

PENNSYLVANIA



National Association  
of Tax Professionals



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**PA-NATP**

**NEWS**



Volume 24, Issue 4

Winter 2012/2013

## *President's Message*



I want to thank everyone for the opportunity to serve as President of your Chapter. I am so excited to be able to work with all of you. The Board of Directors, the Education Committee and I have already been hard at work planning the 2013 educational seminars.

Your Chapter has a full calendar of education planned for 2013. It will begin on May 22nd with an RTRP Exam Review class at the Heritage Hotel in Lancaster. On June 26<sup>th</sup> another RTRP class will be offered at the Days Inn in State College. Our Western Seminar will be on September 20<sup>th</sup>, the day following the Working Together Conference and will be at the same location, the Regional Learning Alliance in Cranberry. We are planning our Eastern Seminar for the Scranton or Lehigh County area in late October. The PA-NATP Annual Conference will be November 18th and 19<sup>th</sup> in the New Cumberland area. As usual this will feature the PA PIT Update with David Braden. Also, the always informative and entertaining Kathryn Kean, EA will present a segment on 990 Forms. The education year will wrap up back in Cranberry on December 11th with a half day seminar on Ethics and updates. Of course, you don't want to forget the Annual National Conference in Phoenix, AZ July 8 to 11.

We hope you will attend one or all of these events. With the IRS requiring **all** preparers to complete continuing education, your state chapter is a wonderful resource for excellent education at a reasonable cost.

Whether you have a small, medium, or large office, are a single preparer or a large franchise owner, be assured that we are here to serve you but we need your input and encourage you to take an active interest in **your** chapter. There are many opportunities to become involved by volunteering for committees and work groups. Please contact me or any of the Board Directors to learn how you can help.

Have a wonderful New Year and a prosperous tax season!

Patti Blum

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## *Classified Advertisements*

### *Tax Forms, Schedules and Worksheets for Sale*

Over my 40 years as a tax professional I've developed a collection of over 30 forms, schedules and worksheets that have proven helpful in my practice. Some are given to clients to help them provide me with information, some are used as "memos" to back-up items reported on returns, and others are used as attachments to the 1040. I offer this compilation to PA-NATP members for \$4.50 (25% discount)! The package is sent as a "word document" email attachment so you can customize them.

Send \$4.50 and your email address to- T&A INC, PA-NATP OFFER, PO Box A, HAWLEY PA 18428.

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### *Books for Sale*

The Pennsylvania Chapter has available for sale a limited number of PA Department of Revenue Fall Tax Seminar Handbooks. The Fall Tax Seminar Handbook is intended to help educate tax professionals on personal income tax, sales tax, corporate taxes, compliance initiatives and using the department's Web site to establish tax accounts for new businesses, file tax returns and pay state taxes. Click [here](#) for the order form.

## Welcome New Members

For **October** The PA-NATP Chapter wants to welcome these new members to our great organization.

Pamela E Batch, CPA	Albion	Barbara Jean Larsen	Indiana
Debra Boehm	Allentown	Fred Marucci	Lansdale
Dennis A Brown	Allentown	Robin McNaughton, EA	Lewisberry
Tammy L Burkhart	Annville	Karen M Mele	Meadville
Kathleen M Cardella	Bensalem	Tommie Lou Morgan	Meadville
Philip J Cardella	Bensalem	Pam Mundis	Mechanicsburg
Ave N Cinar	Bethel	James E Oakes	Merion Station
Wayne Davis	Bethlehem	Sara Oakes	Murrysville
Gail M Dillon	East Stroudsburg	Christine Paszko	Philadelphia
Mark Dudding, CPA	Easton	Jaymesh Patel	Philadelphia
Shaun Ellis, CPA	Enola	Mary Puzak	Phoenixville
Donna Ott Gillenwater	Erie	Stephanie Marie Reisch	Pittsburgh
Teresa Good	Erie	William K Salabsky, Jr	Pittsburgh
Joseph C Hagan	Erie	Kathleen Schafer	Pittsburgh
Joann Yvonna Hauer, CPA	Erie	Theresa F Shea	Pittsburgh
Barbara Hillard	Erie	Herbert Shoffner	Pottsville
Leonard L Hopkins	Erie	Tyler Show	Radnor
Georgianna Lynn Jones, EA	Forest City	Michael Stephen Szep	Rochester
Norma J Jones	Gibsonia	Kimberly S Tanner	Smethport
Susan Jane Kerner	Glen Mills	James Tarantino	Spring City
Cheryl L Kissinger	Goodville	Tyler Thimons	Swarthmore
William Kohler	Goodville	Tania L Turner	Washington
Edward Bruce Krupa, CPA/PFS	Harrisburg	Svetlana Uchitel, RTRP	York
Zhanna Kuzmenko	Harrisburg		

