McNees

PA TAX LAW NEWS

September 2014

SALES FACTOR SOURCING OF SERVICES & INTANGIBLES

by James L. Fritz

We still are waiting for the Pennsylvania Department of Revenue (the "Department") to publish official guidance on the apportionment changes made by Act 52 of 2013. Effective for tax years beginning after December 31, 2013, the Act provides new rules for the sourcing of receipts from services in the corporate net income tax and franchise tax sales factors. A draft information notice dated June 16, 2014, was circulated confidentially to organizations representing business and industry, the bar and CPAs. Extensive comments were submitted at the end of July. Presumably, the Department is rewriting the draft notice, taking those comments into account.

For years prior to 2014, receipts from sales of services and intangibles were subject to the UDITPA-based "income-producing activity" and "costs of performance" analysis. If the income-producing activity was performed in one or more states, in addition to Pennsylvania, the receipts from those activities were sourced to PA if the greater proportion of the income-producing activities, as measured by costs of performance, occurred in PA. While the Department never published a regulation addressing this analysis, and while audits sometimes took inconsistent positions, the Department did publish two letter rulings applying these rules.

The letter rulings focused on all of the activities performed by the taxpayer in producing the sales in question. Generally, the letter rulings indicated that receipts from intangibles, such as license fees, would be sourced to the commercial domicile on the basis that the state of commercial domicile is "where a taxpayer generally manages and maintains intellectual property." Ruling No. CRP-06-004, 10/10/2006. While we do not think it appropriate to discuss the particulars of the Department's confidential draft information notice, we note that it did address income from intangibles as well as the new rules for services, and did not follow the prior letter rulings. At this point, it is impossible to know what the Department will do when it publishes official guidance.

Under Act 52, receipts from sales of services are now attributed to Pennsylvania if "delivered to a location" in PA. 72 P.S. §7401(3)2.(a)(16.1)(C)(I). If delivered to other states as well as PA, the receipts are to be allocated "based upon the percentage of total value of the service delivered to a location in [PA]." *Id.* at (16.1)(C)(II).

Where the point of delivery cannot be determined, the following defaults apply:

1. If the customer is an individual who is not a sole proprietor, delivery is deemed to be at the customer's billing address. *Id*. at (16.1)(C)(II).
2. If #1 does not apply, the service first would be deemed to be delivered "at the location from which the services were ordered in the customer's regular course of operations." *Id.* at (16.1)(C)(III).
3. If the answer under #2 cannot be determined, the service is deemed to be delivered at the customer's billing address. *Id*.

Unfortunately, Act 52 does not define "delivered." However, inasmuch as receipts from sales of tangible personal property have long been sourced to the point of delivery, one would think that some analogies could be drawn.

For example, the point of delivery of tangible personal property is not necessarily the location where the customer ultimately puts the property to use. Therefore, one would assume that the Legislature did not intend for the location where a service is "delivered" to necessarily correspond to the point of ultimate use. This is consistent with the provision specifically providing for receipts from rental or lease of tangible personal property which is subsequently taken out of state to be sourced (at the taxpayer's election) based on "a reasonably determined estimate of usage in [PA]." *Id.* at (16.1)(B)(II). If the Legislature intended a similar "usage" rule for services, the Legislature presumably would have said so.

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IT WASN'T *WIRTH* IT: NONRESIDENT LIMITED PARTNERS LIABLE FOR PERSONAL INCOME TAX ON DISCHARGE OF NONRECOURSE DEBT *by Randy L. Varner*

On June 17, 2014, in *Wirth v. Commonwealth,* 82-85 MAP 2012, the Pennsylvania Supreme Court (the "Court") affirmed the Commonwealth Court's holding that nonresident limited partners were liable for Pennsylvania Personal Income Tax ("PIT") on the amount of their *pro rata* share of total nonrecourse debt discharged as a result of a foreclosure.

FACTS

In 1985, a Connecticut partnership was formed for the sole purpose of purchasing and managing an office tower at 600 Grant Street in Pittsburgh, commonly known as the U.S. Steel Building (the "Property"). Of the 735 limited partners, only 25 were Pennsylvania residents. The limited partners were passive and did not take part in the management of the Property.

The Property was purchased for $360 million, consisting of $52 million in cash with the remaining $308 million covered by a nonrecourse purchase money note. The note provided for monthly payments at 14.55% interest; however, the note provided that if the monthly interest amount exceeded the partnership's net operating income from the Property, the excess need not be paid and would defer and compound on an annual basis. In fact, the Property incurred net operating losses for every year of its existence. Accordingly, the partnership allocated those losses to the limited partners, including the appellants in this case. Because the appellants were nonresidents and had no other Pennsylvania source income, no PIT returns were filed.

