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Tax and Non-Financial Highlights of Governor Corbett's Proposed 2012-2013 Budget

STATE AND LOCAL TAX

BY ALLEN WASSEL

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To continue improving upon the Pennsylvania Department of Revenue's administrative processes, Governor Corbett included the following proposed policy changes along with his 2010-2013 proposed budget:

- Extending the time period for filing Form RCT-128, Report of Change in Corporate Net Income Tax, from 30 days to 180 days after receipt of the federal revenue agent's report, or RAR.
- Automatically granting a state extension of time to file a Pennsylvania corporate return when a federal extension is granted.
- Providing the Department the authority to freeze and access taxpayer (both corporate and individual) bank accounts to collect delinquent taxes.
- Authorizing the Department to assess and collect personal income tax from nonresident owners of S-corporations, partnerships and limited liability companies at the entity level.
- Requiring companies making oil/gas royalty payments on Pennsylvania land to withhold Pennsylvania personal income tax for both residents and nonresidents.
- Requiring companies to withhold Pennsylvania personal income tax on payments made to nonresident independent contractors who perform services within the Commonwealth.

Some of the changes appear to make it easier for taxpayers to deal with the Department, while others seem to create an additional burden on the taxpayer. With the Commonwealth facing significant budgetary challenges, shifting the responsibility for collecting and remitting taxes to taxpayers will likely be a continuing trend.

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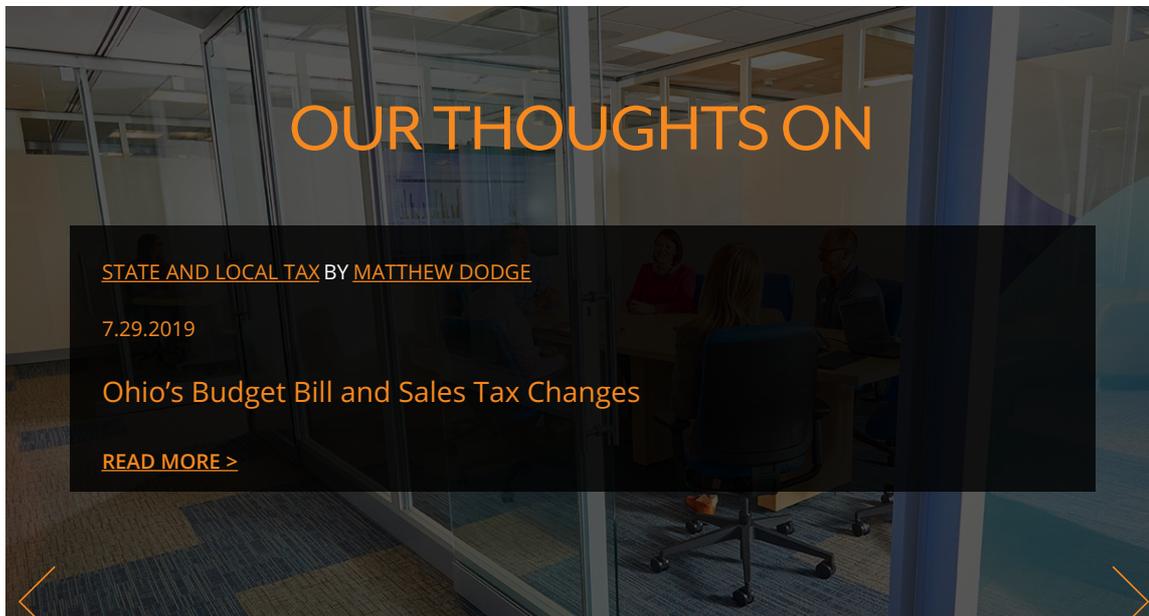


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