Bulletin No 23 • December 15, 2025

Pennsylvania Automotive Association

News Bulletin

in this issue ...

Page 1
- Compliance With Minimum Wage and Overtime Requirements

Page 2
- Payroll Withholding Rates and Limits
- Backup Withholding Rates and Limits
- New Employees

Page 3
- Corporation Taxes
- IRC Section 179 Expensing

Page 4
- Fringe Benefit Matrix

Page 5
- Retirement Plans
- Catch-Up Contributions
- Commencement of Benefits
- Standard Mileage Rate (Not announced yet)
- SUV Deduction

Page 6-8
- Pennsylvania Sales/Use Tax

Page 8-9
- Pennsylvania Public Transportation Assistance Fund

Page 9
- Special Reporting Dates
- 2026 Observed Holidays

Page 10-11
- 2026 Tax Due Dates Calendar

Page 12
- Payroll Tax Deposit Rules

Page 13
- Bonus Depreciation
- Electronic Payments

PAA News Bulletin
is a publication of the
Pennsylvania Automotive Association
1925 North Front Street
Harrisburg, PA 17102

President
John Devlin

Director of Communications
Melanie L. Stine

SPECIAL TAX ISSUE

Material for this News Bulletin was prepared by Boyer & Ritter CPAs, Camp Hill 717-761-7210

Compliance With Minimum Wage And Overtime Requirements

Back pay, penalty and interest for dealers who have not properly complied with the federal wage and hour laws and regulations can result from an audit situation. The following are some of the troublesome areas. Specific circumstances of individual employees should be reviewed with dealership legal advisors.

General Rule: Unless a specific exemption exists, an employee must be paid at least the federal minimum wage ($7.25 per hour) and overtime at 150% of normal rate for hours worked in excess of 40 in a week. The PA state minimum wage is also $7.25 per hour, unless a specific exemption exists.

To be exempt from overtime, all of the requirements in a category must be met to qualify for that particular exemption.

Salesperson Exemption:
Must spend at least 50% of their time performing their specified duties to be exempt from overtime. Salespeople make sales or obtain orders/contracts for the sale of automobiles, trailers or trucks. Work performed incidental to and in conjunction with a salesperson's sales or solicitations (i.e., deliveries and collections) fall within this exemption.

Commission Exemption:
Commissioned employees are compensated by commission for either sales made or services performed. The employee's regular rate of pay must exceed 150% of the applicable minimum hourly rate. More than half of the employee's compensation for a period not less than one month must derive from commissions on goods or services.

Mechanics and Parts Persons: - Generally exempt from overtime pay requirements.

1. Mechanics - Individuals primarily performing mechanical work. Typically, this includes service mechanics, and body shop mechanics. The following are among those activities not considered mechanical: painting, cleaning, polishing, tire changing and lubrication.

2. Parts Persons - Individuals whose primary duties include ordering, stocking, pulling and selling of parts. Parts delivery people do not qualify for this exemption.

Salaried Employees:
1. There is no exemption from minimum wage or overtime provisions simply because an employee is paid on a salary basis.
2. There are additional exemptions for executives and administrative employees. Strict tests are set forth in law for these exemptions.

The above information applies to new and used automobile dealerships.

Dealers may wish to consult NADA's Management Guide, "Federal Wage-Hour Law and Equal Pay Act."

Payroll Withholding Rates and Limits

The chart below can be used as a guide for 2025/2026 payroll withholding rates and limits.

	2025	2026
Federal Minimum Wage	$7.25	$7.25
PA Minimum Wage	$7.25	$7.25
Social Security		
Taxable Wage Base		
FICA Limit	$176,100	$184,500
Medicare Limit	No Limit	No Limit
Employee Withholding	7.65%	7.65%
Social Security - 6.20%	$10,918	$11,439
Medicare - 1.45% Rate	No Limit	No Limit
Additional Medicare - .9%	Imposed on wages over $200,000	Imposed on wages over $200,000
Employer Liability/ per employee 7.65%		
Social Security - 6.20%	$10,918	$11,439
Medicare - 1.45%	No Limit	No Limit
Self Employment Tax Rate	15.30%	15.30%
Maximum Earnings - Social Security Recipients		
Under Full Retirement Age*	$23,400	$24,480
Reaches Full Retirement Age**	***$62,160	***$65,160
Over Full Retirement Age	No Limit	No Limit
**For each $2 earned above this amount, $1 benefit is lost* ***For each $3 earned above this amount, $1 benefit is lost*	****Limit applies only to earnings for months prior to reaching age 65.*	
FUTA Taxable Wage Base Gross Tax Rate 6% Minimum FUTA Credit (5.4%) Net FUTA Rate .6%	$7,000	$7,000
Federal Income Tax Withholding From Supplemental Wages[1]	22.0% *(Payments <1 million)* *(Payments >1 million)* 37% Highest Corporate Rate or Method 2[2]	22.0% *(Payments <1 million)* *(Payments >1 million)* 37% Highest Corporate Rate or Method 2[2]
Pa Personal Income Tax Withholding Rate	3.07%	3.07%
Pa Unemployment Compensation		
Taxable Wage Base For Employer Contribution	$10,000	$10,000
Employee Contribution Rate[3]	.07%	.07%