And for **November** -

Linda Foreman	Akron	Roy P Brito, CPA	Newtown
Lee Ann M Cardona	Allentown	Joanne Bryson, CPA	Norristown
Barbara M Conn	Aston	Nathaniel Dysard	Norristown
Virginia B Kucharski	Boothwyn	Benedict H Cayenne	Philadelphia
Albert P Abdala	Coatesville	William Holtzman	Philadelphia
Robin B Thurber	Conneaut Lake	Leonardo R Serrano	Philadelphia
Jeffrey Young	Easton	F Eugene Kuchar	Pittsburgh
Benjamin Reiter	Erie	Jeffrey J Turek	Pittsburgh
Dianne O'Melia, RTRP	Exton	Lucious McDonald	Pocono Summit
Jason N Colvin	Glenolden	Jeremy Price	Port Trevorton
Tom Mace	Hamburg	Roy E Snoke	Shippensburg
John W Luckenbaugh	Hanover	Emily R Eaton-Benninger	Ulster
John L Shultz, II	Hanover	Kathryn E Morrison, RTRP	Wynnewood
Sylvia Empson	Harrisburg	Julie M Kemp, CFP(R)	Wyomissing
Richard Cifelli	Huntingdon Valley	E John Fedor	York
John F Siegel, CPA	Meadville		

## Two Join PA-NATP Board of Directors



### Kathryn Bowman, EA

Kathryn Bowman, EA has prepared individual and business tax returns for over 35 years. She is currently employed by Killian & Gambler Assoc. Inc. in Reading, PA. Previously, she owned two H&R Block franchises, selling one in 1993 and the second in 2006. She has been an active member in the PA Chapter of NATP, serving as a Board Member, Treasurer, 1<sup>st</sup> Vice President and President. She has also served on NATP's National Board of Directors. Kathryn passed Level I of the National Tax Practice Institute and has earned many awards and recognitions in the tax profession including the IRS Exemplary ERO award. She has taught numerous tax classes over the last 30 years and recently became an NATP Certified Chapter Instructor.

Kathryn is passionate about recycling and loves to help friends declutter and organize their spaces. She enjoys hiking in the mountains and biking the local rail trails. She volunteers for a local nursing facility, fire companies, Lend a Hand and is a Daisy Girl Scout assistant leader.



### Drew Stump, RTRP

Drew Stump, RTRP has been preparing taxes for 30 years for his wife's business, Stump & Associates in Kutztown, PA. He joined NATP in 2008 and has attended many seminars including the National Conference in Baltimore. He prepares individual, partnership, and LLC returns and is looking to expand into non-profits and trusts. Perhaps an EA designation will also be in his future.

He recently retired from a 41 year career in industry last working as a marketing manager for a large industrial manufacturer. He held many positions throughout the years including field service, technical support, operations manager, training, coordinating conferences and trade shows, and traveling extensively around the country.

His previous community involvement includes 6 years as a borough councilman, Jaycees, Grange, youth baseball and football organizations, and almost 40 years with the Boy Scouts. He has 2 sons and 3 grandchildren and celebrated his 40<sup>th</sup> wedding anniversary this past October. His personal interests are financial news and investing, gardening, fantasy football, NASCAR and Indy car auto racing, and touring Lancaster County.

### **Be a Volunteer**

The Chapter is always in need of volunteers to serve on its committees. Volunteers benefit the Chapter by bringing in new skills and fresh ideas. The volunteer benefits by not only establishing contacts with people and businesses that can be helpful in their own business but also from a sense of satisfaction in helping to accomplish the goals of the Chapter. Please contact Patti Blum at [widders@penn.com](mailto:widders@penn.com) or any Board member, whose contact information can be found at <http://www.panatptax.com/contact.php>.

