

Pennsylvania Business Taxes

updated February 16, 2017

Tax	Imposition	Base	Rate	Notes
Corporate Net income Tax	Levied on corporations for the following privileges: (1) doing business in Pennsylvania; (2) carrying on activities in Pennsylvania; (3) having capital or property employed or used in Pennsylvania; (4) owning property in Pennsylvania.	Federal taxable income before net operating loss deduction with certain modifications (e.g., add-back of taxes based on income). Income is apportioned to Pennsylvania using three factor formulas consisting of payroll (20%), property (20%), and sales (60%).	9.99%	Maximum net operating loss deduction \$1 million per year. Net operating losses may be carried forward for ten years.
Sales and Use Tax	Imposed on the sale at retail of tangible personal property and specified services performed in Pennsylvania.	Purchase price of each retail sale. For service provided in Pennsylvania the tax is generally based on the service fee paid.	6.00%	All tangible personal property is taxable unless specifically exempt. Some of these exemptions include: <ul style="list-style-type: none"> • Resale; • Isolated sales; • Manufacturing; • Research and Development.
Personal Income Tax	Imposed upon residents and nonresidents. Residents are taxed on all income categorized under eight enumerated taxable classes, and nonresidents are taxed only on the income from Pennsylvania sources.	Eight classes of income are subject to personal income tax; compensation, net profits, net gains or income from disposition of property, net gains or income derived from or in the form of rents, royalties, patents, and copyrights, dividends, interest, gambling and lottery winnings, and net gains or income derived through estates and trusts.	3.07 %	Lowest rate in the country.
Unemployment Compensation Insurance Tax	Employers who employ one or more individuals during the calendar year.	Employer level tax imposed upon the first \$9,500 of wages paid to each employee.	Standard Rate for Positive Reserve Account – 7.4254% Standard Rate for Negative Reserve Account – 11.4192%	Rate is based on Pennsylvania employment history.
Real property Tax	All real estate (unless specifically exempt) is taxable. The Commonwealth does not impose general tax on realty. The tax is imposed instead by counties, cities, townships and school districts.	The assessed value of real property. The assessment involves three steps: <ol style="list-style-type: none"> (1) Identifying what is real estate; (2) Determining its actual or fair market value; and (3) Applying to that value a ratio to arrive at the assessed value. Property Tax Assessment Ratio: Luzerne County: 103.8% *Value of land/building* (total mils * .001) Schuylkill County: 50% *Value of land/building* (total mils * .001) Carbon County: 50% *Value of land/building* (total mils * .001)	Varies by locality. Generally speaking, a locality is given the authority to set its own rate, subject to an upper limit, although exceptions to the rate limitations are made in certain cases, such as cities of Philadelphia, Pittsburgh, and Scranton.	Luzerne County, Butler Township County Tax: 5.9754 mil Municipality Tax: 0.95505 mil School Tax: 9.7299 mil Common Ratio: 103.8% Luzerne County, Hazleton City County Tax: 5.9754 mil Municipality Tax: 4.51 mil School Tax: 9.7299 mil Common Ratio: 103.8% Luzerne County, Hazle Township County Tax: 5.9754 mil Municipality Tax: 0.75 mil School Tax: 9.7299 mil Common Ratio: 103.8% Luzerne County, West Hazleton Borough County Tax: 5.9754 mil Municipality Tax: 4.38 mil School Tax: 9.7299 mil Common Ratio: 103.8% Schuylkill County, East Union Township County Tax: 14.98 mil Municipality Tax: 2.45 mil School Tax: 35.408 mil Common Ratio: 50% Carbon County, Banks Township County Tax: 10.25 mil Municipality Tax: 1.1 mil School Tax: 26.509 mil Common Ratio: 50%
Realty Transfer Tax	Every person who makes, executes, delivers, accepts, or presents for recording any document. The term person means a natural person, association or corporation.	The value of property transferred within Pennsylvania.	1% state level; 1% county level	The rate is imposed at the local level may not exceed one percent. If both the municipality and the school district levy the tax, they must share the one percent maximum.