[1]Supplemental wages are payments to an employee, in addition to the ordinary wages, which are not regularly recurring, such as bonuses, prizes, awards, back pay, overtime, commissions and severance pay. [2]Method 2 -Add the supplemental wages to the regular wages for the most recent payroll period; compute the income tax withholding as if the total were a single payment; subtract the tax already withheld from regular wages; withhold the remaining tax from supplemental wages. Use Method 2 if no withholding was made from the employee's regular wages.
[3]Withhold on total wages not limited as listed.

Backup Withholding Rates and Limits

Due to TCJA, as of January 1, 2018, payments that are not subject to normal income tax withholding, such as payments to independent contractors, interest, dividends, and royalties, are subject to withholding at a rate of 24% if the payee has failed to furnish his correct taxpayer identification number. These non-payroll income tax backup withholdings must be reported on Form 945, Annual Return of Withheld Federal Income Tax.

There are two deposit schedules — monthly or semiweekly — for determining when you must deposit withheld federal income tax. These schedules tell you when a deposit is due after a tax liability arises (that is, you make a payment subject to federal income tax withholding, including backup withholding). You must determine which schedule you are before the beginning of each calendar year. For 2026, you're a monthly schedule depositor for Form 945 if the total tax reported on your 2024 Form 945 (line 3) was $50,000 or less. If the total tax reported for 2024 was more than $50,000, you're a semiweekly schedule depositor.

There are two exceptions: The $2,500 rule and the $100,000 next-day deposit rule. If you accumulate a total Form 945 tax liability of less than $2,500 for the year no deposits are required, and the liability may be paid with Form 945. If $100,000 or more is accumulated on any day during a deposit period, it must be deposited by the next banking day, whether you are a monthly or semiweekly schedule depositor. If you were a monthly depositor your deposit schedule changes on the next day to semiweekly for the remainder of the year and for the following year as well.

New Employees

Complete Immigration and Naturalization Service's Form I-9, Employment Eligibility Verification Form. Maintain completed forms as part of personnel files. Effective January 1, 2025, all new hires must complete the new 2025 version of the W-4 form. This form must also be used for current employees who want to change their withholding. The information must be submitted within 20 days of hiring the employee. Employers doing business in the Commonwealth of Pennsylvania must report new employees, re-hires, and temporary employees. Further information and reporting can be done online at www.pacareerlink.pa.gov.

Additional Medicare Tax

Effective January 1, 2013, individuals with earned income of more than $200,000 ($250,000 for married couples filing jointly) pay an additional 0.9% in Medicare taxes. An employer is required to begin withholding the 0.9% Additional Medicare Tax in the pay period in which wages in excess of $200,000 are paid to an employee. There is no employer match for the Additional Medicare Tax.

