

**CITY OF PHILADELPHIA
LAW DEPARTMENT**

MEMORANDUM

TO: Frank Breslin, Revenue Commissioner

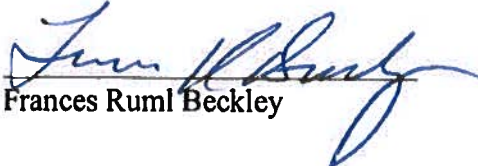
CC: Rebecca LopezKriss, Deputy Revenue Commissioner
Tilahun Afessa, Director of Policy
Joseph F. Procopio, Jr., Manager – Technical Staff

FROM: Frances Ruml Beckley, Revenue Chief Counsel

DATE: March 1, 2021

SUBJECT: Amendment to Subsection (3) of General Regulations Section 306 entitled *Interest on Refunds* to provide for a revised interest rate on tax refunds.

I have reviewed the attached amendment to Subsection (3) of General Regulations Section 306 entitled *Interest on Refunds* to provide for a revised interest rate on tax refunds. I find the amendment to be legal and in proper form. In accordance with Section 8-407(a) of The Philadelphia Home Rule Charter, you may now forward the amendment to the Department of Records where it will be made available for public inspection.


Frances Ruml Beckley

Subsection (3) of General Regulations Section 306 entitled *Interest on Refunds* is amended to provide for a revised interest rate on tax refunds. This provision is for refunds requested on or after January 1, 2021.

DEPARTMENT OF REVENUE

GENERAL REGULATIONS RELATING TO TAXES AND OTHER REVENUES

(Based on December 1988 Amendments and July 1989 Consolidation, as further amended)

ARTICLE 1

GENERAL PROVISION

ARTICLE II

FILING RETURNS AND PAYMENT OF TAX

ARTICLE III

DUTIES AND POWERS OF THE COMMISSIONER OF REVENUE

Section 301. Collect and Receive Tax and Other Revenues.

The Commissioner of Revenue shall collect and receive the taxes and other revenues imposed under Chapter 19 of the Code.

Section 306. Assess and Collect Deficiencies and Authorize Refunds.

(1) **Assessment and Collection of Underpayments of Tax.** If as a result of an investigation conducted by the Commissioner of Revenue a return is found to be incorrect, the Commissioner is authorized to assess and collect any underpayment of tax owing by any taxpayer, or any underpayment of tax withheld at source. If no return has been filed and a tax is found to be owing, the tax actually owing may be assessed and collected with or without the formality of obtaining a delinquent return from the employer or taxpayer.

2) Refunds. Should a taxpayer discover that an overpayment of tax has been made, he may apply for a refund on a form to be furnished by, or obtainable from, the Department. Such refunds are governed by the provisions of Chapter 19-1700 of the Code.

The decision of the Commissioner of Revenue as to the granting of a refund shall become final only after it has been approved by the Tax Review Board.

Where an employer has erroneously withheld tax from his employee, the application for refund must be made by the employer for and on behalf of the employee. In those cases in which too much has been withheld by an employer from an employee and turned over to the Commissioner of Revenue and there has been a termination of the employee-employer relationship, the taxpayer (employee) may apply in his own right to the Commissioner of Revenue for an adjustment.

(3) Interest on Refunds. **For refunds requested prior to January 1, 2021, [I] interest on refunds will be paid at the rate [required by the Commonwealth] pursuant to 41 P.S. § 202. For refunds requested on or after January 1, 2021, interest will be paid at one (1) percentage point more than the Federal Short-Term Rate established by the Secretary of the Treasury of the United States (under the provisions of the Internal Revenue Code of 1986, 26 U.S.C. §§ 6621 at seq.,) effective January of such calendar year without regard to any change or changes in said Federal interest rate during such calendar year.** Interest shall be allowed and paid during the period the overpayment was held **in accordance with the following provisions, [beginning with the date of the overpayment except]:**

(a) When the overpayment is deducted and withheld at the source, the overpayment date shall be construed to be the last day prescribed for filing the return or report for the taxable year. For wage tax, the last day prescribed for filing the return is the due date of the Annual Reconciliation which must be complete and sufficiently detailed to verify computation of tax liability on return.

(b) When the overpayment is the result of an estimated payment, the overpayment date shall be construed to be the last date prescribed for filing the final report or return. This rule will apply for estimated payments made for the Net Profits Tax **and the Business Income and Receipts Tax.**

(c) If the overpayment is made with an early filing, the overpayment date shall be construed to be the last day prescribed for filing the return or report.

(d) If the overpayment is brought to the Department's [City's] attention through a Petition for Refund rather than with the filing of a return, the overpayment date is 60 days after the receipt of a complete refund request. **A completed refund request is one that is sufficiently detailed and documented by the petitioner so that there is no additional information or clarifications requested or required by the Department in order to determine the propriety of the refund claim. [Complete means the refund request must be sufficiently detailed to verify the computation of the amount requested, type of tax and years involved, taxpayer's name, address and account number and reason for refund.] In instances where the Department has requested additional information of the petitioner, [Refund Petitions deemed to be**

incomplete will be sent back to the requester and] the 60 days will not start until the receipt by the Department [City] [of] [a complete Petition] of the additional information or documentation.

(e) In case of refund request with filings , [**(other than step 4) City] Revenue has 75 days from prescribed due date or payment date whichever is later to refund or credit taxpayer's account. Refund requests must be complete and sufficiently detailed to verify computation of tax liability on return. The Department reserves the right to request additional information or documentation to verify the propriety of a refund claimed on a filed return or report. In instances where the Department seeks additional information or documentation from the taxpayer, the 75 days will not commence until the receipt by the Department of the requested information.**

[] and bold denotes matter deleted.

___ and bold denotes new matter.



Frank Breslin CPA, Revenue Commissioner and Chief Collection Officer

Date : 3/1/21