

City of Philadelphia – Department of Revenue

**AMENDMENT TO THE CITY OF PHILADELPHIA'S INCOME TAX REGULATIONS**

*Section 304 entitled "Employer / Payroll Services - Electronic Filing and Payment" of the City of Philadelphia's Income Tax Regulations is amended to read as follows:*

**Section 304. Employer / Payroll Services - Electronic Filing and Payment**

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- (a.) Effective January 1, 2011 [and for all periods thereafter,] through December 31, 2011, any employer that remits an average of \$20,000 or more per month will be required to file the tax return and remit the attending tax payment electronically through electronic funds transfer ("EFT"). Effective January 1, 2012 and thereafter, the Department may periodically determine or change the parameters for employers to electronically file tax returns and remit the attending tax payments electronically through EFT. These parameters will be posted to the Department's website and employers will be notified of the changes. EFT includes automated clearinghouse (ACH) debits and/or credits and any other means or technologies that may be available to obtain the funds due the City in an efficient manner. The Department may by policy or announcement provide for additional electronic means/technologies as they become available.
- (b.) [The \$20,000 average monthly threshold will be calculated using the monthly average from the immediate prior calendar year's filings.] The application of the Department's electronic filing and payment parameters for a particular employer will be determined by using the employer's filings and payments for the immediate prior calendar year. If there is no filing for the prior calendar year, the Department may set the parameters and notify the employer.
- (c.) Any employer who is required by this regulation to electronically file a return and fails to do so will be subject to a penalty of \$500 for each occurrence. Every month that the employer fails to electronically file will constitute a separate occurrence. This penalty is in addition to any penalty due under Philadelphia Code § 19-509(4)(e).
- (d.) Any employer who is required by this regulation to make an electronic payment and fails to comply shall in addition to any interest, penalties and

fees owed under Philadelphia Code § 19-509 be subject to a penalty for each occurrence as follows:

- (1.) If the amount to be paid electronically is less than or equal to \$10,000: five percent (5%) of the amount to be paid electronically.
- (2.) If the amount to be paid electronically is more than \$10,000 but less than \$50,000: five hundred dollars (\$500).
- (3.) If the amount to be paid electronically is \$50,000 or more: one percent (1%) of the amount to be paid electronically.

Every month that the employer fails to make electronic payments will constitute a separate occurrence.


- (e.) Payroll Services – All Payroll Services preparing tax returns and remitting the tax on behalf of any their clients will be required to electronically file and electronically pay the tax on behalf of their clients in accordance with the provisions of subsection (a) based on the filing frequencies and dollar thresholds as provided in Section 303 (d) of these regulations. The Payroll Services will be required to electronically file the return and electronically remit the tax despite the fact that their client's tax filing and payment obligation does not rise to the electronic filing and tax payment parameters [threshold of \$20,000 or more per month] as specified by the Department under the authority of subsection (a.). Failure of a Payroll Service to electronically file and electronically pay the tax on behalf of their client will not subject that client to the penalties as provided for by subsections (c), (d).(1.), (d).(2.) and (d).(3.) provided the client does not meet the [\$20,000 or more monthly] electronic filing and tax [ threshold] parameters as specified by the Department under the authority of subsection (a.).

#### EFFECTIVE DATE

This amendment is effective January 1, 2012.

[ ] Brackets indicate matter deleted.

\_\_\_ Underlining indicates new matter added.

  
Keith J. Richardson  
Revenue Commissioner

10/18/11  
Date