Corporation Taxes

	FEDERAL	STATE
Corporation Tax Rates	For 2026 tax returns, the tax rate is 21%.	For 2026 tax returns the Pennsylvania Corporate Net Income (CNI) rate is 7.49%. There is rate reduction starting 2023 to attract business to Pennsylvania: 2023: 8.99%, 2024: 8.49%, 2025: 7.99%, 2026: 7.49%, 2027: 6.99%, 2028: 6.49%, 2029: 5.99%, 2030: 5.49%, 2031: 4.99% Beginning January 1, 2020, Economic Nexus is for out-of-state corporations without physical presence but who have direct or indirect gross receipts of $500,000 or more from organizations, individuals or other sources in Pennsylvania.
Net Operating Loss Deduction	For 2026 and 2025, the Tax Cuts and Jobs Act prevents NOL carrybacks and the NOL can be carried forward indefinitely. The NOL deduction will be limited to 80% of taxable income.	2026 PA NOLs can be carried forward 20 years. The NOL deduction for tax years beginning in 2026 is 40% of NOLs incurred in tax years before January 1, 2025 and for other NOL carryovers 60% minus the actual percentage of tax income deducted for pre-2025 NOLs, multiplied by taxable income.
C Corporate Return Due Dates	Calendar year corporations must file their 2025 corporate return on or before April 15, 2026. Fiscal year corporations must file on or before the 15th day of the 4th month following the year-end, unless June 30 year end which is due the 15th day of the 3rd month following the year-end.	Calendar year corporations must file their 2025 corporate return on or before May 15, 2026. Fiscal year corporations must file within 30 days of the federal return due date.
Estimated Payment Due Dates	2026 deposit due dates for calendar year corporations are: Installment — Due Date 1st — March 16, 2026 2nd — June 15, 2026 3rd — September 15, 2026 4th — December 15, 2026 Fiscal year corporations are required to make quarterly deposits on the 15th day of the 3rd, 6th, 9th and 12th months of their tax year.	2026 deposit due dates for calendar year corporations are: Installment — Due Date 1st — March 16, 2026 2nd — June 15, 2026 3rd — September 15, 2026 4th — December 15, 2026 Fiscal year corporations are required to make quarterly deposits on the 15th day of the 3rd, 6th, 9th and 12th months of their tax year.

IRC Section 179 Expensing

Federal Purposes - Under current federal law, businesses may deduct (rather than depreciate) the cost of certain assets, up to a maximum limit. The maximum dollar amount that may be deducted under Section 179 is $2,500,000 for property placed in service in taxable years beginning in 2025 and $2,560,000 for property placed in service in taxable years beginning in 2026. The maximum deduction amount is subject to the following limitations:

1.) Acquisition limitation: The deduction amount is reduced dollar for dollar where the taxpayer places in service during the tax year qualified tangible personal property in excess of an established limit. The acquisition limitation is $4,000,000 for property placed in service in taxable years beginning in 2025 and $4,090,000 for property placed in service in taxable years beginning in 2026 and;

2.) Taxable income limitation: The amount of deduction is further limited to the amount of taxable income from any of taxpayer's active trades or businesses.

Pennsylvania State Purposes –

C Corporations: 1.) Follow the federal Section 179 rules/limits. 2.)$2,500,000 limit for 2025 and $2,560,000 for 2026.

Flow Through Entities - S Corporations, Partnerships, Sole-Proprietorships:

1.) After December 31, 2022, federal Section 179 rules/limits will be followed. Follow federal law as it stood under the January 1, 1986 federal tax laws through December 31, 2022. (This change was made along with the change that stated that PA will conform to federal rules regarding like-kind exchanges after December 31, 2022.)

2.) $2,500,000 limit for 2025 and $2,560,000 for 2026.

Fringe Benefit Matrix

The chart below can be used as a guide for understanding the federal and state tax status of common fringe benefits. It provides a reference for use in preparing employee W-2 Forms.

EMPLOYMENT TAX PROVISIONS	FEDERAL TAXABLE	FIT W/H	FICA W/H	SUBJECT TO FUTA	PA W/H	PA UC	LOCAL W/H
Auto - Personal Use	YES	OPTIONAL	YES	YES	1	YES	1
Bonuses	YES	YES	YES	YES	YES	YES	YES
Dependent Care	NO	NO	NO	NO	NO	NO	NO
Christmas Gifts (Other than non-cash gifts of nominal value)	YES	YES	YES	YES	YES	YES	YES
Club Dues	YES	YES	YES	YES	YES	YES	YES
Commissions	YES	YES	YES	2	YES	2	YES
Disability Insurance Premiums	NO	NO	NO	NO	NO	NO	NO
Sick or Disability Payments	3	YES	4	4	5	4	5
Qualified Cafeteria Plans	NO	NO	NO	NO	6	YES	6
HSA Contributions- Employer	NO	NO	NO	NO	NO	YES	NO
HSA Contributions- Employee	NO	NO	NO	NO	6	YES	6
Health Insurance Premiums (including dental & vision) paid by employer	NO	NO	NO	NO	NO	NO	NO
Non-qualified Deferred Compensation	YES	YES	YES	YES	7	YES	7
Group Term Life In Excess of $50,000	YES	NO	YES	8	NO	NO	NO
Employer Paid Premium on Individual Life Insurance Policies	YES	YES	8	8	NO	YES	NO
401K & SEP (Employee Elective Deferral)	NO	NO	YES	YES	YES	YES	YES
Exceptions-S Corp. Shareholder: Health Insurance	YES	YES	NO	NO	NO	NO	NO
Cafeteria Plans	NOT PERMITTED TO PARTICIPATE[9]						
Disability Insurance	YES	YES	NO	NO	NO	NO	NO

