

Business Privilege Tax collection process.

How are accounts added to the tax rolls?

Accounts are added via one of the 3 resources available to us to identify new businesses. There are:

1. The initial tax rolls will be established using the information that the township has garnered from its current Business Privilege/Amusement tax collector and which will be provided to us by the township at the onset of the process.
2. Information supplied to us by the client in regards to new businesses that have been granted permits to operate in their jurisdiction and/or have been given permission to operate in the jurisdiction whether temporary or permanently. The information can be supplied to us as copies of U & O's, Construction Permits, Move in/Move Out permits and our lists of entities that have applied for and received licenses to operate in the jurisdiction.
3. As the EIT and LST collector for the jurisdiction we would receive lists of accounts that have been added for either or both tax types. The lists are generated monthly and provided to our BPT Department on a monthly basis.

Under scenarios 2 and 3, the lists are checked against the clients current BPT/Amusement Tax account database and if found to be missing are added to the tax rolls and sent the Tax Return for the current tax year and a registration form. The form (copy enclosed) helps to gather the information need on the account. When the form is returned, the information provided is added to the account. If that information indicates that the business has been operating in that area for period longer hen the current year, it is sent the appropriate forms for the prior years so that they can be filed and the account caught up to date.

How are the taxes due the township collected?

When an account is added it will be assigned a unique account # which identifies the business to the jurisdiction it is located within.

As the BPT administrator the township, we would send each business an annual return to be completed by them and returned to us by the appropriate due date(s) for each. The returns for BPT are sent out 45 days prior to the returns due date (05/01) and contain both the annual license and return form required to be completed and paid for each year. Those for Amusement taxes are sent out at the end of the month preceding the month they are due for.

When the taxpayer files with us they are required to provide the appropriate supporting documentation (1120 or Schedule C or in cases where the business operates in multiple areas – a certified copy of their calculations used to arrive at the figures shown on the filing) that corresponds with what is reported to us. If they fail to do so, the processor would write to the business requesting such. (Due to the early due date, there are a number of business that file the return with a note stating that the supporting docs will be supplied when ready.) This information is used to verify the figures used and the tax types that are being reported for.

When the filing is received the processor enters the information, based on the tax types the taxpayer is reporting on, from the return into our database. The system calculates the taxes due and presents this information to the processor. If they match then the return is considered to be filed. If they do not, or if P & I is due, the processor would write to them notifying them of the discrepancy and the taxes/P & I that would be due at that time. The processor may also need to write to ask for

further proof on the tax types being reported for. (This comes into play if there is a question on the reporting of Wholesale/versus Retail sales since the rates are different).

If the filing contains *exemptions/exclusions*, the business is required to provide the supporting documents for the deductions as well. The support would be either copies of the returns filed elsewhere and/or list of sub-contractors used. That list must contain the name and address and amount paid to the businesses. The list of sub-contractors is then checked against our data based and if found to not exist on file, they are added and sent the appropriate forms to be completed. If no support is provided, the business is billed for the balance due and required to pay the amount due or provide the documentation required.

The actual filings, including the original return and supporting documents are retained on file for a period of 7 years either on site in Exton PA office or in our warehouse facilities in Bethlehem and can be pulled for review as needed or for a copy supplied to the taxpayer if so requested. We can also supply copies of filings to clients for use in audits they or their designated entity may wish to perform.

What happens if an account fails to file a return?

Approximately 60 days after the due date of the township's filing we run a report that identifies businesses that have failed to remit either the license fee and/or the return that is due by that time. Those that have been found to be missing one or the other are sent a Failure to File Notice informing them of this fact and giving them a period of 30 days to file the missing return with us. The letter informs the taxpayer of what is missing, as well as the appropriate penalty and interest rates to be included in the filing when made.

If the account fails to respond to the notice, the account is turned over to our delinquent department for follow up. The processed that they use are as follows:

Delinquent Collections Process overview.

1. Our first notification to the delinquent is the form PRE-COLLECTION LETTER. This notification is mailed to the database of open accounts giving each an opportunity to make payment prior to the next step in the cycle.

Taxpayer is allotted a minimum of 30 days to respond, if no response is received then;

2. The remaining delinquents receive a second delinquent notice in the form, of a DELINQUENT TAX NOTICE.

Taxpayer is allotted a minimum of 30 days to respond, if no response is received then;

3. If no response is received on the previous mailing the taxpayer receives a FINAL NOTICE. This is the last notification to any delinquent prior to processing by our Legal Department.

Taxpayer is allotted a minimum of 30 days to respond, if no response is received then;

4. Account is turned over to our legal department, who verifies that all proper procedures have been followed in regards to notification. Our legal staff then notifies the taxpayer by sending out a PRE-LEGAL SAMPLE COMPLAINT with LETTER, that they have been turned over to their office for collections.

If not responded to in thirty (30) days, a complaint will be filed.

5. Finally, remaining accounts will be sued in local district court or the appropriate level court, based on the amounts due, utilizing the appropriate Civil Complaint form as prescribed by Pennsylvania law. Judgments in favor of the taxing body that are not paid will be executed in the form of a lien or a Sheriff Sale of the person's property at the option of the taxing jurisdiction.
6. Telephone calls and follow-up is done on a regular basis, throughout the process.

This document represents a generic overview of the processes currently in use and are not meant as a comprehensive and all-inclusive overview of the steps taken in the processing of BPT returns.