

MIFFLIN COUNTY TAX COLLECTION COMMITTEE

Penalty and Interest Abatement Policy

1. **Policy Scope and Legal Authority.** The Local Tax Enabling Act (“LTEA”), 53 P.S. § 6924.509(i)(2), authorizes the Mifflin County Tax Collection Committee (the “TCC”) to adopt a policy under which the “Tax Officer” appointed by the TCC may abate interest or penalties owed by delinquent “Taxpayers” (as that term is defined below). The purpose of this policy is to establish rules for abatement of penalty and interest.

For purposes of this policy, unless otherwise qualified in the specific context in which the term appears, the term “Taxpayers” includes individuals, entities, and employers required to pay or withhold tax that is owed to any of the school districts and municipalities within the Mifflin Tax Collection District (the “TCD”) and that is within the scope of the “Tax Collection Agreement” between the TCC and the Tax Officer.

The LTEA provides in various sections for interest and penalties owed by Taxpayers.

As to income tax, 53 P.S. § 6924.509(i)(1) provides that if income tax is not paid when due, the Taxpayer is required to pay interest plus a penalty on the unpaid amount. Concerning interest, interest is owed at the applicable annual rate established under the Pennsylvania Fiscal Code, 53 P.S. § 806. Concerning penalty, the Taxpayer owes an additional civil penalty of 1% of the unpaid amount for each month or fraction of a month during which income tax remains unpaid.

As to taxes other than income tax, 53 P.S. § 6924.706 authorizes establishment of any reasonable penalties for failure to pay tax when due.

2. **Penalty Waiver for Individual Taxpayers.** The Tax Officer shall waive civil penalty amounts owed by a Taxpayer who is an individual (and not an employer) if the Taxpayer establishes to the satisfaction of the Tax Officer that: (a) the earliest date on which a delinquent tax amount was owed is no more than 3 years prior to the date when the Taxpayer pays the tax in full; (b) the Taxpayer moved into, or began work in, the school district or municipality to which the tax is owed within the foregoing time period; and (c) at the time when the tax was due, the Taxpayer was unaware of the tax. If all of the criteria in this Section are met, the Tax Officer will waive the penalty amount but no interest owed by the delinquent Taxpayer.
3. **Penalty Waiver for Employers.** The Tax Officer shall waive civil penalty amounts owed by an employer for failure to withhold and remit employee tax if the employer establishes to the satisfaction of the Tax Officer that: (a) the employer employs less than 20 employees within the school district or municipality that imposes the tax; (b) the employer did not use a payroll service in connection with payments to employees at the time when the tax was required to be withheld; (c) the earliest date on which a delinquent tax amount was owed is no more than 1 year prior to the date when the employer remits the tax in full to the Tax Officer; (d) the employer first established a work site within the school district or municipality to which the tax is owed within the foregoing time period;

and (e) at the time when the employer was obligated to withhold and remit, the employer was unaware of the tax. If all of the criteria in this Section are met, the Tax Officer shall waive the penalty amount but not interest owed by the delinquent employer.

4. **Penalty, Interest, or Collection Cost Waiver.** The Tax Officer shall waive civil penalty, interest, or delinquent collection cost if: (a) the Tax Collector concludes that such waiver is necessary in order to obtain settlement and payment from a Taxpayer concerning a disputed tax amount, or that such waiver is appropriate as a result of Taxpayer hardship in connection with an installment payment plan agreed between the Taxpayer and the Tax Officer; or (b) the waiver is pursuant to a TCC-approved amnesty program.
5. **Waiver by Operation of Law.** In accordance with 53 Pa.C.S.A. § 8428(b)(1), the Tax Officer shall waive the portion of any civil penalty, interest, or delinquent collection cost attributable to erroneous advice furnished to a Taxpayer in writing by the Tax Officer or the school district or municipality that imposes the tax if: (a) the written advice was reasonably relied upon by the Taxpayer and was in response to a specific written request of the Taxpayer, and (b) the portion of the civil penalty, interest, or delinquent collection cost did not result from a failure of the Taxpayer to provide adequate or accurate information.
6. **Delinquent Tax Collection Costs.** Waiver of a civil penalty does not release a Taxpayer from the obligation to pay delinquent tax collection costs assessed by the Tax Officer.