

not tax another state's residents on employee compensation subject to employer withholding. These agreements apply to employee compensation only.

Any out-of-state sole proprietorship, partnership or S-corporation must allocate its earnings in Pennsylvania, and the owner, partners or shareholders must file Pennsylvania personal income tax returns if business activities are systematically and regularly carried on in Pennsylvania.

FOR GENERAL TAX QUESTIONS:

Online Customer Service Center
www.revenue.state.pa.us

Taxpayer Service & Information Center
Personal Taxes: 717-787-8201
Business Taxes: 717-787-1064
e-Business Center: 717-783-6277

1-888-PATAXES (728-2937)
Touch-tone service is required for this automated 24-hour toll-free line. Call to order forms or check the status of a personal income tax account, corporation tax account or property tax/rent rebate.

Automated Forms Ordering Service
1-800-362-2050

Services for Taxpayers with Special Hearing
and/or Speaking Needs
1-800-447-3020

Call or visit the Revenue district office nearest you, listed in the blue pages of your local phone directory.

PENNSYLVANIA TAX OBLIGATIONS FOR OUT-OF-STATE VENDORS



Information on Pennsylvania sales tax, corporation taxes and personal income tax for out-of-state vendors at trade shows, exhibitions, flea markets, conventions, arts and craft shows, etc.

SALES TAX

Any entity making taxable sales or performing taxable services in Pennsylvania must be licensed to collect and remit sales tax.

Pennsylvania's sales and use tax rate is 6 percent. An additional 1 percent local sales and use tax applies to sales in Allegheny County; an additional 2 percent local sales and use tax applies to sales in Philadelphia County.

No tax is due on out-of-state deliveries made by a vendor or common carrier. However, deliveries made within Pennsylvania are subject to sales tax.

Out-of-state vendors, who do not regularly make taxable retail sales in Pennsylvania and with the exception of artists and craft persons with no permanent location in Pennsylvania, are required to obtain sales tax licenses, which are renewable on a yearly basis. Failure to file and remit taxes timely may result in the imposition of a \$500 security deposit/bond before a license is renewed.

All other vendors, including out-of-state artists and craft persons, are issued sales tax licenses, valid for five years and renewable so long the taxpayer timely files and remits all state taxes. The sales tax license must be prominently displayed at all events.

Department of Revenue enforcement agents have the authority to issue citations to people who sell items subject to Pennsylvania sales tax without valid sales tax licenses. Penalties for making such

sales may include a fine between \$300 and \$1,500 for each violation and imprisonment up to 30 days for failing to pay the fine.

CORPORATION TAX

Generally, out-of-state corporations -- including business trusts, limited liability companies and other entities taxed as corporations for federal income tax purposes -- are subject to Pennsylvania corporate net income tax and capital stock/foreign franchise tax if in Pennsylvania they do business, carry on activities, own property or employ capital or property. Further, such a company is subject to corporate net income tax and capital stock/foreign franchise tax whether it engages in such taxable activities in its own name or through another person, association, business trust, corporation, joint venture, limited liability company, limited partnership, partnership or other entity.

Whether a taxpayer or entity is subject to tax is based upon the type of activities conducted in Pennsylvania. Common taxable activities include the following:

- Installation
- Making repairs or performing maintenance
- Investigating or resolving complaints
- Accepting or approving orders
- Picking up or replacing damaged or returned property
- Maintaining an office or warehouse
- Collecting accounts

The department's de minimis standards provide that corporate tax reports do not need to be filed if the following activities are conducted on no more than seven days per year in Pennsylvania, and if the activities produce total annual Pennsylvania sales from all sources of \$10,000 or less:

- Installation
- Repair
- Maintenance and service
- Technical assistance or service
- Training incident to sales
- Attendance at trade shows to exhibit goods and to make sales from those goods

Solicitation activities conducted directly or through an agent or independent contractor subject a company to capital stock/foreign franchise tax. Such a company may also be subject to corporate net income tax if the activity goes beyond solicitation.

PERSONAL INCOME TAX

Pennsylvania's personal income tax rate is 3.07 percent.

Any out-of-state business with employees working in Pennsylvania is required to register with the Department of Revenue and withhold Pennsylvania income tax on wages and salaries paid to employees for services performed in Pennsylvania.

Pennsylvania has reciprocal tax agreements with Indiana, Maryland, New Jersey, Ohio, Virginia and West Virginia. Under these agreements, one state will