

Pennsylvania and Philadelphia Tax Amnesty Programs Begin Taxpayers Can Save Significant Penalties and Interest

The Commonwealth of Pennsylvania and City of Philadelphia Tax Amnesty Programs are both now open for taxpayers with unpaid tax liabilities and/or non-filed returns. The Pennsylvania Amnesty Program began April 26, 2010, and ends on June 18, 2010. Individuals, businesses and other entities with Pennsylvania tax delinquencies as of June 30, 2009 are generally eligible to participate in the Tax Amnesty Program. All taxes owed to the Commonwealth are eligible for amnesty. The Pennsylvania Department of Revenue will waive 100 percent of penalties and 50 percent of the interest associated with tax delinquencies for any business owner or individual who participates in the amnesty program.

The Pennsylvania Department of Revenue mailed Notices of the Pennsylvania Amnesty Program to over one million taxpayers. These Notices indicate that the recipient is a taxpayer with known unpaid state tax liabilities or non-filed returns and indicate a Tax Type, but the Notices do not indicate the tax year or amount. In the first week of the Amnesty Program, it became apparent that the information on many of these Notices was incorrect. In some cases, Notices were sent to taxpayers who have no unpaid liabilities and who have properly filed all of their returns.

Under the Philadelphia Tax Amnesty Program, all penalties and fines will be waived and any interest will be reduced by 50 percent. The program will cover nearly all delinquent taxes owed to the City and the School District.

The waiver of penalties and fines and the reduction of interest is particularly noteworthy when considering that Philadelphia's penalties and interest provisions are among the harshest in the country. Philadelphia's nonpayment penalty is 30 percent for the first year and 15 percent for each subsequent year. These penalties combined with the annual interest rate imposed by Philadelphia on underpayments (12 percent) can result in situations whereby the interest and penalties imposed by the city exceed the amount of the delinquent tax.

Stevens & Lee assists delinquent taxpayers in evaluating the benefits of participation in the tax amnesty programs. We assist businesses and individuals navigate through the selected program to reduce tax liabilities and eliminate the potential for future assessment by the Commonwealth or the City.

For more information, contact Thomas A. Bowen, Director of State and Local Taxes, at 717.255.7363 or tab@stevenslee.com, Michael A. Gruin at 717.255.7365 or mag@stevenslee.com, Eric F. Marshall at 610.478.2092 or efm@stevenslee.com, or the Stevens & Lee attorney with whom you regularly speak.

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