## 2013 Calendar of Events

Some Dates & Locations Are Tentative – Watch for Updates

**PA Chapter events in bold type, National events in italics.**

<b>January 16</b>	<b>PA-NATP Board of Directors Teleconference</b>
<b>May 16</b>	<b>PA-NATP Board of Directors Teleconference</b>
<b>May 22</b>	<b>RTRP Exam Review Class Heritage Hotel, Lancaster, PA</b>
<b>May TBA</b>	<b>East Working Together Conference</b>
<b>June 19</b>	<b>PA-NATP Board of Directors Teleconference</b>
<b>June 26</b>	<b>RTRP Exam Review Class Days Inn, State College</b>
<i>July 8 – 11</i>	<i>NATP National Conference JW Marriott Desert Ridge Resort &amp; Spa, Phoenix, AZ</i>
<b>August 7</b>	<b>PA-NATP Board of Directors Teleconference</b>
<i>August 19 - 21</i>	<i>S Corp Workshop Lancaster, PA</i>
<i>August 22</i>	<i>RTRP Exam Review Class Lancaster, PA</i>
<b>September 19</b>	<b>West Working Together Conference Regional Learning Center, Cranberry, PA</b>
<b>September 19</b>	<b>PA-NATP Board of Directors Meeting</b>
<b>September 20</b>	<b>PA-NATP West Seminar Regional Learning Center, Cranberry, PA</b>
<b>October 22</b>	<b>PA-NATP East Seminar Scranton / Lehigh Co. Area</b>
<i>November 4 &amp; 5</i>	<i>1040 Workshop Monroeville, PA</i>
<i>November 6 &amp; 7</i>	<i>1040 Workshop Erie, PA</i>
<b>November 18<sup>th</sup></b>	<b>PA-NATP Board of Directors Meeting</b>
<b>November 19<sup>th</sup></b>	<b>PA-NATP Annual Membership Meeting &amp; Dinner PA-NATP Annual Conference New Cumberland Area</b>
<i>November 20 &amp; 21</i>	<i>1040 Workshop Lancaster, PA</i>
<i>November 22 &amp; 23</i>	<i>1040 Workshop Mechanicsburg, PA</i>
<b>December 11</b>	<b>Half Day Ethics &amp; Updates Regional Learning Center, Cranberry, PA</b>

## CenTax Update

Submitted by Samuel A. Wingard, RTRP

We reported in the last issue of PA-NATP News that Central Tax Bureau of PA, collector of the local earned income tax (EIT) and various other local taxes for many school districts and political subdivisions in Pennsylvania, had ceased operation and had gone into bankruptcy. This was not entirely accurate. CenTax did cease operations on September 21 but instead it was placed in receivership on Nov 5, 2012 by the Court of Common Pleas of Allegheny County at the request of the Borough of Green Tree and a number of intervening parties. This was done to protect the interests of the petitioning parties and to insure an orderly winding down of CenTax's operations.

CenTax was unable to comply with an amendment to the Local Tax Enabling Act (Act 32) that took effect on Jan 1, 2012. The Act significantly changed the EIT collection process and CenTax found itself unable to forward collected taxes to the taxing jurisdictions in a timely manner. The taxing jurisdictions took their business to other tax collectors which affected CenTax's receipt of commissions, impacting its cash flow and leaving it unable to cover its operating expenses which eventually caused it to cease operation.

According to the most recent report to the court by the receiver, Campbell & Levine LLC, significant progress has been made in forwarding records to the successor collection firms and in distributing collected taxes to the taxing bodies. At the time of the receivership appointment, approximately \$6.3 million was in CenTax's Act 32 accounts. By Nov 30<sup>th</sup> approximately \$6 million had been distributed. The receiver, aided by forensic accounting firm Smart Devine, continues to work to identify the rightful owners of the remaining Act 32 monies as well as some pre Act 32 funds totaling several hundred thousand dollars.

Anyone having a check issued by CenTax prior to Nov 15, 2012 related to ACT 32 taxes is advised to disregard and destroy that check. You will receive (or may have already received) a new check for such ACT 32 taxes along with a letter from the Receiver suggesting that the check be immediately deposited.

