

BUCKS COUNTY TAX COLLECTION COMMITTEE

Taxpayer Penalty and Interest Abatement Policy

1. **Policy Scope and Legal Authority.** The Local Tax Enabling Act (LTEA), 53 P.S. § 6924.509(0)(2), authorizes the Bucks County Tax Collection Committee (TCC) to adopt a policy under which a TCC-appointed Tax Collector may abate interest or penalties owed by a taxpayer. The purpose of this policy is to establish rules for abatement of penalty and interest.

For purposes of this policy, "Taxpayers" include individuals, entities, and employers required to pay or withhold tax owed to any of the school districts and municipalities within the Bucks County Tax Collection District (TCD).

LTEA provides in various sections for interest and penalties owed by Taxpayers.

As to income tax, 53 P.S. § 6924.509(i)(1) provides that if income tax is not paid when due, the Taxpayer is required to pay interest plus a penalty on the unpaid amount. Concerning interest, interest is owed at the rate established under the Pennsylvania Fiscal Code, 53 P.S. § 806. Under this section, the Pennsylvania Secretary of Revenue in January of each year announces an interest rate applicable for that calendar year. For example, the interest rate applicable for calendar year 2011 is 3% per annum. Concerning penalty, the Taxpayer owes an additional civil penalty of 1% of the unpaid amount for each month or fraction of a month during which the tax remains unpaid, subject to a maximum additional penalty of 15% of the unpaid tax amount,

As to taxes other than income tax, 53 P.S. § 6924.706 authorizes establishment of any reasonable penalties for failure to pay tax when due.

In addition, 53 P.S. § 6924.509(j)(1) provides potential criminal penalties for all taxpayers of up to \$2,500 for each offense and imprisonment for failure to pay fines and costs, and 53 P.S. § 6924.509(2) provides potential criminal penalties for employers who willfully fail to collect or account for and distribute income taxes up to \$25,000 or imprisonment up to 2 years, or both.

2. **Penalty Waiver for Individual Taxpayer.** The Tax Collector is authorized to waive civil penalty amounts owed by an individual Taxpayer if the Taxpayer establishes to the satisfaction of the Tax Collector that: (a) the earliest date on which a delinquent tax amount was owed is no more than 3 years prior to the date when the Taxpayer pays the tax in full; (b) the Taxpayer moved into, or began work in, the school district or municipality to which the tax is owed within the foregoing time period; and (c) at the time when the tax was due, the Taxpayer was unaware of the tax. The Tax Collector may then waive the penalty amount but not interest owed by such Taxpayer, but shall not be required to waive the penalty if the Tax Collector reasonably determines such waiver to be inappropriate under the circumstances
3. **Penalty Waiver for Employer.** The Tax Collector is authorized to waive civil penalty amounts owed by an employer for failure to withhold and remit employee tax if the employer

establishes to the satisfaction of the Tax Collector that: (a) the employer employs less than 20 employees within the school district or municipality that imposes the tax; (b) the employer did not use a payroll service in connection with payments to employees at the time when the tax was required to be withheld; (c) the earliest date on which a delinquent tax amount was owed is no more than 1 year prior to the date when the employer remits the tax in full to the Tax Collector; (d) the employer first established a work site within the school district or municipality to which the tax is owed within the foregoing time period; and (e) at the time when the employer was obligated to withhold and remit, the employer was unaware of the tax. The Tax Collector may waive the penalty amount but not interest owed by such employer, but shall not be required to waive the penalty if the Tax Collector reasonably determines such waiver to be inappropriate under the circumstances

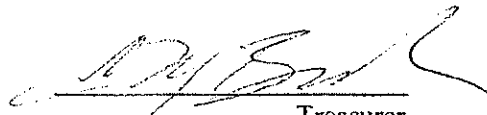
4. **Penalty, Interest, or Collection Cost Waiver.** The Tax Collector shall waive civil penalty, interest, or delinquent collection cost if: (a) the Tax Collector concludes that such waiver is necessary in order to obtain settlement and payment from a Taxpayer concerning a disputed tax amount, or that such waiver is appropriate as a result of Taxpayer hardship in connection with an installment payment plan agreed between the Taxpayer and the Tax Collector; or (b) the waiver is pursuant to a TCC-approved amnesty program.

In accordance with 53 Pa.C.S.A, § 8428(b)(1), the Tax Collector shall waive the portion of any civil penalty, interest, or delinquent collection cost attributable to erroneous advice furnished to an individual taxpayer or employer in writing by the Tax Collector if: (a) the written advice was reasonably relied upon by the individual taxpayer or employer and was in response to a specific written request of the individual taxpayer or employer, and (b) the portion of the civil penalty, interest, or delinquent collection cost did not result from a failure of the individual taxpayer or employer to provide adequate or accurate information.


5. **Amnesty Program.** The Tax Collector shall from time to time provide recommendations to the TCC on implementation for limited periods of time of an amnesty program that may involve penalty or interest waivers for qualifying individual Taxpayers or employers.
6. **Delinquent Tax Collection Costs.** Waiver of civil penalty does not release an individual Taxpayer or employer from obligation to pay delinquent tax collection costs assessed by a tax collector under 53 P.S. § 6924.707 or 53 P.S. § 7106 (sometimes referred to as "Act 192 fees" or "Act 20 fees").

Adopted this 26th day of November, 2013.

Bucks County Tax Collection Committee



, Treasurer

Attest 

, Secretary