Pennsylvania Business Taxes

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Tax	Imposition	Base	Rate	Notes
Corporate Net income Tax	Levied on corporations for the following privileges: (1) doing business in Pennsylvania; (2) carrying on activities in Pennsylvania; (3) having capital or property employed or used in Pennsylvania; (4) owning property in Pennsylvania.	Federal taxable income before net operating loss deduction with certain modifications (e.g., add-back of taxes based on income). Income is apportioned to Pennsylvania using three factor formulas consisting of payroll (20%), property (20%), and sales (60%).	9.99%	Maximum net operating loss deduction $1 million per year. Net operating losses may be carried forward for ten years.
Capital Stock/Franchise Tax	Property/Privilege tax imposed on corporations doing business in Pennsylvania. The following entities are corporations for Capital Stock/Franchise Tax purposes: • Corporations; • Joint-stock associations; • Business trusts; and • Limited liability companies	Pennsylvania uses a statutory formula for the computation of capital stock value. The formula contains two components – average net income and net worth. - Average net income = preceding 4 years of book income plus current year divided by 5 (average net income is capitalized by dividing by .095). - Consolidated net worth = generally ending value of outstanding stock, surplus and retained earnings.	In 2009, Act 48 changed the following tax rates to: 2012 – 1.89 Mills (0.00189) 2013 – 0.89 Mills (0.00089) *The capital stock and franchise tax will be repealed for tax years beginning 2014.	Excludes from apportionment factor numerators attributes related to processing and research and development. A taxpayer can select either a three factor, or a single factor appointment method. The three factor apportionment method includes tangible property, payroll, and gross receipts. The single factor method equals taxable assets within Pennsylvania (tangible and intangible) over total assets.
Sales and Use Tax	Imposed on the sale at retail of tangible personal property and specified services performed in Pennsylvania.	Purchase price of each retail sale. For service provided in Pennsylvania the tax is generally based on the service fee paid.	6.00%	All tangible personal property is taxable unless specifically exempt. Some of these exemptions include: • Resale; • Isolated sales; • Manufacturing; • Research and Development.
Personal Income Tax	Imposed upon residents and nonresidents. Residents are taxed on all income categorized under eight enumerated taxable classed, and nonresidents are taxed only on the income from Pennsylvania sources.	Eight classes of income are subject to personal income tax; compensation, net profits, net gains or income from disposition of property, net gains or income derived from or in the form of rents, royalties, patents, and copyrights, dividends, interest, gambling and lottery winnings, and net gains or income derived through estates and trusts.	3.07 %	Lowest rate in the country.
Unemployment Compensation Insurance Tax	Employers who employ one or more individuals during the calendar year.	Employer level tax imposed upon the first $8,000 of wages paid to each employee.	Standard Rate for Positive Reserve Account – 6.3632% Standard Rate for Negative Reserve Account – 10.3836%	Rate is based on Pennsylvania employment history.
Real property Tax	All real estate (unless specifically exempt) is taxable. The Commonwealth does not impose general tax on reality. The tax is imposed instead by counties, cities, townships and school districts.	The assessed value of real property. The assessment involves three steps: (1) Identifying what is real estate; (2) Determining its actual or fair market value; and (3) Applying to that value a ratio to arrive at the assessed value. Property Tax Assessment Ratio: Luzerne County: 91% *Value of land/building* (total mils * .001) Schuylkill County: 50% *Value of land/building* (total mils * .001) Carbon County: 50% *Value of land/building* (total mils * .001)	Varies by locality. Generally speaking, a locality is given the authority to set its own rate, subject to an upper limit, although exceptions to the rate limitations are made in certain cases, such as cities of Philadelphia, Pittsburgh, and Scranton.	Luzerne County, Butler Township County Tax: 5.32 mil Municipality Tax: 0.95505 mil School Tax: 9.1956 mil + .18790 mil Library tax Common Ratio: 91% Luzerne County, Hazleton City County Tax: 5.32 mil Municipality Tax: 3.11 mil School Tax: 9.1956 mil + .18790 mil Library tax Common Ratio: 91% Luzerne County, Hazle Township County Tax: 5.32 mil Municipality Tax: 0.75 mil School Tax: 9.1956 mil + .18790 mil Library tax Common Ratio: 91% Luzerne County, West Hazleton Borough County Tax: 5.32 mil Municipality Tax: 2.631 mil School Tax: 9.1956 mil + .18790 mil Library tax Common Ratio: 91% Schuylkill County, East Union Township County Tax: 11.98 mil Municipality Tax: 1.79 mil School Tax: 30.713 mil Common Ratio: 50% Carbon County, Banks Township County Tax: 6.893 mil Municipality Tax: 1.1 mil School Tax: 29.3187 mil Common Ratio: 50%
Realty Transfer Tax	Every person who makes, executes, delivers, accepts, or presents for recording any document. The term person means a natural person, association or corporation.	The value of property transferred within Pennsylvania.	1% state level; 1% county level	The rate is imposed at the local level may not exceed one percent. If both the municipality and the school district levy the tax, they must share the one percent maximum.