

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1219 Session of
1993

INTRODUCED BY RYAN, PERZEL, MILLER, NYCE, ADOLPH, ALLEN, ARGALL,
ARMSTRONG, BAKER, BARLEY, BROWN, BUNT, CESSAR, CHADWICK,
CIVERA, CLARK, CLYMER, L. I. COHEN, CORNELL, DEMPSEY, DENT,
DURHAM, EGOLF, FAIRCHILD, FARGO, FARMER, FLEAGLE, FLICK,
GANNON, GEIST, GERLACH, GLADECK, GODSHALL, GRUPPO, HASAY,
HENNESSEY, HERMAN, HERSHEY, HUTCHINSON, JADLOWIEC, KENNEY,
KING, LAUB, LAWLESS, LEE, LEH, LYNCH, MARSICO, MASLAND,
MICOZZIE, NAILOR, NICKOL, O'BRIEN, PETTIT, PHILLIPS, PICCOLA,
PITTS, PLATTS, RAYMOND, REBER, REINARD, ROHRER, RUBLEY,
SAURMAN, SAYLOR, SCHEETZ, SCHULER, SEMMEL, SERAFINI,
B. SMITH, S. H. SMITH, D. W. SNYDER, STRITTMATTER,
E. Z. TAYLOR, J. TAYLOR, TOMLINSON, ULIANA, VANCE, WAUGH,
WOGAN, M. N. WRIGHT AND ZUG, APRIL 19, 1993

REFERRED TO COMMITTEE ON FINANCE, APRIL 19, 1993

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," providing for a limited tax amnesty program.

11 The General Assembly of the Commonwealth of Pennsylvania
12 hereby enacts as follows:

13 Section 1. The act of March 4, 1971 (P.L.6, No.2), known as
14 the Tax Reform Code of 1971, is amended by adding an article to
15 read:

ARTICLE XXIX

1 TAX AMNESTY PROGRAM

2 Section 2901. Definitions.--The following words, terms and
3 phrases, when used in this article, shall have the meanings
4 ascribed to them in this section, except where the context
5 clearly indicates a different meaning:

6 "Amnesty period." April 1, 1993, through 12 midnight June
7 30, 1993.

8 "Department." The Department of Revenue of the Commonwealth.

9 "Eligible tax." Any tax imposed by the act of March 4, 1971
10 (P.L.6, No.2), known as the "Tax Reform Code of 1971."

11 "Program." The tax amnesty program as provided for in this
12 article.

13 "Taxpayer." Any person, association, fiduciary, partnership,
14 corporation or other entity required to pay or collect any of
15 the taxes imposed by this act. The term shall not include a
16 taxpayer who, as of December 31, 1992, has received notice that
17 he is the subject of a criminal investigation for an alleged
18 violation of this act, has been named as a defendant in a
19 criminal complaint alleging a violation of this act or is a
20 defendant in a pending criminal action for an alleged violation
21 of this act.

22 Section 2902. Establishment of Amnesty Program.--(a) There
23 is hereby established a tax amnesty program which shall be
24 administered by the department.

25 (b) The amnesty program shall apply to a taxpayer who is
26 delinquent on payment of an eligible tax as of December 31,
27 1992, including tax on returns not filed, tax liabilities
28 according to records of the department as of December 31, 1992,
29 tax liabilities not reported, underreported or not established,
30 but delinquent as of December 31, 1992.

1 Section 2903. Required Payments.--(a) All taxpayers who
2 participate in the program shall make payment of all taxes due
3 the Commonwealth as of December 31, 1992, plus fifty per cent of
4 the total amount of interest due within the amnesty period. The
5 department shall not seek to collect the remaining fifty per
6 cent of the total amount of interest due and any penalties owed
7 by the taxpayer.

8 (b) In addition to filing an amnesty tax return, a taxpayer
9 must file complete tax returns for all years for which the
10 taxpayer previously has not filed a tax return and file complete
11 amended returns for all years for which the taxpayer
12 underreported income.

13 (c) The department shall not pursue an administrative or
14 judicial proceeding against a taxpayer with respect to any tax
15 that is disclosed on an amnesty tax return.

16 Section 2904. Installment Payment Agreement.--The department
17 may enter into an installment payment agreement in the cases of
18 severe financial hardship, as determined by the department, in
19 lieu of complete payment of all taxes due and fifty per cent of
20 the total amount of interest. Failure by the taxpayer to fully
21 comply with the terms of the installment payment agreement shall
22 terminate the taxpayer's participation in the amnesty program
23 and all taxes due the Commonwealth and the total amount of
24 interest and penalties due the Commonwealth shall be considered
25 to be delinquent and shall be immediately due and payable.