On June 30, 2005, in light of maturity of the note, the debt that had accrued, and the partnership's inability to sell the Property, the lender foreclosed. At the time of foreclosure, interest had deferred and compounded to a total of $2.32 billion, making the total amount outstanding on the note more than $2.6 billion. As a result of the foreclosure, the partnership liquidated. The partnership reported a gain of over $2.6 billion, the amount outstanding on the note. None of the limited partners received any proceeds from the Property's foreclosure and all lost their entire investment in the partnership. Recall that the original investment was only $52 million in cash and a $308 million note.

Revenue Department Issues Assessments

As a result of the partnership reporting a $2.6 billion gain, the Department of Revenue (the "Department") assessed PIT against each of the limited partners in the amount of their distributive share of the "gain" associated with the foreclosure. The appellants, all nonresidents, appealed their assessments. The Board of Appeals, the Board of Finance and Revenue, and the Commonwealth Court all sustained the assessments. This appeal to the Supreme Court followed.

Pennsylvania Supreme Court Analysis

Due Process and Commerce Clause Challenges

The appellants argued that the assessments violated the Due Process and Commerce Clauses of the United States Constitution. The Court quickly rejected those arguments. First, with respect to the Commerce Clause challenge, the Court agreed with the Commonwealth Court's conclusion that the appellants had waived that claim because the appellant's briefing at the Commonwealth Court did not contain a discussion of the Commerce Clause argument and was not developed in a meaningful fashion.

With respect to the Due Process Clause issue, the Court held that the appellants had the necessary "minimum contacts" with Pennsylvania in order to satisfy the Due Process analysis. The Court noted that the partnership was to own, operate and gain income from an office tower located within Pennsylvania. Thus, the "minimum contacts" threshold was met.

Nonrecourse Debt Foreclosure

The appellants argued that the assessment was improper because pursuant to 61 Pa. Code § 103.13, the foreclosure on the Property never resulted in the Property being converted "into cash or other property." The Court rejected that argument by relying on the United States Supreme Court case of *Commissioner of Internal Revenue v. Tufts,* 461 U.S. 300 (1983), which held that the gain for tax purposes in the event of a foreclosure of property secured by a nonrecourse loan is the full amount of the nonrecourse obligation. The Court relied on *Tufts* despite the language in § 103.13 which contemplated the disposition of property being converted "into cash or other property." Instead, the Court focused on the language in the statute, which provides that tax will be applied to income "derived from the sale, exchange or other disposition of property…" 72 P.S. § 7303(a)(3). The Court agreed with the Department that the regulation simply includes conversion "into cash or other property" in the amount to be treated as income. The Court concluded by holding that the foreclosure of the Property "cannot be described as anything other than the 'disposition of real property' ..." subject to PIT.

The appellants also argued that the assessment was improper because they lost their entire investment in the Property, and therefore were being assessed PIT on income they never received. The Court rejected this argument by holding that the reasoning in *Tufts* controlled the situation and that the "gain" was from the discharge of indebtedness.

Calculation of Income Realized

In its analysis of the amount of income that should be taxed, the Court discussed the Tax Benefit Rule, a creature of federal common law that is now codified. Generally, the Tax Benefit Rule deals with a situation where a taxpayer takes a deduction of some sort for a loss in one year, only to have the amount previously deducted recovered in a following tax year. Normally, a taxpayer would include the amount of recovery in taxable income in the year it occurred. The Tax Benefit Rule, however, provides that a taxpayer need not include the recovery if the previous deduction did not reduce the amount of tax in the year the deduction was taken. With respect to the accrued interest, the appellants argued that the Department used the inclusionary part of the Tax Benefit Rule without also using the exclusionary part. The Court rejected this argument by noting that the appellants *never took an interest deduction because they never filed a return*, therefore the Tax Benefit Rule did not apply.

Finally, while noting that the issue of whether to include accrued interest into the amount of gain was one of first impression, the Court concluded that the reasoning in *Tufts* also applied to accrued interest as it was nothing more than an increase in the amount of the nonrecourse note.

Availability of a Reduction of Income Realized

The Appellants argued that the Commonwealth Court erred when it denied them the ability to take a deduction based upon the net operating losses, holding that the income from gain constituted income from the disposition of real property, while the net operating losses of the Partnership represented a business expense. Because the character of the disposition of real property is different from that of a business expense, under Pennsylvania law, one could not be used to offset the other. The appellants argued that both the gain and the investment loss should be viewed as a single economic transaction and therefore, a deduction should be permitted against the gain.