1. No, if it is for use of employer owned or employer leased vehicle. Reimbursement for personal use of non-employer owned property is taxable unless under an accountable plan.
2. Yes, unless the commission is paid to an insurance agent or solicitor who is paid solely by commission.
3. Yes, except for: workers compensation benefits; employer reimbursements for medical expenses from a fully insured plan or a nondiscriminatory self-insured plan; payments unrelated to an employee's absence from work (such as a fixed sum paid for a loss of a limb); damages on account of personal injury; and payments attributable to employee contributions.
4. Yes, through first six full calendar months following employee absence.
5. No, for sickness and disability pay unless it is a wage continuation pay where the employee receives regular wages from the employer.
6. No, if the cafeteria plan qualifies under IRC Section 125 as a hospitalization, sickness, disability, or death plan and does not discriminate in favor of highly compensated individuals.
7. No, if it meets the definition of a pension for Pennsylvania.
8. No, if the benefit is provided by a plan.
9. More than 2% S corporation shareholders, including their spouse, children, grandchildren, and parents, are not permitted to participate in cafeteria plans maintained by the S Corporation.

Retirement Plans

The following chart reflects the 2026 pension deferral limitations announced by the IRS, compared with the 2025 limits.

Maximum Dollar Limits	2025	2026
401(k), ROTH 401(K), 403(b) or 457 Elective Deferrals - employee contribution limit. The lesser of this limit or 100% of compensation **Catch-Up Contributions -** A plan may allow individuals who have attained age 50 by year end to make catch-up contributions. The otherwise applicable dollar limit on elective deferrals under a 401(k) plan, 403(b) annuity, SEP or SIMPLE or deferrals under 457 plan is increased. Catch-up contributions are not subject to any other contribution limits and are not taken into account in applying other contribution limits. In addition, they aren't subject to applicable nondiscrimination rules. However, they must be available to all over age 50 participants on an equal basis. An employer is permitted to make matching contributions with respect to catch-up contributions. Any such matching contributions are subject to the normally applicable rules. The allowable catch-up contribution applicable to 401(k), 403(b), SEP and 457 plans is $7,500 for 2025 and $8,000 for 2026 for age 50 to 59 or 64 or older. Beginning in 2025, those between 60 and 63 will be eligible to contribute up to $11,250 as a catch up contribution. For SIMPLE IRA and SIMPLE 401(k) plans the amount is $3,500 for 2025 and $4,000 for 2026.	$23,500	$24,500
Defined Contribution Plans - total annual participant contributions The lesser of this limit or 100% of compensation (includes employer contributions and employee deferrals)	70,000	72,000
Annual Compensation Limit - the annual compensation limit that can be taken into account for computing plan contributions and benefits	350,000	360,000
Highly Compensated Limit - the annual compensation limit when determining highly compensated employees	160,000	160,000
Key Employee Compensation Limit - the annual compensation limit an officer can earn before being considered a key employee (note: there are also other tests for determining key employees)	230,000	235,000
SEP Coverage Minimum Compensation - the annual compensation that must be earned to be eligible to participate in a SEP plan	750	800
SIMPLE Retirement Accounts - annual contribution limit	16,500	17,000
Defined Benefit Plans - maximum annual benefit payable to a participant under a defined benefit plan	280,000	290,000

COMMENCEMENT OF BENEFITS

Distributions generally are required to begin by April 1 of the calendar year following the later of:

(1) the calendar year in which the employee attains age 70 1/2; or
(2) the calendar year in which the employee retires.

However, in the case of a 5% owner of the employer, distributions are required to begin no later the April 1 of the calendar year following the year in which the 5% owner attains age 70 ½.

STANDARD MILEAGE RATE

The 2026 mileage rate has not been released yet.