26 Section 2905. Limitation of Deficiency Assessment.--If
27 subsequent to June 30, 1993, the department issues a deficiency
28 assessment upon a return filed pursuant to this article, the
29 department shall have the authority to impose penalties and to
30 pursue a criminal action only with respect to the difference

1 between the amount shown on that return and the current amount
2 of tax.

3 Section 2906. Overpayment of Tax.--Notwithstanding any other
4 provisions of this or any other act, if an overpayment of tax is
5 refunded or credited within one hundred eighty days after the
6 return is filed under this article, no interest shall be allowed
7 on the overpayment.

8 Section 2907. Previously Paid Interest and Penalties.--No
9 refund or credit shall be allowed for any interest and penalty
10 paid to the department prior to December 31, 1992.

11 Section 2908. Proceedings Relating to Amnesty Return
12 Barred.--Participation in the amnesty program is conditioned
13 upon the taxpayer's agreement that the right to protest or
14 pursue an administrative or judicial proceeding with regard to
15 returns filed under the amnesty program or to claim any refund
16 of money paid under the amnesty program is barred.

17 Section 2909. Undisclosed Liabilities.--Nothing in this
18 article shall be construed to prohibit the department from
19 instituting civil or criminal proceedings against any taxpayer
20 with respect to any amount of tax that is not disclosed on the
21 amnesty return.

22 Section 2910. Duties of Department.--(a) The department
23 shall develop regulations to implement the provisions of this
24 article. The regulations must be published in the Pennsylvania
25 Bulletin within sixty days of the effective date of this article
26 and shall contain, but not be limited to, the following
27 information:

28 (1) An explanation of the tax amnesty program and the
29 requirements for eligibility for the program.

30 (2) The dates during which a tax amnesty return may be

1 filed.

2 (3) An explanation of the procedure for obtaining an
3 installment payment agreement.

4 (4) A specimen copy of the tax amnesty return.

5 (b) The department shall publicize the tax amnesty program
6 to maximize public awareness of and participation in the
7 program. The department shall coordinate to the highest degree
8 possible its publicity efforts and other actions taken to
9 implement this article.

10 (c) The department shall issue a report to the General
11 Assembly by December 1, 1993, detailing the implementation of
12 the program. The report shall contain, but not be limited to,
13 the following information:

14 (1) A detailed breakdown of the department's administrative
15 costs in implementing the program.

16 (2) The number of tax amnesty returns filed and a breakdown
17 of the number and dollar amount of revenue raised for each tax.

18 (3) The total dollar amount of revenue raised by the
19 program.

20 (4) The number of amnesty returns for which an installment
21 payment agreement was authorized and the guidelines under which
22 the department authorized the installment payment agreements.

23 (d) The department shall notify in writing all taxpayers who
24 owe taxes in excess of four thousand dollars (\$4,000) to the
25 Commonwealth of the amnesty program established under this
26 article. The sole purpose of the letter sent by the department
27 to taxpayers must be notification of the amnesty program.

28 Section 2911. Method of Payment.--All tax payments under the
29 amnesty program shall be made by certified check or money order.

30 Section 2912. Feasibility Study.--The department shall study

1 and report to the General Assembly concerning the feasibility of
2 acquiring the services of private collection agencies in a
3 competitive bid process for collecting delinquent tax payments
4 that remain outstanding at the close of the amnesty period.

5 Items to be considered in the study include:

6 (1) Maintenance of taxpayer confidentiality.

7 (2) The effect of private collection process on future
8 criminal and/or judicial proceedings.

9 (3) The savings in personnel and other resources from
10 privatizing the collection process.

11 (4) Identification of delinquent tax accounts that are
12 appropriate for collection by private collection agencies.

13 Section 2913. Exemption from Review Process.--

14 Notwithstanding any law to the contrary the regulations issued
15 by the department for the amnesty program shall be exempt from
16 the regulatory review process provided in the act of June 25,
17 1982 (P.L.633, No.181), known as the "Regulatory Review Act."

18 Section 2914. Use of Revenue.--All revenue generated by this
19 article shall be distributed in the following order:

20 (1) Repayment of any cost for administration of the amnesty
21 program to the department.

22 (2) The remaining funds shall be deposited into the General
23 Fund.

24 Section 2. This act shall take effect immediately.