



Matters of Appeal

A Treasury Update on the Board of Finance and Revenue



Message from
Treasurer Torsella

As State Treasurer and Chairman of the Board of Finance and Revenue, I urge my staff to embody the “serve” in public service. Public servants are privileged to be selected for positions of trust. We are stewards of government funds and possess a solemn duty to serve the public well. Perhaps most fundamental is to treat the public and each other with respect. We strive to foster an environment where we are courteous, we acknowledge and respect diversity of opinion and we are committed to constructively resolving differences. This edition of Matters of Appeal features an individual who personifies the attributes of a public servant, Thomas Watson. Tom continuously serves the taxpayers of Pennsylvania in his capacity as one of the lead tax lawyers at the BF&R. Tom’s file is full of complimentary letters from taxpayers he served. One taxpayer wrote, “When we first started out appealing the tax we were literally going in circles. I was very fortunate to call the office and Tom answered the telephone. From that day on, I knew what was going on. It’s really refreshing to find someone like him, in this day and age.”

This newsletter also features the BF&R’s initiative to assist the unrepresented taxpayers, and all parties to an appeal, by clarifying confusion surrounding late-filed appeals, the compromise process, making the appeal process more accessible and tips for agricultural claimants to file liquid fuels refund claims.

Get To Know Secretary Watson

Thomas W. Watson began his career with the Board of Finance and Revenue on July 16, 1990 as an inheritance tax briefer. It is estimated that since that time, Tom authored over 9,000 briefs for the BF&R, clearly making him one of the foremost experts on sales and miscellaneous tax in the Commonwealth of Pennsylvania.

Tom is the ultimate public servant, always willing to cordially assist taxpayers with Commonwealth tax issues. Over the years, Tom’s dedication and tax acumen was recognized as he was promoted through the ranks, eventually to an Attorney IV, Sales and Miscellaneous Tax Supervisor. He served in that capacity for over a decade until he was promoted to Acting Secretary and, ultimately, Secretary in 2017. Due to budgetary constraints and his level of expertise, Tom continued to brief and assign cases while serving as Secretary. It is exciting to announce that Tom will be passing the baton of supervisor to Caitlin Mendez, BF&R’s senior sales and miscellaneous tax attorney so that Tom may focus entirely on his duties as Secretary of the Board (see Mendez To Lead Sales/Miscellaneous Group).

Tom came from private practice of law where he had a concentration in real estate and estate administration. Tom graduated from the University of Maryland and The Dickinson School of Law. Tom is a life-long resident of Central Pennsylvania, where he resides with his pets, Chloe and Bella.



Secretary Watson

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Today, more than ever, I believe it is imperative that we appreciate the responsibility and privilege of being a public servant. An essential component of service is feedback. Your comments and feedback are welcome via bfr@ptreasury.gov.

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Question & Answer

with
Secretary Watson

What is the one thing about you that surprises people?

I have attended Hershey Bears Hockey games for 53 years.

What advice do you have for someone appealing to the Board of Finance and Revenue?

That could be an entire newsletter on its own. The most important advice I can provide is to make sure you meet all the filing deadlines. A late filed appeal at the Board of Appeals will continue to be an issue when that decision is appealed to the BF&R. The BF&R is only permitted to address the merits of the appeal if the late filing is a result of some error on the part of government.

What are your hobbies?

Aside from Hershey Bears Hockey, I enjoy golfing and bowling and a recent gift of a Kindle has renewed my interest in reading.

What is your dream job?

Hershey Bears General Manager – I don't know how long I could last in that job, as the fans can be pretty rough when the team is not playing well.

Announcements

Mendez to Lead Sales and Miscellaneous Tax Group

The Board is happy to announce that Caitlin Mendez has been promoted to BF&R sales and miscellaneous tax supervisor. Attorney Mendez has served as an attorney with the BF&R under the guidance of Attorney Watson for the past 3 years. Prior to coming to the BF&R, Caitlin was an Assistant Public Defender in Lebanon County for 2 years. She also served as a judicial clerk. Caitlin lives in Cornwall with her husband, David, and her pets, Oliver and Ella.

