

## Income/Franchise:

### Pennsylvania DOR Addresses Corporate Income Tax Sourcing of Other than TPP and Services

*Corporation Tax Bulletin 2024-01: Sourcing Sales Other Than Tangible Personal Property and Services*, Pa. Dept. of Rev. (1/5/24). The Pennsylvania Department of Revenue (Department) issued a state corporate net income tax (CNIT) bulletin addressing its “interpretation of key terms and concepts necessary to properly apply the statutory rules for sourcing sales” pursuant to legislative changes enacted in 2022 [see H.B. 1342 / Act 53 (2022) and *State Tax Matters*, Issue 2022-8, for more details on this legislation], which among other tax law changes, modified the sales factor calculation used for CNIT apportionment purposes by sourcing receipts from certain intangible property (e.g., receipts from patents, royalties, franchise agreements, sales or exchanges of securities held for sale to customers in the ordinary course of business, and interest in connection with loans) using market-based sourcing rules rather than location of income-producing activity based on costs of performance for tax years beginning after December 31, 2022. The guidance also reflects and explains how certain income from intangibles may be excluded from the sales factor. Please contact us with any questions.

**URL:** [https://www.revenue.pa.gov/TaxLawPoliciesBulletinsNotices/TaxBulletins/CT/Documents/ct\\_bulletin\\_2024-01.pdf](https://www.revenue.pa.gov/TaxLawPoliciesBulletinsNotices/TaxBulletins/CT/Documents/ct_bulletin_2024-01.pdf)

**URL:** [https://www.legis.state.pa.us/cfdocs/billInfo/bill\\_history.cfm?year=2021&ind=0&body=H&type=B&bn=1342](https://www.legis.state.pa.us/cfdocs/billInfo/bill_history.cfm?year=2021&ind=0&body=H&type=B&bn=1342)

**URL:** [https://dhub.deloitte.com/Newsletters/Tax/2022/STM/220715\\_1.html](https://dhub.deloitte.com/Newsletters/Tax/2022/STM/220715_1.html)

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