SUV DEDUCTION

The tax law caps expensing at $25,000 for SUVs with loaded weights between 6,000 and 14,000 pounds that are put in use after October 22, 2004. The cap was increased to $31,300 for 2025 acquisitions and will be increased to $32,000 for 2026 acquisitions.

PENNSYLVANIA SALES/USE TAX

The Pennsylvania sales tax rate continues at 6.0%. The rate for Allegheny County has an additional 1% and Philadelphia has an additional 2%. (1)

Sales Tax Collected on Motor Vehicle Sale: Sales tax collected on the sale of vehicles must be submitted to PennDOT along with the required title work and Form MV-1, MV4ST, Vehicle Sales and Use Tax Return/ Application for Registration, within 20 calendar days of a vehicle sale.

Sales Tax Collected/Use Tax Incurred on Transactions Other Than Motor Vehicle Sales: Filing of the sales and use tax returns for sales, other than motor vehicles, is based on the amount of your tax liability. For quarterly and monthly accounts, the filing frequency for the next calendar year is determined by the amount of sales tax reported during the current, third calendar quarter (July through September). New vendors begin as quarterly filers.

If the amount of sales tax reported in the third calendar quarter is $600.00 or greater, the account will be required to file and pay on a **monthly basis** in the upcoming tax year. Payment is due the 20th day of the following month. If the amount of sales tax reported in the third calendar quarter is less than $600.00, but greater than $74.99, the account will be required to file and pay on a **quarterly basis** in the upcoming tax year. Payment is due the 20th day following the close of the quarter.

If the amount of sales tax reported in the third calendar quarter is less than $75.00, the account will be required to file and pay on a **semi-annual basis** in the upcoming tax year. The January through June liability is due August 20th. The July through December liability is due February 20th (2026).

For semi-annual accounts, the filing frequency for the next calendar year is determined by the total amount of sales tax reported during the last half of the previous tax year and the first half of the current tax year. If the amount of sales tax reported during that time period is $2,400.00 or greater, the account will be required to file and pay on a **monthly basis** in the upcoming tax year. Payment is due the 20th day of the following month. If the amount of sales tax reported during that time period is less than $2400.00, but greater than $299.99, the account will be required to file and pay on a **quarterly basis** in the upcoming tax year. Payment is due the 20th day following the close of the quarter. If the amount of sales tax reported during that time period is less than $300.00, the account will be required to file and pay on a **semi-annual basis** in the upcoming tax year. The January through June liability is due August 20th. The July through December liability is due February 20th (2026).

TRANSACTIONS	6% SALES/USE TAX 1% Allegheny County and 2% Philadelphia Sales & Use Tax (1)
Nexus - Beginning July 1, 2019, vendors who have no physical presence but whose direct sales and facilitated marketplace sales attributed to Pennsylvania exceed $100,000 must register to collect and remit Pennsylvania sales tax.	
Demonstrator Vehicles and Free Service Loaners Less than one year of usage.	6% Use tax is charged monthly on the fair rental value of the vehicle (the amount charged for the rental of a vehicle in the market for a similar period of time and place) for the time that the vehicle is in taxable service. If the fair rental value is unknown, 3% of the fair market purchase price at the time of acquisition is acceptable as a monthly fair market rental value.
Courtesy Cars, Parts Trucks, Delivery Trucks, and Wreckers	6% Sales tax based on the acquisition cost of the vehicle when that vehicle is first placed into use.
Extended Warranties Sale of extended warranty contract	6% Sales tax based on cost of contract. (2)
Repair under full warranty	Not subject to sales tax.
Repair under partial warranty	6% Sales tax on the amount owed by the customer.

(1) Both Allegheny County (1%) and Philadelphia (2%) assess sales and use tax in addition to the 6% Commonwealth of PA sales and use tax. The local sales and use tax applies to all of the same transactions as the 6% sales and use tax. The sale and use of vehicles are deemed to occur at the address of the consumer. For goods and service which are not required to be licensed, the seller's place of business is where the sale is deemed to occur. Dealers are required to maintain proof of outside residency document used by the consumer that resides outside Allegheny County or the City of Philadelphia when claiming an exemption from the local tax on the sale of a vehicle.

(2) Sales tax on extended warranty sales may be remitted monthly by the dealer to the Department of Revenue. The sales tax should not be submitted to the Department of Transportation on its MV-1 or MV4ST forms.