Checks issued by CenTax related to NON-ACT 32 taxes, such as prior year Employment Income Tax, Local Service Tax, or Business Privilege and Mercantile Tax (even if the check is over 60 days old and/or "bounced" when you attempted to deposit the check), should immediately present or represent the check for payment. **HOWEVER**, if the check was written from CenTax's First Keystone Community Bank deposit account No. 0194179801, please do **NOT** attempt to present or represent that check as it will "bounce". You can check the CenTax website for info but at last check the website wasn't functioning.

Checks issued by CenTax after Nov 15, 2012 should immediately be deposited.

Editor's note: Several of my clients who were CenTax taxpayers have reported being contacted by Berkheimer, one of CenTax's successors so indeed, records are being transferred and the process is moving forward. CenTax's demise has caused school districts and municipalities a lot of headaches. Hopefully it won't cause tax preparers and their clients too many headaches during this filing season.

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## Stay Informed of Pennsylvania News with Governor Corbett's Weekly E-Newsletter

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

Pennsylvania residents are encouraged to keep informed of the latest happenings and updates from around the commonwealth by subscribing to a weekly e-newsletter from Governor Corbett.

To receive weekly videos, articles and information about Pennsylvania news and the Governor's events, visit [www.pa.gov](http://www.pa.gov) and click "subscribe."

# *Pennsylvania's Local Taxes* *A Review & Recent Developments*

By Kathryn Bowman, EA

## **History**

Passed in 1932, the Sterling Act was the first local tax enabling legislation in the Commonwealth's history. Philadelphia became the first city in the US to impose an income tax in 1939.

The local earned income tax began in 1955 with The Local Tax Enabling Act. It levied a tax on wages, salaries, commissions, net profits and other compensation.

In 1971, the PA state personal income tax was enacted and a saving clause was included to protect local income taxes from preemption by state law.

An earned income and net profits tax for the Pittsburgh School District is authorized by the Public School Code.

Act 24 of 2001 permitted school districts to replace the occupation tax, millage or flat rate, with an increase in the EIT rate.

## **Tax Rates**

There is no statutory limitation on the Philadelphia wage and net profits tax rate. However, in 1977 a restriction was placed on the taxation of nonresidents. The tax rate applied to nonresidents was restricted to 4 and 5/16 percent until such time as the tax rate for residents exceeded 5 and 3/4 percent. If that happens, the rate for nonresidents may be increased at a rate of 75 percent of that for residents.

In general, all municipalities and school districts adopting an earned income tax under the Local Tax Enabling Act are limited to a combined tax rate of one percent for a resident. If a resident's school district and municipality both levy an EIT, the one percent is shared 50/50 unless a different division is mutually agreed upon by the taxing bodies.

Act 50 of 1998 authorized school districts to impose EIT at rates of up to 1.5% following approval by the voters in a referendum, beginning in the November, 1999 election. However, school districts were required to offset increased EIT revenues by repealing occupation, occupational privilege and per capita taxes and by reducing real estate taxes by implementing a homestead exclusion.

The Pittsburgh School District tax rate is limited to 2 percent. A provision allows the Scranton School District to levy the tax at 1 percent without the sharing requirement mandated for the other school districts under the Act.

Municipalities that have been declared distressed under the Municipalities Financial Recovery Act may increase their EIT rate by petitioning the Court of Common Pleas for approval to increase the rates above the limit for a period of one year.

All rates can be accessed in the [Official Tax Register](#).

## **ACT 32**

This legislation was signed into law on July 7, 2008 and brought much needed change to the EIT collection and distribution process. It established county-wide tax collection districts in the Commonwealth, created tax collection committees to provide oversight of tax collection and distribution, and requires uniform regulations, forms and procedures throughout PA. The establishment of county-wide tax collection districts reduced the number of collectors from 560 to no more than 69. The Act also provides a process to fine and administer penalties for tax officers who fail to perform their required duties.

Continued on next page

## Pennsylvania's Local Taxes

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### **Section 512**

As of 1/1/12, all employers who have a worksite address within PA are required to follow the withholding and remittance requirements as stated in Act 32. Within 15 days of becoming an employer they must register with the tax officer for each District where they have a worksite. They must issue, collect, process and maintain a Residency Certification Form for each employee as an addendum to the Federal Form W-4. The employer must withhold from compensation the greater of the employee's resident rate or the employer's nonresident tax rate.