The Court noted that the Department disagreed with the Commonwealth Court's suggestion that the disposition of the Property and the investment loss are different categories of income. Rather, the Department took the view that a partnership interest is an intangible asset that should be "localized at the owner's domicile for purposes of taxation." The Court agreed and held that the appellants could not use their intangible losses to offset the *Tufts* nonrecourse debt forgiveness gain.

Disparate Treatment of Nonresidents

The appellants argued that by not allowing them to deduct their losses in the partnership from the *Tufts* gain, they were being treated differently than Pennsylvania residents. The Court held that the limited partners were all treated the same, and that the inability of the appellants to deduct their investment losses from the disposition of the Property did not preclude them from using other deductions based on some other Pennsylvania-sourced loss that properly fell within that category of income. Further, the Court noted that Pennsylvania could not have taxed any gain the appellants might have had on their investment; therefore, the appellants would not be permitted to use investment losses as an offset against the *Tufts* income.

The Court's Conclusion

The Court noted that it was "not without empathy for Appellants who find themselves with significant financial burdens because of the loss of their investments, the liquidation of the Partnership, and the foreclosure of the Property." Still, the Court held that the Department's actions were proper and remanded the case back to the Board of Finance and Revenue to calculate the basis in the property and the amount of tax to be assessed. ■

PA APPEAL SYSTEMS CHANGES UPDATE

by James L. Fritz

It has now been over a year since Pennsylvania's General Assembly enacted major changes to Pennsylvania's tax appeals process, and roughly five months since the new structure for the Board of Finance and Revenue was implemented. At this point in time, do these changes seem to have worked improvements in Pennsylvania's appeals process or have they yet to bear fruit?

Independent Board Members

One of the major changes to the Board of Finance and Revenue (the "Board") (second administrative appeal level) was to remove the Secretary of Revenue and five other senior government officials and replace them with two Gubernatorial appointees and one designee of the State Treasurer. As discussed in our July 2013 newsletter, certain tax credentials were required by the statute. Even so, you never know whether political appointees are going to merely meet the minimum requirements or have truly significant experience. In this case, we can say the Governor and State Treasurer have done an excellent job of selecting experienced, qualified members for the Board.

Jacqueline Cook, the designee of the State Treasurer and Chair of the Board, is an experienced attorney who sat on the "old" Board as the designee for four State Treasurers and served several years as Secretary of the "old" Board. She has participated in the adjudication of tens of thousands of Pennsylvania tax cases.

Dave Kraus, one of the Governor's appointees, moved over to the Board from his previous position as Chief Counsel of the Department of Revenue (the "Department"). Prior to serving in that position, Mr. Kraus was in private practice for twentyifive years and was well known for his representation of taxpayers in Pennsylvania tax matters.

Scott Shearer, the other appointee of the Governor, also was engaged in private practice for many years, representing taxpayers in Pennsylvania tax matters. Early in his career, he served as a Deputy Attorney General. Mr. Shearer was active in the Pennsylvania Bar and the PA Chamber's tax committee, among many other professional affiliations.

One could hardly have asked for a better qualified or well-rounded group of board members to launch the reconstituted Board.

Complexity of Process

One of the concerns we had about the new Board was that new procedures could detract from the historical informality and accessibility of the process. We remain somewhat concerned that the process has become more complicated and more expensive for taxpayers and their representatives.

The new rules precluding *ex parte* communications with Board members and Board staff, which we generally agree are basic to a transparent and fair process, have had the unintended consequence of making it more difficult to schedule pre-hearing conferences with staff to review evidence and discuss issues. Initially, the staff would only schedule a conference or a call if someone from the Revenue Department Chief Counsel's Office was available to participate. The Department did not seem to anticipate the additional work involved under the new system and at times could not, or would not, participate. The Department is still adjusting to the additional workload. At least the new Interim Operating Rules recently adopted by the Board provide for the possibility of a participation waiver by the Department, which could allow meetings to go forward on routine matters without the Department's participation.

The new Interim Operating Rules are not all positive from the point of view of a private practitioner. The rules require supporting documents to be submitted within sixty days of the filing of a petition with the Board. It is not uncommon for a practitioner to be brought into a case at the last minute before an appeal has to be filed. Requiring documentation to be pulled together and submitted within sixty days, when the Board has six months to render a decision, and the decision deadline can be extended for another six months, seems unnecessary.

