

Voluntary Disclosure Programs

Q: Does the City have a formal or informal Voluntary Disclosure Program for those who have never filed returns (e.g. Business Privilege Tax, Net Profits Tax, Wage Tax, School Income Tax, etc.) and who have not been contacted by the City? Are there standard terms (i.e. limited look back period, waiver of interest and/ or penalties)? In initiating the voluntary disclosure, can the taxpayer choose to enter into an agreement with the Philadelphia Department of Revenue (PHLDOR), the Law Department, or a City tax collection agency such as St. Hill & Associates or Revenue Collection Bureau? If so, can you please provide a list of contact people for each agency?

Philadelphia Code § 19-1705 provides to the Revenue Commissioner the discretion to abate in whole or part, interest and /or penalties in amounts equal to or less than ten thousand dollars (\$10,000) accruing upon any unpaid money or claims collectable by the PHLDOR. Would this provision affect a potential voluntary disclosure agreement where interest and /or penalties accrued are in excess of \$10,000?

Does the PHLDOR have any plans for a Tax Amnesty Program?

A: *The PHLDOR does have a formal Voluntary Disclosure Program. Only those taxpayers who have never filed with the PHLDOR and have not received a tax discovery notice can avail themselves of the program. The PHLDOR will seek to collect six (6) years of the back taxes along with interest. The penalty will be waived so long as the amount does not exceed the Revenue Commissioner's authority (i.e. equal to or less than \$10,000). The program is designed to bring into compliance those individuals and businesses that may have been innocently unaware of their respective tax liabilities. It is not designed to offer protection to those individuals and businesses who may have employed fraudulent or questionable methods to conceal their liabilities or whose level of knowledge or sophistication is such that they should have known there was a legal filing requirement (e.g. attorneys, accountants etc.).*

There is no statute that would prohibit a taxpayer or his/her representative from voluntarily approaching any one of the Law Department's outside tax collection vendors. However, since the terms for voluntary disclosure are uniform, the PHLDOR prefers taxpayers and their representatives to contact the PHLDOR Compliance Unit at 215-686-6614. If interest and penalty due exceeds \$10,000, PHLDOR will involve the Law Department in the final settlement of the voluntary disclosure.

There are no current plans by the PHLDOR to offer a tax amnesty program.