Employers who employ Philadelphia residents at a location outside of Philadelphia are required to withhold the local income tax at the Philadelphia resident rate and remit directly to Philadelphia.

Section 512 also standardizes the requirement to file an Employer's Quarterly Return on a standardized form and make quarterly remittances of the EIT withheld from employees. It establishes a combined filing and remittance option for employers with worksites in multiple Tax Collection Districts to file with one Tax Officer. Certain rules apply.

Section 512 standardizes the employer's annual reconciliation of tax withheld and establishes a standard format and coding system for the "Local Box" (20) of the W-2. The use of a two digit code is mandated to be shown on the individual's W-2. It is the first two digits of the PSD (political subdivision) Code, which represents the Tax Collection District where the tax was remitted.

The W-2 Annual Reconciliation has been standardized and can be found at the PA website. It is required to be accepted by all Act 32 Tax Collectors. The Act reestablishes the employer's requirement to file the final returns, distribute employee withholding statements and remit the tax due within 30 days after the discontinuance of business within the Tax Collection District. The Section also reestablishes the employee's liability for tax not withheld as well as the requirement for filing declarations and returns.

More detailed information about Act 32 in general can be found at <http://www.newpa.com/act32>

The Dept. of Community & Economic Development maintains the official register of collectors and tax rates for specific PSD's. This information for both current and prior years can be searched for and located at <http://munstatspa.dced.state.pa.us/Registers.aspx>

### **Become a Certified Instructor**

Do you know what a "Certified Instructor" is? This is a recent designation instituted by NATP. Certified Instructors are eligible to teach a variety of classes developed by National. (The Essential 1040 & Beyond 1040 Workshops are not included.) With the IRS mandated education requirements now in affect, it will be beneficial for our Chapter to have a number of certified instructors available to provide certified education at various times and places throughout the state. Our Chapter currently has seven members who have been certified: Patti Blum, Kathy Bowman, Doris Cooper, Amy Gambler, Bonnie Lewis, Rebecca Mangold and Patty Turner. Congratulations to them on passing this challenging certification course. Might you like to become a Certified Instructor? If enough individuals are interested in taking the two day certification course, we might be able to hold it in Pennsylvania next year. If you are interested in learning more or to have your name added to the list of students, please email Patti Blum at [widders@penn.com](mailto:widders@penn.com).

## *Berkheimer Offers These Local Earned Income Tax Filing Tips*

Submitted by Samuel A. Wingard, RTRP

The following reminders and filing tips were furnished by Berkheimer Tax Administrator who provides its services to 31 Tax Collection Districts in PA and specializes in Act 32 and Act 50 tax administration.

- One of the provisions in Act 32 effective with the 2012 tax year requires quarterly estimated payments for anyone that has earned wages or net profits that exceed \$12,000.00. If for some reason the local EIT isn't being withheld by an employer, the employee will need to make quarterly payments the same as a self-employed individual. Failure to pay estimated tax will likely result in penalties and interest.
- The quarterly estimated tax form developed by the Dept. of Community & Economic Development has a misleading title containing the word "Withholding". Berkheimer used the same title on their form, DQ-1. This is the correct form to be used when submitting estimated tax payments.
- Form DQ-1 can also be used when making a payment due with an extension of time to file. Just write "Extension" on the form and submit by the due date of the return, usually April 15<sup>th</sup>. A Federal extension is acceptable for the local and does not need to be sent to Berkheimer by April 15<sup>th</sup>. However, it is advantageous to send the extension by April 15<sup>th</sup> as the return will then be marked as being on extension and a late filing notice will not be mailed. A copy of the extension should accompany the return when filed later. It is permissible for preparers to make a list of their clients on extension and send that information to Berkheimer. Failure to file a return or make timely payment will result in penalties and interest.
- When filing the 2012 year end final return for EIT, preparers should insure that the correct PSD (political subdivision) code is shown on the taxpayer's return. Employers should include the PSD code on W-2's indicating for which school district/municipality the tax was withheld. However, with the changes brought about by Act 32, verification that PSD information is correct is recommended.
- A change that was effective with the 2009 tax year and continues under Act 32 is the prohibition against using a business loss to offset wages. Prior to 2009 this was permitted. The new rule now reflects Pennsylvania's law that forbids the offsetting of income in one class with a loss in a different class but does allow a loss in one business to offset a net profit in another business of the same taxpayer.