Similarly, the requirement under the Interim Operating Rules that any offer in compromise be initiated within thirty days from the filing of the appeal seems unnecessary.

Hopefully, the Board will be reasonable in granting extensions of these documentation and compromise deadlines, or will simply ignore them as they realize they are unnecessary. The practitioner community presumably will comment accordingly when the Interim Operating Rules are proposed for adoption as official regulations.

Compromises

With the reconstitution of the Board of Finance and Revenue and prior changes made at the Department of Revenue's Board of Appeals, a taxpayer theoretically may pursue a compromise concurrently with the pursuit of their appeals at the first two administrative levels of tax appeal in Pennsylvania. A number of compromises have been entered into at both levels – some of them by clients with our representation.

We are concerned, however, that sometimes when a compromise has been proposed at the Board of Appeals on terms which were known to have been applied to the same issue in prior cases, the Department has felt that the taxpayer should take a "haircut" on the relief on the purported basis that the taxpayer would save money by not having to file further appeals and eventually negotiate with the Office of Attorney General. The Department

seems to have forgotten that the government saves money too from not having to handle the further appeals. And, the "haircut" they seem to expect is well in excess of the actual cost of further appeal. This certainly undermines the effectiveness of what could otherwise be a beneficial feature of the Pennsylvania tax appeals process.

It is not yet clear to us whether the Department believes a "haircut" routinely should be expected for compromises after appeal to the second level, the Board of Finance and Revenue.

Transparency

Board of Finance and Revenue hearings are now being advertised in advance, listings of cases scheduled to be heard are being posted on the Board's website and votes are being cast in public meetings.

At the writing of this article, the Board had posted decisions rendered in May and June on its website. The decisions are posted under broad categories and are searchable by keyword.

While we continue to have some concerns that the decision database will quickly become overloaded with decisions of minimal significance, such as decisions dismissing untimely appeals and addressing only abatement of penalties, the actions of the Board certainly have become much more transparent than at any point in the past. The only board actions which do not appear to have been posted are decisions confirming compromises agreed to between the Department of Revenue and the taxpayer, and then adopted by the Board.

Following are short summaries of some of the decisions currently found in the Board's decision database.

CORPORATE TAXES

- Corporate Net Income Tax refund petition filed to preserve issues outside the basis of assessment was dismissed because no tax had been paid for the year in question.
- Telephone Gross Receipts Tax was sustained with respect to revenues from wire maintenance fees, customer premise equipment and Universal Service Fund pass-throughs on the basis that the services "were related to the transmission of messages."
- Request for allowance of additional net loss deduction was denied because the requested amount exceeded the statutory cap and the Board cannot grant constitutional relief.
- Dismissal of a Corporate Net Income Tax petition as untimely was upheld even though apparently filed within three years of payment made within the extended reporting due date because it was filed more than three years from original tax due date. An amended return filed within the three-year statute of limitations could not be treated as a timely refund petition.

SALES & USE TAX

- Inasmuch as amusement rides are tangible personal property (rather than real estate) repairs to the rides are subject to sales and use tax.
- "Casing running tools and equipment" and "trailered blender equipment" used in drilling in the Marcellus Shale qualify for the sales tax mining exclusion.
- PJM Interconnection's "dispatch" activities qualify for sales tax public utility exclusion but other activities do not.
- Investment management company selling mutual funds and other investment products is not a "financial institution" entitled to sales and use tax exemption for "financial institution security equipment."
- Taxpayer does not qualify for the sales and use tax "in-house printing" exemption where the facility predominantly produces customer statements which are individualized and not substantially similar.
- Although sales to the Commonwealth and to its political subdivisions and instrumentalities are exempt from PA sales tax, sales to Maryland or its political subdivisions and instrumentalities are not exempt.
- Sales & Use Tax Mining exclusion applies to foundation materials for pipe used to transport natural gas from wells to the processing station and within the processing station. Compressor buildings are not eligible for exclusion.
- Prepared food provided to casino patrons in exchange for reward points, awarded for spending at the casino, is subject to sales and use tax.

RESPONSIBLE PARTY

- Taxpayer was properly held to be responsible for trust fund taxes (Sales Tax and withheld Personal Income Taxes) where he was president and general partner of a limited liability company which serves as the general partner of the limited partnership which failed to remit the taxes.
- Secretary/treasurer/shareholder was properly treated as responsible for his company's sales tax not remitted for periods prior to company buyout of his interest; he was not responsible for periods after the buyout.
- Co-owner with check-signing authority was responsible for unfiled employer withholding and sales taxes notwithstanding her assertion that boyfriend/co-owner actually operated business.

