

## MEMORANDUM

**TO:** All House Members

**FROM:** D. Milne

**RE:** Taxpayers First Act  
Reforming Department of Revenue Processes for Corporate Tax Filings and  
Petition Requirements for Individual Taxpayers

**DATE:** March 28, 2012

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Over the course of recent legislative sessions, the General Assembly has set and met a priority of enacting legislation to make the Tax Reform Code more conducive for the taxpayers as well as the Department of Revenue (DOR) itself. In keeping with this concern, I will be introducing legislation which amends the Tax Reform Code in order to ease several current aspects of the prescribed appeal and administrative processes DOR must follow.

Currently, if the Internal Revenue Service (IRS) grants an extension to corporate taxpayers relating to the filing of an annual report, DOR may, but is not required, to extend the same courtesy at the state level. My legislation will reform the standards of this current procedure by requiring DOR automatically to authorize a filing extension of 30 days if a federal extension has been authorized in relation to the filing of an annual report. Additionally, in the event the taxable income stated by a corporation on an annual report is changed or corrected by any federal agency or court, a corporation would have six months after receipt of these changes to notify the DOR. Current law requires a corporate taxpayer to notify DOR within 30 days of a federally-induced change or correction in taxable income.

In addition to the aforementioned corporate tax changes, my legislation will also address the processes whereby a taxpayer petitions for a reassessment from the DOR. Currently, the Tax Reform Code only provides a general rule relating to reassessment petitions. My legislation will expand upon this general rule by requiring a taxpayer that is seeking a reassessment to file a petition that requests a review of the department's adjustment of a tax item if the adjustment did not result in a tax increase in the current year because the taxpayer's determined tax liability was zero, but may increase the tax due in a subsequent year. Further, as part of this petition, a taxpayer may include a request for recalculation of losses relating to the corporate net income tax, the capital stock franchise tax average net income and the personal income tax basis of an asset, as adjusted by DOR.

Another petition-based change my legislation provides for relates to DOR's review process. If a petition for reassessment raises issues outside of the reassessment per se, DOR will be required to notify the taxpayer and divide the issues into a separate petition for reassessment addressing said issues.

Finally, my legislation will also extend the filing date relating to refund or credit petitions and audit reports. Current law requires a taxpayer to file a petition for refund within six months of the mailing date of an audit report if said report does not provide for a credit. My legislation will change the time period associated with filing of a petition for refund to six months of the mailing date or within three years of actual payment of the tax, whichever is later.

I would welcome your partnership in advancing this legislation. Co-sponsorship opportunities are available by contacting Lori Losch at 787-8579 or via email [llosch@pahousegop.com](mailto:llosch@pahousegop.com).