### **Are You a Celebrity?**

Compilation of data for the Chapter of the Year Award is an on-going process and is being assembled for the 2012 award application. If you appear on TV or radio, have articles published or speak at a public function on a tax related topic or know a PA-NATP member who has, the Chapter of the Year Application Committee needs to hear from you. Publication and speaking are categories which earn the Chapter points toward the Chapter of the Year Award. Contact Patty Turner at [ptytrnr@comcast.net](mailto:ptytrnr@comcast.net) for information on what type of documentation is needed for inclusion with the application. The deadline for the award application is June 1 of each year.

# PA Use Tax Review & Update

By Kathryn Bowman, EA

## **Individual/Consumer Use Tax**

If an individual purchases items or services subject to sales tax and the seller does not charge sales tax on the invoice, the individual is personally responsible for remitting the use tax directly to PA. Purchases made over the Internet, through toll-free numbers, from mail order catalogs, or from an out-of-state location are examples of purchases on which sales tax might not be charged and are therefore subject to the use tax.

Starting in 2011, the use tax for individuals is reported on line 25 of the PA-40 form. The tax is computed **after** any credits and payments and is added to the regular PA tax liability. An entry on line 25 is required, even if a -0-.

Sales/use tax on the purchase of motor vehicles, watercraft, boats, ATVs, snowmobiles or cigarettes may not be reported in this manner.

Since the sales tax in Philadelphia and Allegheny County is at a higher rate, the use tax for those residents must be calculated on a separate worksheet

If purchase receipts are incomplete or inaccurate, the use tax on purchases of less than \$1,000 may be estimated from a table based on PA taxable income. Currently there is no penalty or interest on the tax.

Examples of taxable items include:

- Books
- Computers
- Sports & exercise equipment & clothes
- Furniture
- Jewelry, luggage, handbags
- Antiques and paintings

Taxable services include:

- Lawn care
- Pest control
- Cleaning & maintenance
- Self-storage

To see the complete listing of taxable items and services, see REV 1717-Retailers Information Guide.

## **Business Use Tax**

In order to bring businesses into compliance with the use tax regulations, a business use tax voluntary compliance program was started in November of 2005. The department continues to directly contact up to 10,000 businesses each month, encouraging them to review purchase histories and self-disclose use tax obligations. Businesses that respond and resolve tax delinquencies by a pre-determined due date – found in the upper right-hand corner of correspondence from the department – will have the 5 to 25 percent penalty waived. Taxpayers who do not take advantage of the Use Tax Voluntary Compliance Program to satisfy outstanding obligations may subject themselves to stricter tax enforcement measures, including billing notices, assessments and even liens.

Continued on next page

## Use Tax

Cont'd from previous page

Common taxable business purchases include:

- Computers
- Furniture
- Administrative Supplies
- Office Equipment
- Printed Matter
- Cleaning Supplies

Taxable services include:

- Building Cleaning & Maintenance
- Lawn Care
- Pest Control
- Secretarial & Editing
- Self Storage
- Employment Agency
- Collection
- Telecommunications

The Business Use Tax Voluntary Compliance Program has resulted in collections to date of \$207 million and 64,000 new use taxpayers.

### **New for 2012**

If an Office-in-Home deduction is taken on the PA return either by an employee on Schedule UE or by a sole proprietor on a Sch C or F, you will have to in EVERY case calculate a use tax based on the business percent of electric, natural gas, fuel oil and kerosene expenses. The reason – these utilities are not subject to sales tax when used for personal purposes but are taxable for commercial use, therefore no sales tax was collected on the business use percentage. The Department of Revenue will automatically check all returns and send notices if no use tax is shown.

Use tax is also due on the same utilities for Sch E if the landlord pays them as a residential customer instead of as a commercial customer or if a pro rata expense is calculated for rental units under residential rates.

