

PENNSYLVANIA TAX AMNESTY PROGRAM

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Act 48 of 2009 established a new tax amnesty program in Pennsylvania (the "Program"). This Program will run 54 days commencing on April 26, 2010 and ending on June 18, 2010 (the "Amnesty Period"). Eligible periods for the Program include all those known and unknown periods that exist as of June 30, 2009. Periods subsequent to June 30, 2009 are not eligible for the program.

In order to participate, the taxpayer would need to do the following with the Department of Revenue ("Department") during the Amnesty Period:

- (A) File an online Amnesty Return;
- (B) File all delinquent tax returns for all tax periods previously failed to file;
- (C) File all tax returns for all tax periods for which the taxpayer previously underreported liability; and
- (D) Make payment of all taxes and half of the accrued interest.

Once the foregoing are completed and the returns are processed by the Department, all penalties and the remaining accrued interest will be waived. Additionally, in order to participate in the Program, the taxpayer must not be named as a defendant or currently under criminal investigation for alleged violation of any tax law. Taxpayers with active administrative or judicial appeals are also eligible to participate in the Program, provided that, (i) all required payments are made before the Amnesty Period ends, and (ii) the pending appeals are withdrawn. Finally, taxpayers that previously entered into payment plans with the Department are likewise eligible to participate in the Program. However, the relief is limited to the penalties and half of the interest that remains on their payment plan as of the date of final tax payment, and the remaining payments must be made by the end of the Amnesty Period. Taxpayers who do not complete the plan prior to the end of the Amnesty Period will not be eligible to

participate in the Program, but will not be charged the 5% post-amnesty penalty.

All taxes owed to Pennsylvania and administered by the Department are eligible for the Program. The taxes include all of the following: Agricultural Cooperative Tax, Bank and Trust Company Shares Tax, Capital Stock/Franchise Tax, Cigarette Tax, Corporate Net Income Tax, Electric Cooperative Tax, Employer Withholding Tax, Pennsylvania Fuel Use Tax, Gross Premiums Tax, Hotel Occupancy Tax, including Philadelphia and Allegheny County Occupancy Tax, Inheritance tax, Interstate Bus Compact Tax, Liquid Fuels Tax, Loans Tax, Marine Underwriting Profits Tax, Malt Beverage Tax, Motor Carriers Road Tax, Motor Vehicle Carrier Gross Receipts Tax, Mutual Thrift Institutions Tax, Paramutual Wagering and Admissions Tax, Personal Income Tax, Public Utility Realty Tax, Realty Transfer Tax, Sales and Use Tax, including Philadelphia and Allegheny County Sales and Use Tax, Surplus Lines Tax, Unauthorized Insurance Tax, and Gross Receipts Tax.

After receiving notice from the Department that an eligible delinquency exists, the taxpayer is required to log on to the Department's Amnesty website and view all the information on the website regarding the taxpayer. Businesses that were not previously registered with the Department will need to register and file a PA-100 Form with the Department and register with the Corporation Bureau of the Department of State.

Penalties and interest waived under the Program will be reimposed if within two years after conclusion of the Amnesty Period: (i) the taxpayer becomes delinquent for three consecutive periods for semi-monthly, monthly or quarterly filing or payment; or (ii) the taxpayer becomes delinquent for more than eight months of any filing of reports and/or payment due on an annual basis. Both of the foregoing conditions can be avoided if the taxpayer timely files administrative or judicial appeals for the purported tax delinquencies.