

| Question | Response |
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| <p>If out state company has PA sales over \$100,000 and starts collection sales tax from PA customers, is this out of state company required to file a corporation tax return?</p> | <p>The \$100,000 thresh-hold referenced in the webinar pertains to Pennsylvania sales tax only. Different thresh-holds are used to determine if economic presence exists for corporation tax. See the attached link.</p> |
| <p>Please explain slide 3 on measurement and reporting periods. Slide very unclear.</p> | <p>The concept illustrated in slide three pertains to what time period is used when determining if economic presence exists for the current collection period. The initial collection period will be less than one full year running from July 1, 2019 to March 31, 2020 because the economic presence law went into effect this past July 1. If your company's total PA sales for calendar year 2018 equaled or exceeded \$100,000 then your company had to register and begin collecting sales tax on July 1st. The next collection period begins April 1, 2020 and will go through March 31, 2021. You will use the total PA sales from 2019 to determine if you have economic presence for that collection period. That will continue to be the same pattern going forward.</p> |
| <p>Do CSP's handle other states for their clients as well?</p> | <p>Companies that have contracted with Pennsylvania as CSPs handle clients for other states as well. You would have to contact the individual CSPs to get the details.</p> |
| <p>If a entity outside of the united states sells their products to PA customers and have PA gross sales over \$100,000, is this foreign entity required to registered with PA and collect sales tax from PA customers?</p> | <p>Yes. Foreign entities outside the United States who make total annual PA sales that equals or exceeds \$100,000 must register to collect and remit Pennsylvania sales tax. For instance, if a foreign entity had total annual PA sales of at least \$100,000 in 2018, they are required to register to collect and remit PA sales tax effective July 1, 2019.</p> |
| <p>It does not seem as though it is possible to not have a physical presence.</p> | <p>It certainly is possible. Many businesses make only Internet sales and these sales are below the economic presence threshold of \$100,000 annually. They also have no physical presence in Pennsylvania.</p> |
| <p>Presence begins July 1, 2019 with no look back period, but in a previous slide it shows taxes paid for 2018 calendar beginning July 1, 2019. Does that mean calendar year 2018 is the period where it begins but it is not considered a "look Back" period?</p> | <p>The total PA sales from the previous calendar year are used to determine whether or not a company has economic presence during the current collection cycle. The current collection cycle is July 1, 2019 to March 31, 2020. If your company's total PA sales for 2018 equaled or exceeded \$100,000, then effective July 1 you must begin collecting sales tax on taxable sales. There is no requirement for you to collect sales tax on PA sales made prior to July 1, 2019.</p> |

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| <p>Will the state ever update taxable and non-taxable items such as deodorant and mouthwash?</p> | <p>We are unaware of any pending changes to the tax status of these products.</p> |
| <p>Is the local physical presence defined the same as for the state?</p> | <p>Yes. The local tax in the city of Philadelphia and Allegheny County follow the same rules at the state 6% sales tax. The only difference is under state tax rules, taxation is based on where the item is delivered and under local tax rules, taxation is determined by the place where the sale occurred. For example, if a customer buys furniture from a Philadelphia store and has the furniture delivered to a Pennsylvania location outside of Philadelphia, the customer owes 6% state sales tax and 2% Philadelphia local tax because the purchase was made from a Philadelphia location.</p> |
| <p>I buy a spool of ribbon. If I use in clothing it's not taxable but if I make a bow, it is. How does a retailer distinguish the difference when everything is scanned?</p> | <p>If a customer buys ribbon to make clothing, the customer must assert the same to retailer and it has to be indicated on the invoice and in the books, so that it is clear on audit.</p> |
| <p>Is a discount still offered if using a CSP?</p> | <p>Businesses with economic presence only using a CSP for PA sales tax administration do not get the sales tax timely filing discount.</p> |
| <p>Does a out state buyer need PA sales tax exemption to be exempted from PA sales tax when the buyer has sales tax exemption certificate in their state.?</p> | <p>In order to claim an exemption from PA sales tax, the buyer must use a Pennsylvania Exemption Certificate REV 1220. Pennsylvania does not recognize other state exemption forms. In order for an organization to be exempt from sales tax, they must apply to the Pennsylvania Department of Revenue for a "75" number using REV 72-Sales Tax Exemption Application. Sales tax exemption numbers issued by other states are not recognized by Pennsylvania.</p> |
| <p>If you are a Pennsylvania retailer with sales in multiple states are you able to use a CSP to handle all of your sales tax submissions?</p> | <p>Pennsylvania retailers are not eligible to participate in the CSP program to report online sales to PA customers because the program is limited to businesses with economic presence only. So you cannot use a CSP for PA sales. You would have to contact the tax software and service providers to make arrangements for other states.</p> |
| <p>ARE ALL RETURNS DUE ON A CALENDAR QUARTER BASIS REGARDLESS OF SALES VOLUME?</p> | <p>New PA sales tax registrants are initially set up as quarterly filers. The filing frequency is reviewed annually by the department and may change to either monthly or semi-annually depending on the volume of reported sales tax. However, retailers with PA economic presence who use CSPs for sales tax administration will be reporting PA sales tax on a monthly basis through those CSPs.</p> |