FUEL TAXES

- Motor Carrier Road Tax assessment was properly imposed where taxpayer's records were incomplete.

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PERSONAL INCOME TAXES

- For Personal Income Tax Purposes, a change of domicile from Pennsylvania to Florida was not recognized where the taxpayer maintained a homestead exemption on his house in Pennsylvania and spent more time in PA than any other state during the tax year.
- The Department of Revenue "inappropriately refused to refund Petitioner's 2011 overpayment by improperly using it to offset an assessed amount on his 2008 tax account" while Petitioner was still within the ninety-day period to appeal the Board of Appeals' decision on his 2008 Personal Income Tax assessment to the Board of Finance and Revenue.
- Evidence established that Taxpayer was domiciled in Switzerland notwithstanding use of parents' PA address for receipt of various documents. Taxpayer was not subject to PA tax on nonemployee compensation from a PA corporation because taxpayer was a nonresident of PA and performed the services outside PA.
- Husband and wife failed to establish a change of domicile to Florida where they continued to maintain a homestead exemption in PA and spent substantial time in PA. The 183-day rule did not apply since they were domiciled in PA.
- Taxpayer established change of domicile to Florida for PIT purposes where, among other factors, he spent seven months of year in Florida, and his doctors, voting registration, drivers license and vehicle registration were in Florida. He continued to receive a PA homestead exemption due to error by the county tax office.
- Taxpayer was properly assessed on compensation paid when taxpayer was a minor child. Penalty was abated because failure to file was father's responsibility.

REALTY TRANSFER TAX

- Deed reversing prior transfer of fifty percent interest in real estate was not an exempt "corrective deed" in the absence of a court order finding cause to cancel the initial transfer.

We note that we do not agree with all of the Board's conclusions.

If you have any questions concerning whether an assessment should be appealed or a refund claim should be pursued, please contact the author or another member of the McNees SALT Group.

SALES FACTOR SOURCING OF SERVICES & INTANGIBLES

(contiued from page 1)

But what if a service is performed primarily in a state other than Pennsylvania, the service would provide a general benefit to the customer company, the work product from the performance of the service (e.g., a marketing study) is delivered to an address in another state outside of Pennsylvania, but in the course of performing the service the service-provider was in touch with company personnel both inside and outside of Pennsylvania? Is this a case where the point of delivery really cannot be determined and the default sourcing rules should come into play? Or would the PA Department of Revenue take the position that the point of delivery could be determined on these facts?

The attribution of service receipts to the location where the service is "delivered" is a relatively new concept. Guidance is required from the Department of Revenue so that a company may prepare its Pennsylvania tax report with some degree of certainty that it is not unexpectedly opening itself to a dispute with the Department of Revenue.

If you have any questions concerning Pennsylvania's apportionment provisions, or any other question concerning Pennsylvania corporate taxes, please contact the author of this article or another member of the McNees SALT group. ■

2014
PENNSYLVANIA
STATE & LOCAL TAX
REVIEW
Eden Resort and Suites
222 Eden Road
Lancaster, PA 17601
October 30, 2014
8:15 a.m. - 5:00 p.m.
Topics to Include:
• Hot Topics In Personal Income Tax
• Sales and Use Tax Refund Opportunities
• Real Estate Assessment Valuation
• Recent Developments and Current Issues

PERSONAL RESPONSIBILITY FOR PA TAX ASSESSMENTS

By Sharon R. Paxton

Under Pennsylvania law, there are important exceptions to the general rule that officers, employees and owners of a corporation or limited liability company have no personal liability for the business's unpaid tax liabilities. The Pennsylvania Department of Revenue has statutory authority to collect unremitted sales tax, employer withholding tax and fuel tax from "responsible parties" when those taxes have been collected from customers or withheld from the compensation of employees. *See* 72 P.S. § 7225; 72 P.S. § 7320; 75 Pa. C.S. § 9014. The basis for this type of assessment is that the collected taxes constitute a "trust fund" in favor of the Commonwealth. That is, in each of these situations, the business has collected taxes from third parties on behalf of the Commonwealth.

The applicable statutes generally provide that the collected, but unpaid, taxes are enforceable against "representatives" of the business that collected the taxes. In a case involving an unpaid "trust fund" liability, the Department of Revenue is likely to issue a responsible party assessment against the chief operating and financial officers of the business and possibly against owners and other employees who have been identified on tax filings or registration documents as having responsibility for the reporting of these taxes.

