

Sales/Use/Indirect:

Pennsylvania: Purchased Electricity Used in Concrete Producer's Blending Activities Qualifies for Manufacturing Exemption

Decision No. 2314834, Penn. Bd. of Fin. & Rev. (5/16/24). The Pennsylvania Board of Finance and Revenue held that a producer of cement floor leveler and tile grout in dry powder form successfully showed that its blending activities constituted the final step in a series of manufacturing activities to create the various final products that it sells, and therefore it was entitled to a refund of Pennsylvania sales and use tax paid on purchased electricity that was used directly in this step pursuant to a statutory manufacturing exemption. In the underlying case, the taxpayer had provided product information from its website and an email from its engineering manager, which detailed some of its products and the process used to manufacture them, and it was able to show that each product used a unique formula and recipe; each bagged cement product bore no resemblance to any of the various ingredients; and each had its own unique and special use. In this respect, the taxpayer successfully showed that its activities changed the form, composition, and character of the ingredients and resulted in distinctive products. Please contact us with any questions.

URL: https://bfcases.patreasury.gov/OpenDocument.aspx?id=47959&fname=2314834%20-%20ARDEX%20LP%20-%2095615_Redacted.pdf

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