

Income/Franchise:

Pennsylvania DOR Seeks to Adopt Rule Changes on Business Income and Sourcing Receipts from Services

Regulation-Pronouncement Status Report: 2nd Quarter 2024, Penn. Dept. of Rev. (5/24). The Pennsylvania Department of Revenue (Department) recently posted a “Regulation-Pronouncement Status Report” indicating that it is proposing amendments to Pennsylvania corporate net income tax (CNIT) regulations by adding 61 Pa. Admin. Code section 153.24a relating to business and nonbusiness income “due to legislative changes and further development of the Unitary Business Principle of the US Constitution in case law.” According to the Department, “Informal Public Outreach” on this proposal was conducted in first Quarter 2020, and the Office of General Counsel (OGC) and the Governor’s Budget and Policy Offices (GBO/GPO) approved the proposed rulemaking; the regulatory package also was submitted to the Office of Attorney General (OAG) for review. During the second Quarter 2024, “the proposed rulemaking remains under review by OAG.”

URL: https://www.revenue.pa.gov/TaxLawPoliciesBulletinsNotices/Documents/reg_pronouncement_status_rpt.pdf

Regarding its proposed addition of 61 Pa. Admin. Code section 153.26a relating to sales factor sourcing sales of services under the CNIT, the Department notes that “Informal Public Outreach” was conducted in October/November 2020, and that during the second Quarter 2024, it “will continue the drafting process.” Lastly, the Department explains that it is proposing amendments to “Chapter 5, Payment Methods for Obligations Due the Commonwealth” to include additional tax types, allow the addition of credit/debit as an acceptable form of electronic payment, and remove any reference to a specific address for the delivery of certified or cashier’s checks; informal public outreach on this proposal was conducted in July/August 2022, and the OGC and the GBO/GPO approved the proposed rulemaking. This regulatory package was submitted to the OAG for review, and during the second Quarter 2024, “the proposed rulemaking remains under review by OAG.” Please contact us with any questions.

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