In recent years, the Department of Revenue (the "Department") has begun to more actively pursue "responsible parties" for unpaid trust fund liabilities. Individuals who were, in fact, actively engaged in the management and control of the business do generally have personal responsibility for unpaid trust fund taxes. Therefore, it is imperative for persons in control of a business to make sure that all trust fund taxes are paid when due, even when a business is struggling. The volume of responsible party assessments issued by the Department reflects how common it is for businesses with financial problems to use trust fund taxes to pay other financial obligations. Persons who control the general operations and finances of a business should keep in mind that lack of intent to "defraud" the Commonwealth is no defense to a responsible party assessment. Similarly, the fact that a "responsible party" may have received no financial benefit from the failure to remit trust fund taxes does not shield him or her from personal liability for the unpaid taxes.

Since the Department often has limited information as to which individuals were actually in control of a business's operations and/or responsible for the remittance of trust fund taxes, assessments may be issued against some individuals who were not actually "responsible parties," as that term has been construed by the Pennsylvania courts. For example, the courts have generally restricted personal liability for unpaid trust fund taxes to individuals who actively control the operations of a business. *See, e.g., Brown v. Commonwealth,* 670 A.2d 1222 (Pa. Cmwlth. 1996). That being said, it would be quite difficult for a person serving as the president of a corporation to assert that he or she had no "control" over the corporation's operations due to the scope of duties which accompany the office of "president."

It has been our experience that it is sometimes possible for an individual to obtain relief from a responsible party assessment at the Board of Appeals or the Board of Finance and Revenue (the "Board"), but only if the individual can adequately demonstrate that he or she was not responsible for the operations of the business during the period when the trust fund taxes were collected. This proof requires more than a mere assertion by a person that he or she was not "responsible" for the corporation's affairs. As reflected in the "responsible party" decisions recently published by the Board of Finance and Revenue (as summarized in this edition of PA Tax Law News), persons with legal authority to exercise control over the financial affairs of a business may be deemed to have responsibility for unpaid trust fund taxes even where they do not view themselves as having control over the business.

The Board decisions also show the importance of making sure that the appropriate forms are filed to have a person's name removed from the records maintained by the Department of Revenue when they are no longer an officer or owner of the business or otherwise no longer have responsibility for the operation of the business or for tax filings. Otherwise, a person who no longer is affiliated with a business, or otherwise no longer is a "responsible party," may receive an assessment for a period after which they no longer exercised any control over a business with unpaid trust fund liabilities.

Even individuals who were "active and controlling" agents of a business may have grounds to appeal certain portions of a responsible party assessment, such as interest and penalties, or taxes assessed for periods after which they were no longer in control of the business. We have also seen cases where a "responsible party" was erroneously assessed for tax liabilities of a business which did not constitute "trust fund" taxes because they were not taxes that had been collected from customers. Even when there is an obvious basis for challenging a responsible party assessment, a person who receives such an assessment should file a timely Petition for Reassessment with the Department's Board of Appeals to preserve their appeal rights. They should also ask the Department to provide the basis for issuance of the responsible party assessment.

Please contact the author or another member of the McNees SALT Group if you would like to discuss the merits of a responsible party assessment. ■

Solving State & Local Tax Problems

Call upon the McNees State and Local Tax Group whenever you need assistance with Pennsylvania and other state and local tax problems. Members of our SALT Group routinely advise companies of all sizes, individuals and nonprofit entities on state and local tax issues. We have handled more than 1,000 appeals involving Pennsylvania sales and use tax, corporate net income taxes, capital stock and franchise taxes, insurance taxes, fuels taxes, personal income and other state taxes. Members of our Group also have authored the leading treatise on Pennsylvania local real estate tax law and represented clients in local tax matters in 66 of the Commonwealth's 67 counties.

Our services include:

- Assistance in dealing with State & Local Tax Auditors
- Assessment and Refund Appeals to the PA Department of Revenue Board of Appeals
- Appeals to the PA Board of Finance and Revenue
- Appeals to PA County and Appellate Courts
- Abandoned and Unclaimed Property (Escheat) Advice and Appeals
- Real Estate Valuation and Exemption Appeals before County Boards of Assessment and in PA Courts
- Obtaining Letter Rulings
- Negotiating Compromises – both in the appeals context and in the collections process
- Advice Concerning Legislative Approaches to Solving State & Local Tax Issues

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