

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.** House Bill 1198

**PRINTER NO.** 2683

**AMOUNT**

No Fiscal Impact

**FUND**

General Fund

**DATE INTRODUCED**

May 13, 2015

**PRIME SPONSOR**

Representative Dunbar

**DESCRIPTION AND PURPOSE OF BILL**

House Bill 1198, as amended, amends the Tax Reform Code of 1971 ("TRC") by further providing for crimes in sales and use tax and by providing for amended reports in corporate net income tax.

The legislation, as amended, adds new subsections under section 268 (relating to crimes) in sales and use tax to make sales zipper devices illegal. These devices are installed on point-of-sale systems to allow sales transactions to be deleted in order to skim cash and evade tax. Almost all states have added similar provisions in the last several years.

House Bill 1198, as amended, adds section 406.1 (Amended Reports) to the TRC, which provides a process for filing amended reports for the corporate net income tax. House Bill 1198 allows a corporate taxpayer to file an amended report with the Department of Revenue (DOR) within three years after the filing of the original report, including extensions. In order for the DOR to consider the amended report, a taxpayer must agree to the extension of the assessment period (one year from the date of the filing of the amended report or three years from the filing of the original report, whichever period last expires). A taxpayer must maintain records until the end of the extended assessment period.

An amended report filed with the department must contain the following:

- An agreement to the extension of the assessment period.
- The calculation of the amended tax liability.
- If applicable, revised Pennsylvania supporting schedules.
- An explanation of the changes being made and the reason for the changes.
- Other information that the DOR may request to support the calculation of the amended tax liability.

# SENATE APPROPRIATIONS COMMITTEE

## FISCAL NOTE

House Bill 1198 prohibits a taxpayer from filing an amended report in lieu of a timely appeal of an assessment. A taxpayer may file an amended report prior to the actual receipt of an assessment or, if a petition raising other issues is pending, during the administrative or judicial appeal.

This act shall take effect immediately and shall apply to amended reports filed on or after the effective date.

### **FISCAL IMPACT:**

House Bill 1198, as amended, will generate an undetermined amount of additional sales and use tax revenue to the extent that the legislation will discourage taxpayers from using illegal devices to evade the tax.

With regard to amended reports in the corporate net income tax, House Bill 1198 will have no adverse fiscal impact on Commonwealth funds.