*Pictured left to right:
Caitlin Mendez, Thomas Watson*



BF&R Welcomes New Attorneys

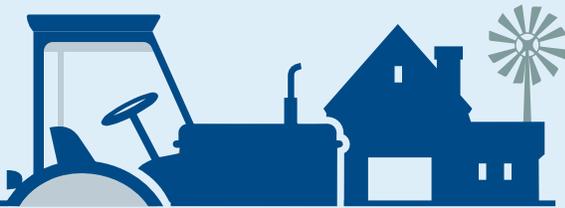
*Pictured left to right:
Jennifer Flemister,
Nathaniel Schmieg,
Erin Dennehy*



Pennsylvania Supreme Court Affirms Board of Finance and Revenue Decision

On August 20, 2019, the Pennsylvania Supreme Court, affirmed, per curiam, the order of the Commonwealth Court affirming the Board of Finance and Revenue's decision on remand in Robert J. Marshall, Jr. v Commonwealth of Pennsylvania, 5-10 MAP 2019. The Commonwealth Court had held that the BF&R correctly determined that the Federal tax benefit rule had no application to the case. The Commonwealth Court held that even if the tax benefit rule could arguably apply in some context in Pennsylvania Personal Income Tax law, the unused deduction in the prior year would at least have to have been eligible to offset the subsequent year's gain. In this case, the Commonwealth Court found that taxpayer's deduction for accrued but unpaid interest expense would not have been an allowable offset against his Schedule D gain even if both had been booked in the same year. In addition, the Commonwealth Court found that the BF&R had correctly interpreted the minimum straight line depreciation provision found at 72 P.S. §7303(a.2) by applying it only to tax years beginning after December 31, 2000, rather than from the year the partnership acquired the property.

The
Commonwealth
Court found
that the BF&R
had correctly
interpreted the
minimum straight
line depreciation
provision.



Tips for Filing Agricultural LIQUID FUELS CLAIMS

Deadline for filing is September 30, 2019. File early as claims are processed in the order they are filed. Please note the fuel receipt requirements:

- must include the fueling station name and address
- must include the fuel purchase date (between 7/1/18-6/30/19)
- must only be for eligible fuel purchased within a 25 mile radius of the farm
- must include type of fuel and price per gallon for all prepaid purchases of fuel
- must not include the purchase of dyed off-road diesel, as tax is not charged on it



DID YOU KNOW?

- BF&R hearing videos have been viewed 3,946 times.
- There are 13,075 redacted opinions in the searchable database.
- Jurisdiction defect at the Board of Appeals or the Board of Finance and Revenue will prohibit BF&R from addressing merits of the case unless there is a breakdown in the governmental process.
- The BF&R strongly encourages compromises BUT taxpayers must make an initial offer to Revenue early in the appeal process to start the process.
- In order to assist taxpayers to better estimate when their particular hearing will be called on hearing day, the BF&R now posts the order of the hearings.
- The BF&R posts its monthly docket (both hearing or when a hearing is not requested) on its public calendar located on its website.

2020

HEARING DATES

- January 28 & 29
- March 3 & 4
- April 7 & 8
- May 12 & 13
- June 16 & 17
- July 21 & 22
- August 25 & 26
- September 29 & 30
- November 3 & 4
- December 15 & 16

BOARD OF FINANCE & REVENUE:

WHO WE ARE

Jacqueline A. Cook (chair)
Designee for Joe Torsella,
State Treasurer

Paul J. Gitnik (member)

David R. Kraus (member)

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Thomas W. Watson

Docketing
Jodi Reed, Supervisor

Liquid Fuels
Eric Schreiner, Supervisor

Taxpayer Advocate
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Your comments and feedback are welcome
via bfr@patreasury.gov.