

**Tax Committee Meeting Notes
October 23, 2012
PBI Conference Room**

Committee Members In Attendance (35):

Greg Alexander	Eugene Gillin	Lisa Lassoff	Margery Schneider
Berny Beitch	Laurie Gunther	Jessica Leighton	David Schwartz
Justin Brown	Andrew Haas	Barbara Little	Jim Shaw
Robert Cohen	John Harrison	Tony Loscalzo	Carole Sheffield
Don Copeland	Joseph Hocky	Robert Maxwell	Rebecca Smolen
Debra DiCicco	Kelly Hourican	Kathleen O'Connell	Greg Spadea
Debra Falk	Peter Johnson	Martin Pezzner	Nina Stryker
Maureen Farrell	Terry Kline	Amy Quigg	Marguerite Weese
Brian Gilboy	Alan Konefsky	Michael Saile	

Panel Members:

Mary-Jo Mullen, Chief, Inheritance Tax and Realty Transfer Tax
Tom Gohsler, Deputy Chief Counsel
Bill Lyons, Trust Valuation Specialist
Laurel Fulmer, Supervisor, Document Processing and Post Assessment Unit

Discussion:

- **Changes and Administrative Updates**
 - **Telephone Response Time**
 - This has been the biggest change
 - Used to answer only 34%, people spent a lot of time on hold, but not close to a 100% answer rate
 - They receive approximately 1000-1100 calls/week
 - 50-60% are from attorneys
 - **Work Groups within the Division**
 - Telephone workgroup (responsible for phone technology, schedules, training staff)
 - Website workgroup (responsible for the information provided on the website). They envision the website will have a major overhaul within the next year
 - Training workgroup (responsible for more formalized training and desk reference) – Laurel is chairing this group
 - **Staffing**
 - In 2005, they had 52 employees, now, in 2012, they have 30 employees
 - “Do more with less”
 - They are working on automating functions that used to be done by employees. There are currently approx 12 projects underway (however there are only 2 IT people, so it’s a slow process)
- **Processing Time**
 - There is an average 3 ½ month turnaround time (remember- this is average!)
 - Currently there are no known issues in the Philadelphia surrounding counties
 - DE County previously had an issue was with a vendor, which has been fixed

- If you have a problem, send a receipt in to the division via fax
 - There used to be 2 separate forms – one that the taxpayer/practitioner filled out and one that the employee filled out- this was a duplicative process, therefore there is now only one form, which is why it's a more robust/comprehensive form
- **15 month Real Estate Valuation Policy**
 - As of October 2011, there is a policy where 15 months is the cut-off for real estate valuation
 - If you initially valued the property at one price and sold it at a second price, then, if it's within 15 months, do a supplemental return, but if it's after 15 months, there is nothing to do except potentially go to the Board of Appeals
- **Office of Chief Counsel**
 - Attorneys employed by the office of General Counsel, 4 of whom are designated to the Inheritance Tax Division and divided up based on regional basis
 - David Manni is responsible for the Southeast Region, direct line: 717-787-2747
 - This office handles appeals, citations, PLR's, helps draft regulations and compromises
 - Example of a compromise: release of liens on parcels owned by estates that have never been filed or finalized
 - Release of liens is handled by Sandra Kirk, skirk@pa.gov, 717-346-4653
 - Please provide her with deed disposition, decedent's name, date of death and a brief history and she will come up with a # which will be either date of death FMV with applicable penalty and interest or current FMV
- **Termination of Sole Use Trust**
 - **See Statement of Policy 61 PA Code 94.3 (handout at the meeting)**
 - Ability to terminate trust without notice to department or court
 - **New Form on Website, Rev- 1649, Schedule O**
 - (none have been filed yet)
 - Person filing the return claims liability of paying future tax
 - This isn't in the statute, but rather is a regulation, being used a stop-gap measure, so there is no legislative authority (making this a unique situation)
 - This form was created by the Executive Policy Committee (which is the same group that created the 15 month real estate rule)
 - *A discussion between the members of the committee and the members of the panel ensued*
- **Oil & Gas Policy**
 - Policy now provided on website to address issues - **Inheritance Tax Bulletin 2012-01**
 - This policy clarifies the Department of Revenue's policy concerning the taxation of mineral rights and natural gas interests for Pennsylvania inheritance tax purposes, in order to achieve a consistent valuation method for mineral and natural gas rights without excessive cost or burden for a decedent's estate.
 - *Used to have a PLR up but it was misinterpreted*

**No tax update was made at this meeting, but a handout was provided*