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| <p>The sale of my manufactured product may require installation and shipping charges. Are these separately stated charges also subject to PA sales tax?</p> | <p>If the product itself is subject to sales tax then the separately stated charges for installation and shipping are also subject to tax. If the product is installed in such a manner that it becomes a permanent part of real property then none of the charges are subject to sales tax.</p> |
| <p>If a foreign corporation has sales of less than \$500k, they do not need to register and file in PA?</p> | <p>Guidelines for corporate taxes and economic presence are outlined in Corporation Tax Bulletin 2019-04 (attached). If total PA annual sales equal or exceed \$100,000 in the prior calendar year then the foreign corporation must register to collect and remit PA sales tax.</p> |
| <p>Marketplaces often do not tell third-party sellers whether their products are housed in an in-state warehouse. How is a seller supposed to determine whether they have sales tax obligations based on inventory in the state?</p> | <p>If an online retailer sells through an online marketplace that exceeds the \$100,000 gross PA sales threshold in the prior calendar year, the marketplace facilitator should currently be collecting and remitting PA sales tax. So the online retailer's PA sales tax obligation through the marketplace should be met. However, as you seem to be aware, if the online retailer has inventory routinely stored in PA, that business has 'physical presence in PA for both sales tax and income tax purposes. You should work with your tax preparer/representative and the marketplace facilitator to confirm inventory locations in which your products may be stored.</p> |
| <p>does an internet sales company with physical presence in PA and no sales in PA required to register in PA</p> | <p>An Internet company with a physical presence in Pennsylvania that makes no taxable sales is not required to register for PA sales tax.</p> |
| <p>Do marketplace sellers include sales through a marketplace facilitator if that facilitator collects tax when determining if threshold is exceeded</p> | <p>Yes. In calculating gross sales to determine economic presence, a marketplace seller should count all PA sales, even those made through a marketplace facilitator.</p> |
| <p>If a company has, say 110000 of taxable sales in Pa. Is the sales tax calculated on \$10,000 or 1100000?</p> | <p>Gross sales in PA during the prior calendar year (currently 2018) is used to determine 'economic presence' with the obligation to collect PA sales tax during the reporting period for which the economic presence applies (in the current case, July 1, 2019 - March 31, 2020). Applicable PA sales tax must be collected and remitted on all sales made by a company with economic presence in PA.</p> |
| <p>Mr. Foster, So if sales in calendar year 2019 exceed \$100,000 in sales tax must be collected on sales starting on 1-1-2020. And sales tax is not due for 2019 sales.</p> | <p>Whether or not sales tax is due on 2019 in based on whether or not total annual PA sales in 2018 equaled or exceeded \$100,000. If total PA sales for 2018 equaled or exceeded the thresh-hold, then sales tax must be collected on all PA sales from July 1, 2019 through March 31, 2020. Total PA sales for calendar year 2019 (including taxable and nontaxable sales) are used to determine sales tax exposure for 2020. If total PA sales for 2019 exceed the thresh-hold then the company must collect and remit PA sales tax for the period April 2020 through March 31, 2021. The collection</p> |