PENNSYLVANIA SALES/USE TAX *continued*	
TRANSACTIONS	**6% SALES/USE TAX** **1% Allegheny County and 2% Philadelphia Sales & Use Tax (1)**
Extended Warranties ***continued*** Repair under warranty with deductible	6% Sales tax on the deductible.
Rental vehicle provided under warranty coverage	Not subject to sales tax (nor rental tax).
Rebates & Manufacturer Credit Card Rebates If reduces overall purchase price of vehicle	Not subject to sales tax.
If used as "cash down" and does not reduce overall purchase price	Subject to 6% sales tax.
Life, Accident, and Sickness Insurance Coverage	Exempt from sales tax if separately itemized.
Trade-In(3) Total trade-in applied to purchase price at the time of sale	Trade-in reduces purchase price subject to sales tax.
Sale of vehicle to someone other than dealer and proceeds applied to sales price	Not considered a trade-in. Does not reduce purchase price for application of sales tax.
Trade-in with portion applied to purchase and portion provided as cash back to the customer	Trade-in reduces the purchase price subject to sales tax by the amount applied to purchase. The cash back portion does not reduce the sale price subject to sales tax.
Leased Vehicles The tax is computed on the full amount of the purchase price of the leased vehicle less any trade-in deduction. Total lease price charged includes money down, capitalized cost payments and any other payments made to reduce monthly payments. Note: customer must offer title to the vehicle being traded-in to count toward trade-in exemption.	6% Sales tax to be collected with the monthly lease payment regardless of the length of the lease.
Option to buy for Residual Value	6% Sales tax on amounts paid by customer, the residual value, as well as outstanding lease payments satisfied by the dealer on behalf of the customer.
Reassignment of Lease	Exempt from both sales tax and PTA tax on payments remitted by the dealer after reassignment as well as the residual value.
Repair services, repair parts, replacement parts or lubricants purchased for vehicles which are used for leasing.	Exempt from sales tax.
Towing Service	Exempt from sales tax. Must list separately on service invoice. Regardless of towing supplied by third party or by dealerships.
Gas Guzzler Tax	When the federal gas guzzler tax is passed on to the consumer, it is considered by Revenue to be a part of the taxable purchase price subject to sales tax, regardless of whether it is separately stated.

(1) Both Allegheny County (1%) and Philadelphia (2%) assess sales and use tax in addition to the 6% Commonwealth of PA sales and use tax. The local sales and use tax applies to all of the same transactions as the 6% sales and use tax. The sale and use of vehicles are deemed to occur at the address of the consumer. For goods and service which are not required to be licensed, the seller's place of business is where the sale is deemed to occur. Dealers are required to maintain proof of outside residency document used by the consumer that resides outside Allegheny County or the City of Philadelphia when claiming an exemption from the local tax on the sale of a vehicle.

(3) Ownership is required in order to receive trade-in credit, the dealership must take the trade-in into its inventory.

PENNSYLVANIA SALES/USE TAX *continued*

TRANSACTIONS	6% SALES/USE TAX 1% Allegheny County and 2% Philadelphia Sales & Use Tax (1)
Sales for Resale	Exempt from sales tax. The purchaser must establish that the specific property purchased is to be resold, rented or leased in the regular course of business. The purchaser must also maintain a resale certificate.
Internal Repairs Repairs on company owned property	6% Sales\Use tax must be paid on any parts used in the repair of company owned property. Employee wages for time spent on the repair of company owned property are exempt from sales tax.

(1) Both Allegheny County (1%) and Philadelphia (2%) assess sales and use tax in addition to the 6% Commonwealth of PA sales and use tax. The local sales and use tax applies to all of the same transactions as the 6% sales and use tax. The sale and use of vehicles are deemed to occur at the address of the consumer. For goods and service which are not required to be licensed, the seller's place of business is where the sale is deemed to occur. Dealers are required to maintain proof of outside residency document used by the consumer that resides outside Allegheny County or the City of Philadelphia when claiming an exemption from the local tax on the sale of a vehicle.

PA PUBLIC TRANSPORTATION ASSISTANCE (PTA) FUND TAXES & FEES

The special PTA Fund taxes and fees are collected on vehicle leases, tires and vehicle rentals (see the subsequent chart for details on the tax). The PTA fees and taxes are to be remitted on a quarterly basis along with form PA-4. Payment is due the 20th day of the month following the close of the quarter. The 2025 annual reconciliation must be filed no later than February 15, 2026 in order to claim a credit of licensing and title fees for the rental vehicles paid to the Commonwealth.

