

Administrative/Voluntary Disclosure: Pennsylvania DOR Says Look-Back Period on Corporate Tax VDAs Reduced from 6 to 4 Years

Tax Update, No. 226, Penn. Dept. of Rev. (June/July 2023). In a recent newsletter, the Pennsylvania Department of Revenue (Department) states that for Pennsylvania Voluntary Disclosure Agreements (VDAs) entered into August 1, 2023 or later, it has changed eligibility requirements for taxpayers with liabilities from Pennsylvania “corporation taxes” so that the “lookback period” for corporation taxes is now three years plus the current year rather than the prior lookback period of five years plus the current year. As such, “all potential taxpayers with a corporate tax filing obligation who approach Pennsylvania regarding a Voluntary Disclosure Agreement will owe corporate returns for the current tax year due and the three immediate preceding years.” As an example, the Department explains that if the calendar tax year is 2023, the current tax year due is 2022, and the tax years 2019, 2020, 2021, and 2022 would be the years included in the VDA as the agreement would begin with 2019; however, if 2022 is on extension, “the taxpayer would need to send returns for 2019, 2020, and 2021 along with any estimated or extension payments for 2022 under the VDA.” If the original or extended due date for 2022 has passed, “the taxpayer would be required to send the return for tax year 2022 as well.” Please contact us with any questions.

URL: https://www.revenue.pa.gov/News%20and%20Statistics/TaxUpdate/Documents/taxupdate_226.pdf

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