



PA AND LOCAL TAXES

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PA Taxes

- Latest Trends
 - Act 52 (2013-2014 budget process)
 - Capital Stock Tax Phase Out (Delayed from 2014 to 2016)
 - Close the “Delaware Loophole” (Addback Provision)
 - Implementation of Market Based Sourcing (Still Waiting on regulations)
 - PIT Audits for Pass-through Entities Income Audit Adjustments Greater than 1M
 - Qualified Business can Transfer and Escape Inheritance Tax
 - SB 76 (Narrowly Defeated 24-25)
 - Eliminate School Property Tax
 - Increase Income Tax Rate from 3.307% to 4.95%
 - Increase Sales Tax from 6% to 7%
 - Expand the Sales Tax Base to Include Professional Service

PA Taxes

- CNI and CS FF
 - CNI Taxes Afforded Public Law Protection
 - CS FF Tax – Not Afforded Public Law Protection
 - IC-Disc Treatment PA (Pros and Cons)

PA Taxes

- PIT Pass-Through
 - Grantor Trusts (Business Related)
 - Revocable vs. Irrevocable (What Bucket)
 - Federal Treatment of QSST Not Permitted
 - Irrevocable Reported in Trust Income Bucket on PA-40
 - No losses used to offset other business income
 - No credits used from other jurisdictions
 - Credits will usually get trapped at trust level i.e. EITC

PA Taxes

- PIT
 - Pass-through
 - Basis
 - Tax Benefit Rule
 - Exception for SL Depreciation
 - Shareholder relocating to PA (What's the Basis?)
 - NR Pass-Through PA's Position on Businesses Filing Returns in PA for Resident SHS
 - Deduction for Expenses for PA that are Eligible for Federal Credit

PA Taxes

- Sales and Use
 - Blended Rates
 - Cleaning and Maintenance
 - Help Supply vs. Consulting (Subject to Not Subject to)

Local Taxes

- Philadelphia BIRT
 - 2 Tier Tax
 - Tax on Gross Receipts (De Minimis Test)
 - Tax on Net Income (Public Law Protection)
- Local Taxes
 - BPT (Business Activity)
 - EIT (Rate Ranges) (Philly Super Credit)