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## Quick Reference Book Reminder

The order forms for Quickfinder and TaxBook reference books are now available on the NATP website

<http://ad.natptax.com/taxstore/Documents/2012%20Quickfinder%20Order%20Form.pdf>

<http://ad.natptax.com/taxstore/Documents/2012%20TheTaxBook%20Order%20Form.pdf>

PA-NATP receives a \$5.00 donation per book when ordered on these specially coded order forms but only when ordered on these forms. So please remember when ordering your quick reference books to download and use only the coded forms, not ones that you receive in the mail.

## *Integrated Tax System to Begin Processing Corporation Tax Returns in March 2013*

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

In March 2013, the Department of Revenue will transition the first state taxes – corporation taxes – into its new integrated tax system (ITS), a system that will eventually improve tax processing across all state taxes through greater automation, improved data accessibility and enhanced process uniformity.

### **Revenue ID**

To facilitate the transition to the ITS, in March each corporate taxpayer will be assigned a new 10-digit Revenue ID, which will replace the PA Account Identification Number or Box Number. The Revenue ID will allow the department to provide improved customer service with an integrated view of a taxpayer across all tax types, as more tax types are transitioned to the ITS.

The department will retain the ability to accept and recognize old identification numbers and federal employer identification numbers from taxpayers. To avoid confusion during tax season, the Department of Revenue will begin notifying taxpayers of their new Revenue IDs in May, and it will provide taxpayers the ability to lookup Revenue IDs at [www.revenue.state.pa.us](http://www.revenue.state.pa.us).

### **Preview of Other ITS Changes for Corporation Taxes**

- Beginning in March 2013, delinquent corporation tax payments will first be applied to the tax, then interest, followed by penalty and legal fees, starting with the oldest delinquent period and paying each period completely before moving to the next period.
- The ITS will also provide the department with enhanced capability to offset credits in one tax against unsatisfied liabilities in other taxes. This automated offset capability will help taxpayers avoid unnecessary interest and penalties. Offsetting will first be made against liabilities against the same tax type, then against the oldest delinquencies of other tax types. The department will also be able to automatically apply restricted tax credits to a taxpayer's greatest benefit before credits expire.
- The ITS will provide more comprehensive enforcement of estimated payments. To avoid penalties, taxpayers will need to make appropriate estimated payments.
- Beginning in March, corporate taxpayers and their practitioners will see improved correspondence from the department, as notices, letters, assessments and other communications are redesigned to be more taxpayer-friendly.

All efforts are being made to minimize interruptions in customer service as corporation taxes are transitioned to the ITS. More details regarding impacts of ITS implementation will be shared in future *Tax Update* articles.

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 is presented with the understanding that this publication is not intended to render legal, accounting or tax advice.

## Inheritance Tax Return Correction Procedures Clarified

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

To address confusion among tax practitioners and taxpayers concerning proper procedures for correcting errors on inheritance tax returns, the department clarifies that amended inheritance tax returns are not recognized by state law or accepted by the department.

A supplemental return is required when reporting additional assets, transfers or deductions that were not reported on the original return or a previously filed supplemental return. It is not appropriate, however, to use a supplemental return to amend a prior return in an attempt to correct errors.

To report errors such as transposed figures, miscalculations and obvious duplication of assets, an estate must notify the Department of Revenue of the mistake by letter. The letter requesting administrative adjustment must identify the alleged error and the proposed correction. The letter, along with any documentation supporting the adjustment, should be directed to:

PA Department of Revenue  
Bureau of Individual Taxes  
Post Assessment Review Unit  
PO Box 280601  
Harrisburg, PA 17128-0601

Errors more complex than those referenced herein must be resolved by utilizing either the statutory appeal or refund procedures. The appeal procedures are summarized on Page 4 of the Instructions for the Pennsylvania Inheritance Tax Return for Resident Decedents REV-1500, and Page 5 of the Instructions for the Pennsylvania Inheritance Tax Return for Nonresident Decedents REV-1737A.

Questions regarding correcting an error on a filed return may be directed to the Inheritance and Realty Transfer Tax Division at 717-787-8327.

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## Tax Professional E-Services Center



Tax professionals are encouraged to use the Department of Revenue's Tax professional e-Services Center for easy access to clients' tax information.