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| | <p>period begins in April because the 1st quarter of each year is set aside for businesses to tabulate their total PA sales from the previous calendar year in order to determine their sales tax exposure.</p> |
| <p>Please again clarify what the 7/1/19-3/1/20 means and what it is a measurement of?</p> | <p>If total PA sales for 2018 equaled or exceeded the economic presence thresh-hold, then sales tax must be collected on all PA sales from July 1, 2019 through March 31, 2020. Total PA sales for calendar year 2019 (including taxable and nontaxable sales) are used to determine sales tax exposure for the next reporting year. If total PA sales for 2019 exceed the thresh-hold then the company must collect and remit PA sales tax for the period April 1, 2020 through March 31, 2021. The collection period begins in April because the 1st quarter of each year is set aside for businesses to tabulate their total PA sales from the previous calendar year in order to determine their sales tax exposure for the subsequent reporting period.</p> |
| <p>When is a business required to send the consumers a form for the sales they didn't pay, so they can report them on their individual tax returns?</p> | <p>The use tax reporting requirement for online sellers mandated by Act 43 of 2017 has been suspended. No reports are required to either the sellers' PA purchasers or the PA Department of Revenue.</p> |
| <p>If a company reaches the \$100,000 threshold, but knows they will not reach it again, are they still required to collect PA sales tax going forward? Is there an amount of time they must continue to collect for before they are exempt from collecting or is there a form or something to file explaining this special situation?</p> | <p>There are no special provisions for the circumstances you describe. If your total annual PA sales in 2018 equaled or exceeded \$100,000, you must register to collect and remit PA sales tax on all PA taxable sales during the period beginning July 1, 2019 and ending March 31, 2020. If you make no taxable sales during this time period, you do not need to be registered for sales tax. If your 2019 total PA sales does not equal or exceed \$100,000 you do not need to be registered for sales tax for the period April 1, 2020 through March 31, 2021. Whether or not you stay registered is a business decision based on your future anticipated sales.</p> |
| <p>one year sells over \$100,000, another year sells less \$100,000, Do the company still pay sales tax on that year selling less \$100,000?</p> | <p>If total PA sales for 2018 equaled or exceeded the economic presence thresh-hold, then sales tax must be collected on all PA sales from July 1, 2019 through March 31, 2020. Total PA sales for calendar year 2019 (including taxable and nontaxable sales) are used to determine sales tax exposure for the next reporting period. If total PA sales for 2019 exceed the thresh-hold then the company must collect and remit PA sales tax for the period April 1, 2020 through March 31, 2021. The collection period begins in April</p> |

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| | <p>because the 1st quarter of each year is set aside for businesses to tabulate their total PA sales from the previous calendar year in order to determine their sales tax exposure.</p> |
| <p>So 2018 is a measurement period to determine the \$100,000 rule and if so therefore needs to register and begin sales tax filings beginning 7/1/19?</p> | <p>That is correct. 2018 total annual PA sales is used to determine whether or not you have economic presence in Pennsylvania and are required to collect and remits PA sales tax for the period beginning July 1, 2019 and ending March 31, 2019.</p> |
| <p>Bulletin 2019-1 sales to only include direct sales if facilitator collects. Is the bulletin going to be updated?</p> | <p>Please note the Sales and Use Tax Bulletin 2019-01 includes the following: "The relevant information contained in this bulletin was codified with the passage of Act 13-2019, which also suspended the Marketplace Sales laws. Please refer to Act 13 and the Department of Revenue's website for information on calculation, compliance and CSP guidance." The specific direction on calculation of gross sales in PA was superseded. The Department offers the following guidance on its web page under "Calculating Gross Sales" (see revenue.pa.gov and the topic "Online Retailers"): "Sales are the gross amount on all channels to include taxable and nontaxable sales."</p> |