extra Workshops</i> | <i>Bel-Aire Clarion Hotel<br/>Erie, PA</i>              |
| <i>November 9-10</i>  | <i>Famous 1040/1040 Extra Workshops</i> | <i>Crown Plaza Valley Forge<br/>King of Prussia, PA</i> |
| <i>November 12-13</i> | <i>Famous 1040/1040 Extra Workshops</i> | <i>Radisson Hotel - Green Tree<br/>Pittsburgh, PA</i>   |
| <b>November 12</b>    | <b>Board of Directors Meeting</b>       | <b>Holiday Inn Harrisburg West</b>                      |
| <b>November 13</b>    | <b>PA-NATP Annual Conference</b>        |                                                         |
| <i>November 14-15</i> | <i>Famous 1040/1040 Extra Workshops</i> | <b><i>Mechanicsburg, PA</i></b>                         |
| <i>December 3-4</i>   | <i>Famous 1040/1040 Extra Workshops</i> | <i>Eden Resort<br/>Lancaster, PA</i>                    |

\*Note cancellation of 9-13 Board of Directors Meeting



**RCT-101 WORKSHOP ANNOUNCEMENT**  
**&**  
**REQUEST FOR INPUT**

Coming back by popular demand, revised and even better than last year!!

The Pennsylvania Chapter of NATP will repeat their popular RCT-101/LLC Workshop, this time in Western PA at the Allegheny Valley Holiday Inn just north of Pittsburgh. Reserve the date – September 14, 2007.

Are you having difficulty preparing PA’s form RCT-101 for a Single Member or Multi Member Limited Liability Company? When you receive a call from a prospective client who is looking for a new tax professional and they inform you that they have a Limited Liability Company, do you refer them to someone else?

Then you need to attend this workshop. It will once again begin with Jeff Creveling, PA Dept of Revenue resident expert, explaining the tax law issues involved with RCT-101. PA-NATP’s Denise Madeira will follow, leading the group thru an interactive discussion and line-by-line tax form review with completion of a 2006 RCT-101 for Mr. Mower, a single member LLC formed in 2005.

In order to make this session as beneficial as possible to the attendees, Denise is asking for your input on what problems or concerns you have related to preparing the RCT-101 for a single or multi member LLC. This includes issues related to collecting and gathering the information as well the actual completion of forms. Email your issues to her at [dmade42323@aol.com](mailto:dmade42323@aol.com) with “PA-NATP RCT-101” as the subject. Receipt of all emails will be acknowledged. Or fax them to 610-488-6693. Every effort will be made to include in the printed material all items received before August 10, 2007. Those received after this date will be brought up during the open discussion. Denise is looking forward to hearing from you.

Agenda

|               |                                                                       |             |                                                                                                   |
|---------------|-----------------------------------------------------------------------|-------------|---------------------------------------------------------------------------------------------------|
| 7:45          | Registration                                                          |             |                                                                                                   |
| 8:20          | Welcome & Introductions                                               | 1:00        | RCT-101/LLC Real Life Situations<br>Denise Madeira, Main Street Tax<br>& Accounting Services Inc. |
| 8:30          | RCT-101 for Non-Corporate LLC’s<br>Jeff Creveling, Pa Dept of Revenue | 2:00 – 2:10 | Break                                                                                             |
| 9:30 – 9:40   | Break                                                                 |             | RCT Real Life Situations Cont’d                                                                   |
|               | RCT-101 Continues                                                     | 3:40 – 3:50 | Break                                                                                             |
| 11:10 – 11:20 | Break                                                                 |             | RCT Real Life Situations Cont’d                                                                   |
|               | RCT-101 New Developments                                              | 4:40        | Closing                                                                                           |
| 12:10 – 1:00  | Lunch                                                                 |             |                                                                                                   |

8 CPE Credits Available

**REGISTRATION FORM**

Name: \_\_\_\_\_ Member # \_\_\_\_\_ First Time Attendee \_\_\_ Yes \_\_\_ No

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Check Enclosed Payable to **PA-NATP**: \_\_\_ Visa \_\_\_ MC \_\_\_ Card # \_\_\_\_\_

Cardholder Name: \_\_\_\_\_

Billing Address: \_\_\_\_\_

Exp Date: \_\_\_\_\_ V Code (last 3 digits on back of card) \_\_\_\_\_

I authorize PA-NATP to charge my VISA/MasterCard for the above amount. All goods and services have been received and are in good order.

Signature: \_\_\_\_\_

NATP Member: \_\_\_ \$ 95.00

Non-member: \_\_\_ \$ 125.00

~~~~~**detach Here**~~~~~

Registration includes all materials, continental breakfast, refreshment breaks and buffet lunch.

Please submit a separate form for each person attending.

Mail to:

Or fax to: 724 853-8537

Questions call: 800-726-2871

Richard Miller

PA-NATP Treasurer

168 McCabe Drive

Greensburg, PA 15601

CANCELLATIONS/REFUNDS: You may cancel anytime prior to Aug 25. A \$25 service fee will be charged after Aug 24. No refunds will be issued for cancellations after Sep 7 or for no-shows however printed material will be mailed. Substitutions are acceptable at the same member/nonmember rate.

HOTEL INFORMATION:

The Allegheny Valley Holiday Inn is offering a special sleeping room rate of \$91 if reserved by Sep 1. Mention PA-NATP when reserving. For reservations call 412 963-0600 or 1 888 HOLIDAY (465-4329)

DRIVING DIRECTIONS:

From PA Turnpike east or westbound: Take Exit 48-Allegheny Valley. Turn right after tollbooth onto Freeport Rd., ½ mi to Rt. 910 north, ½ mi to Rt. 28 south, 3 mi to Exit 10-RIDC. Left onto Gamma Dr.

This program is open to anyone interested in increasing or reinforcing his or her knowledge in the subject area. CPE Certificates will be mailed to all attendees. Attendees will be responsible for reporting their CPE credits in accordance with their respective reporting requirements. To ensure the integrity of this program, attendance will be periodically monitored for late arrivals or early departures and credits will be adjusted accordingly.

PA-NATP is registered as a sponsor of Continuing Professional Education for the Internal Revenue Service and the PA State Board of Accountancy which has final authority on the acceptance of individual topics for CPE credit. This program qualifies for 8 CPE Credits for Enrolled Agents under Treasury Department Circular 230, Section 10(g) and 8 Credits under Pennsylvania Code, Title 49, Chapter 11, Section 11.63. Each credit is based on a 50-minute credit hour. Field of Study: Taxation. Prerequisite: None. Level of Knowledge: Basic. Teaching Method: Seminar/ Lecture.

AMERICANS WITH DISABILITIES ACT: In accordance with the ADA, please note any special needs you have on both the registration form and when making hotel reservations