Visit the department's [Online Customer Service Center](#) or call 717-787-1392

"He that is of the opinion money will do everything may well be suspected of doing everything for money." - Benjamin Franklin (1706-1790).

## The Financial Page

<b><u>Income &amp; Expenses Year to Date</u></b>	<b><u>Balance Sheet</u></b>
as of 30 November 2012	
<b>REVENUES</b>	<b>ASSETS</b>
Dues 13,289.00	Current Assets:
Incentive 1,540.00	Commercial Bank Checking 12,218.70
Printed materials 1,609.39	Commercial Bank PayPal 1,231.89
Commissions 1,401.00	Commercial Bank Savings <u>8,474.88</u>
Interest 6.18	Total Current Assets: 21,925.47
Seminars 17,032.00	Property and Equipment: 2,442.10
Misc. Receipts 772.30	Equipment – Accum Depr <u>-2,048.00</u>
<b>TOTAL REVENUES</b> <u>35,649.87</u>	Total Property and Equipment: 394.10
	Other Assets: _____
<b>EXPENSES</b>	Total Other Assets:
<b>Newsletter -</b>	Total Assets: <u>22,319.57</u>
Postage 58.90	<b>LIABILITIES AND CAPITAL</b>
Printing 158.77	Current Liabilities: _____
Editor's Fee 800.00	Total Current Liabilities:
<b>SUBTOTAL</b> <u>1,017.67</u>	Long-Term Liabilities: _____
<b>Administration -</b>	Total Long-Term Liabilities: _____
Officer Reimbursmnt 900.00	Total Liabilities:
Insurance 150.00	Capital:
Audit 150.00	Retained Earnings: 15,532.62
Office Expenses 100.80	Net Income: <u>6,786.95</u>
Bank & PayPal Fees 387.18	Total Capital: <u>22,319.57</u>
Mileage 162.80	<b>TOTAL LIABILITIES &amp; CAPITAL:</b> <u>22,319.57</u>
Miscellaneous 68.90	
<b>SUBTOTAL</b> <u>1,919.68</u>	
<b>Board of Directors -</b>	
Conference Calls 956.05	
Mileage Reimb. 2,836.62	
Meals 365.76	
Meeting Fees 180.00	
Miscellaneous 8.00	
<b>SUBTOTAL</b> <u>4,346.43</u>	
<b>Committees -</b>	
Executive 63.34	
Seminars 729.92	
Printed Material 608.70	
Accreditation 419.00	
Web Site 327.58	
<b>SUBTOTAL</b> <u>2,148.54</u>	
<b>Conferences -</b>	
State Seminars 17,194.60	
National Conference <u>1,656.00</u>	
<b>SUBTOTAL</b> <u>18,850.60</u>	
Charity <u>80.00</u>	
Scholarship <u>500.00</u>	
<b>TOTAL EXPENSES</b> <u>28,862.92</u>	
<b>NET INCOME</b> <u>6,786.95</u>	

## PA-NATP NEWS Advertising Space Available

Your ad on these pages can reach nearly 1000 PA tax professionals.

### Classified Ad Rates

#### NATP Member rates, up to 100 words:

1 Issue \$20.00  
 2 Issues, same ad \$30.00  
 3 Issues, same ad \$40.00  
 4 Issues, same ad \$50.00

Additional words flat rate 50¢ per word for 1- 4 issues, member and nonmember.

#### Non-Member rates, up to 100 words:

1 Issue \$30.00  
 2 Issues, same ad \$45.00  
 3 Issues, same ad \$60.00  
 4 Issues, same ad \$75.00

### Display Ad Rates

#### NATP Member rates:

Full page \$150.00  
 Half page \$ 85.00  
 Quarter page \$ 50.00

#### Non-Member rates:

Full page \$225.00  
 Half page \$125.00  
 Quarter page \$75.00

All ads must be prepaid and tax/accounting/financial planning related.

#### Mail checks, payable to PA-NATP, to the treasurer:

Richard L. Miller, CFP  
 168 McCabe Dr  
 Greensburg, PA 15601

#### Send ads to the newsletter editor:

Samuel Wingard  
 2652 Barnard Rd  
 Dayton, PA 16222  
[sam1040@windstream.net](mailto:sam1040@windstream.net)

## 2013 PA-NATP Board of Directors

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