

## **Pennsylvania Department of Revenue Relaxes “Pay to Play” Rule - Posting Security May Not Be Required**

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In Miscellaneous Tax Bulletin 2011-01, the Pennsylvania Department of Revenue changed its policy concerning security to be filed in cases where taxpayers appeal Board of Finance and Revenue decisions on petitions for reassessment.

Until the release of 2011-01, if a taxpayer wanted to keep the Department from filing a lien or engaging in other collection activities during the pendency of the appeal, the taxpayer had to file security, usually in the form of a bond or letter of credit, in an amount equal to 120% of the tax found due and owing by the Board of Finance and Revenue. The recent bulletin provides an alternate, less expensive method for taxpayers to forestall liens and collection activities.

Now, within 30 days of filing a petition for review to the Pennsylvania Commonwealth Court in which a taxpayer seeks review of a Board of Finance and Revenue decision, the taxpayer may submit a current financial statement to the Department showing that the ultimate collection of the amount contested in the appeal is not in jeopardy. If the Department agrees that the unpaid amount is not in jeopardy, the Department will not require the filing of security, and will not file a lien or pursue any other collection action during the pendency of the appeal.

If the taxpayer fails to submit a financial statement, or if after examining a submitted financial statement the Department determines that the unpaid amount is in jeopardy, it will notify the taxpayer that it intends to file a lien or pursue other collection action. In such a case, the taxpayer will be provided with 15 days to file appropriate security with the Court before the Department takes any action.

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