

RESOLUTION 2020-52

A RESOLUTION OF RADNOR TOWNSHIP, DELAWARE COUNTY, PENNSYLVANIA, AMENDING RESOLUTION 2020-45 BY FURTHER EXTENDING THE TEMPORARILY EXTENDED DEADLINE FOR FILING AND PAYMENT OF THE RADNOR TOWNSHIP BUSINESS PRIVILEGE AND MERCANTILE TAX RETURNS FROM JULY 15, 2020 TO SEPTEMBER 15, 2020 IN RESPONSE TO THE STATE OF EMERGENCY CURRENTLY IN EFFECT

WHEREAS, there currently exists a state of emergency occasioned by the proliferation of the COVID-19 virus;

WHEREAS, many businesses are not currently operating or operating under significant limited conditions as a result of the state of emergency;

WHEREAS, in response to the state of emergency, the Radnor Township Board of Commissioners adopted Resolution 2020-45 on March 25, 2020, temporarily extending the filing and payment of Business Taxes to July 15, 2020 for all taxpayers and now desires to further extend the deadline to September 15, 2020;

WHEREAS, the Radnor Township Code, specifically Section 260, Articles II and III, require that all businesses file and pay the local business privilege and/or mercantile taxes by May 15 of each year;

WHEREAS, the Radnor Township Code, specifically Section 260, Articles II and III, require that all businesses pay an estimated tax for the current year in an amount equal to the prior year tax due;

WHEREAS, the Township of Radnor recognizes the hardship currently placed on many of its businesses by the current state of emergency;

NOW, THEREFORE, it is hereby **RESOLVED** by the Radnor Township Board of Commissioners that temporary deadlines for the filing and payment of the Final 2019/Estimated 2020 Business Tax Returns be established as follows:

1. The filing and payment deadline for Final 2019/Estimated 2020 Business Privilege and Mercantile Tax Returns are to be further extended, beyond the temporary filing and payment deadlines established by the Internal Revenue Service of July 15, 2020, to September 15, 2020.
2. Any payment made for the Final 2019/Estimated 2020 Business Privilege and Mercantile Tax Returns consistent with the newly established deadline of September 15, 2020 will not accrue penalty and interest. Taxpayers shall be liable for penalty and interest for incorrect returns consistent with past practices of the Township.

3. Payments for estimated 2020 taxes will be further reduced and not have to be estimated at 80% of the 2019 tax, but rather may be further reduced to no less than 50% of the 2019 tax without incurring penalty.
4. The extended payment deadline will not apply to delinquent filings or taxes for years prior to 2019 or to Local Services Tax or Amusement Tax or Township fees.
5. This resolution does not change the subject or the base rate of tax.
6. The Township may adjust its filing and payment deadlines without further resolution should the Internal Revenue Service make further adjustments, consistent with past practices. Such adjustments by the Township will be posted on the Finance Department section of the Township website.

SO RESOLVED, this 13th day of April, A.D., 2020

RADNOR TOWNSHIP

By: _____

Name: Jack Larkin

Title: President

ATTEST: _____

Name: William M. White

Title: Acting Township Manager / Secretary

Radnor Township

PROPOSED LEGISLATION



DATE: April 13, 2020

TO: Board of Commissioners

FROM: William White, Acting Township Manager & Finance Director

LEGISLATION: Resolution 2020-52 temporarily further extending the 2019/Estimated 2020 filing and payment for the Act 511 Business Taxes (Business Privilege and Mercantile) from July 15, 2020 to September 15, 2020 and allowing for a further reduction in the estimated tax payment for 2020.

LEGISLATIVE HISTORY: On Thursday, March 12, 2020 the President of the Board of Commissioners signed a Declaration of Emergency for Radnor Township to allow Staff to begin responding to the COVID-19 virus situation. That Declaration was subsequently extended by a vote of the Board during a special meeting held on March 16, 2020. At the same time, the IRS extended the 2019 Federal Income Tax filing and payment deadline from April 15, 2020 to July 15, 2020.

PURPOSE AND EXPLANATION: In light of the current COVID-19 situation, which has caused many Radnor Businesses to temporarily close, or has significantly disrupted operations, the Board previously adopted on March 25, 2020 a resolution providing businesses an additional 60 days to file and pay their 2019/Estimated 2020 business privilege and/or mercantile taxes and permit a reduced estimate of taxes due for 2020. The Board now desires to further extend the deadline for filing and paying to September 15, 2020. Important factors leading to this resolution include:

- The initial extension period was chosen to mirror the IRS' extension of the Federal Income Tax due date however the Board desires to provide additional relief for Radnor businesses.
- Estimated tax payments for 2020, normally required in the amount of 100% of the 2019 tax, were reduced to no less than 80% of the 2019 tax and now is further reduced to no less than 50% of the 2019 tax.
- Any 2019/Estimated 2020 payment made during the extension will not accrue penalty or interest, provided returns and payments are made on or before the September 15 deadline and are accurate.
- This resolution does not change the subject or base rate of tax nor does it impact Local Service Taxes, Amusement Tax or Township Fees.

FISCAL IMPACT: These provisions will have some impact financially, all things being equal. Instead of realizing the bulk of business revenue in May, the Township will realize those revenues in September. By reducing the estimated tax payments for 2020, the Township will avoid collecting taxes on inflated revenue projections and will better match the tax collections with the expected business revenues for the year. This will help to avoid a much larger financial impact in the subsequent year as the estimated taxes paid will hopefully be better aligned with actual receipts.

RECOMMENDED ACTION: This resolution is meant to assist businesses who generally rely on their federal tax forms to substantiate and complete their local business tax returns as well as provide some relief for the payment of estimated taxes that could be less than their actual 2019 taxes. This is just one small piece of assistance the Township can provide. That being the case, the Administration respectfully recommends passage at the April 13, 2020 BOC meeting.