BERKS COUNTY TAX COLLECTION COMMITTEE

<u>Interest on Taxpayer Refunds Policy</u>

Background. Under the Local Taxpayers Bill of Rights Act ("**LTBR**"), 53 Pa.C.S.A. § 8421 *et seq.*, in certain circumstances, overpayments of tax accrue interest. The purpose of this Policy is to clarify what the rules and requirements are for a taxpayer to claim interest on overpayments.

1. **<u>Policy Scope</u>**. This Policy governs when and how the Berks County Tax Collection Committee (the "**TCC**") will pay interest on overpayments of local earned income and net profits tax (the "**Tax**").

2. **<u>Definitions</u>**. In this Policy, the following definitions apply:

    2.1 "**Date of Overpayment**": Under this Policy and pursuant to 53 Pa.C.S.A. § 8426(e), the term "Date of Overpayment" shall have the following meanings based on applicable circumstances:

    2.1.1 **Withheld Tax**. For Tax that is withheld from a taxpayer's paycheck, the Date of Overpayment is the <u>later</u> of: (**a**) the non-extended deadline for filing the final return to report the Tax, regardless of whether the Tax was paid before the deadline; (**b**) the date the Tax is actually paid; or (**c**) the date the return reporting the Tax is actually filed.

    2.1.2 **Estimated Tax**. For payments of estimated Tax, the Date of Overpayment is the <u>later</u> of: (**a**) the non-extended deadline for filing the final return to report the Tax, regardless of whether the Tax was paid before the deadline; (**b**) the date the Tax is actually paid; or (**c**) the date the return reporting the Tax is actually filed.

    2.1.3 **Tax Being Appealed**. For payments of Tax that are being challenged on appeal, the Date of Overpayment is the <u>later</u> of: (**a**) the date the Tax is actually paid; (**b**) the date the return reporting the Tax is actually filed; or (**c**) sixty (60) days following the date the appeal is filed.

    2.1.4 **Tax Shown On Amended Return**. If an amended return is filed for any given Tax year, the Date of Overpayment of any Tax for that year is the <u>later</u> of: (**a**) the date the Tax is actually paid; or (**b**) sixty (60) days following the date the amended return is filed.

    2.2 "**Date of Resolution**": Under this Policy and pursuant to 53 Pa.C.S.A. § 8426(e), the term "Date of Resolution" shall have the following meanings based on applicable circumstances.

     2.2.1   **Refunds**. When Tax is refunded directly to a Taxpayer, the Date of Resolution is the date that falls thirty (30) days prior to the date of the refund payment or check.

     2.2.2   **Credits**. When an overpayment of Tax is credited against future Tax liability, the Date of Resolution is the <u>earliest</u> of: (**a**) the date the TCC notifies the taxpayer of the credit; or (**b**) the due date of the Tax against which the credit is applied.

3.   **<u>What Interest Accrues On</u>**.

     3.1   **Tax**. Overpayments of Tax bear simple interest.

     3.2   **Penalties and Interest**. Pursuant to 53 Pa.C.S.A. § 8426(c)(2), overpayments of interest and of penalty shall not bear any interest.

4.   **<u>When Interest Begins to Accrue</u>**. Interest begins to accrue on an overpayment of Tax beginning seventy-five (75) days after the Date of Overpayment.

5.   **<u>Interest Accrual Period</u>**. Interest shall accrue on an overpayment of Tax for the time period beginning seventy-five (75) days after the Date of Overpayment, and ending on the Date of Resolution.

6.   **<u>Rules for Determining Filing Date</u>**. For purpose of determining when the Date of Overpayment has occurred under this Policy, the following rules apply.

     6.1   **Electronically Submitted Returns**. For a Tax return that is submitted electronically to the TCC, the return will be deemed filed on the date when the TCC's electronic filing system finally accepts the return.

     6.2   **Returns Submitted on Paper**. For a Tax return that is submitted on paper to the TCC, the return will be deemed filed on the date when the return is completed, is signed, is dated, and includes all supporting documentation required by the TCC or all documentation that the TCC needs to verify what is reported in the return.