ITEM	PTA TAX/FEE[1, 2]	EXEMPTION
Tires New tires for highway use.	$1.00 fee upon the sale of each new tire.	Used tires (including retreads or recaps) and tires for off highway use are not subject to the fee.
New tires included as part of a new vehicle (new or used car, motorcycle, trailer, etc.) purchase, including the spare tire (regardless if it is a full-size tire or a space-saver tire).	Subject to the $1 tire fee. When a dealer withdraws an automobile from inventory and makes a taxable use of the automobile for sales and use tax purposes, the dealer is required to pay the tire fee due.	Governmental purchases and resale are exempt. In a rental or lease situation the lessor is required to pay the tire fee on the purchase of tires to be rented or leased.
New tires mounted on a used vehicle during reconditioning for sale.	Subject to the $1 per tire fee.	The purchase of tires by a dealer to be placed on vehicles to be resold are exempt.
Rental of Motor Vehicles A rental is the contract for the use of a vehicle for a period of 29 days or less. Even though a rental exceeds 29 days, if the original intent of the transaction was a rental, it would not be considered a lease. In such cases the $2 per day fee would be due.	$2.00 fee for each day or part of day for which the rental company charges the customer for the rental vehicle. (Per day/Per rental occurrence) The $2.00 fee is added to the vehicle rental cost after the sales tax is charged.	The $2.00 fee is only imposed on rentals subject to PA sales tax. If exempt from sales tax, then it is also exempt from the $2.00 fee. Exemptions include service loaner vehicles from a demonstrator account and vehicle loaners supplied under an extended warranty. If any payment is made for the use of the vehicle, the $2.00 fee is due.

PTA FUND TAXES & FEES - *continued*

ITEM	PTA TAX/FEE[1, 2]	EXEMPTION
Leases of Motor Vehicles A lease is the contract for the use of a vehicle for 30 days or more.	3% tax is due on the total lease price charged, including: - bank lease acquisition fees - monthly lease payments - excess mileage charges; and - lease down payment/reduction of capitalized costs. Collected with the monthly lease payment or more frequently.	The 3% tax is only imposed on leases subject to PA sales tax. If exempt from sales tax, then it is also exempt from the 3% tax. Also exempt are leased truck or truck tractors in PennDOT truck classes 4 or higher (9,001 pounds and up).
-Outstanding lease payments paid off at an early termination	3% tax is due.	
-Trade-in value at beginning of lease	3% tax is not applied.	
-Penalty fees for early termination	3% tax is not applied.	
-Repair or damage charges at lease end	3% tax is not applied.	
-Residual purchase price/ending option purchase price	3% tax is not applied.	
Vehicle Rental Tax (includes trucks, truck tractors and semi trailers used in the transportation of property other than commercial freight) Companies that have available for rental 5 or more motor vehicles designed to carry 15 or less passengers are responsible for collecting an additional tax on the rental/purchase price of the vehicle. A rental is the contract for the use of a vehicle for a period of 29 days or less. Even though a rental exceeds 29 days, if the original intent of the transaction was a rental, it would not be considered a lease. In such cases the 2% tax would be due.	The VRT is separate from and in addition to any applicable state, local or Public Transportation Assistance Fund Taxes and Fees (PTA). The VRT Rate is 2% and is imposed on the rental/purchase price, calculated on pre-sales tax price, of each rental contract.	The 2% tax is only imposed on rentals subject to PA sales tax. If exempt from sales tax, then it is also exempt from the 2% tax. Exemption includes service loaner vehicles from a demonstrator account and vehicle loaners supplied under an extended warranty. If any payment is made for the use of the vehicle, the 2% tax is due.

[1] If the purchaser/lessee does not pay the fee/tax to the seller/lessor, the purchaser/lessee is required to pay the tax directly to the Department of Revenue.
[2] Neither the 6% sales tax nor the corresponding PTA fee/tax need to be included in the lease/rental price used to calculate the 6% sales tax, the PTA tax.

SPECIAL REPORTING DATES

Monday, February 2, 2026
2025 PA W-2 to Department of Revenue
2025 Form W-3 w/W-2 Copy to SSA -
2025 Form 8300 Notification to Vehicle Purchaser
2025 Form 1099 to Recipient
2025 Form W-2 to employees
2025 Form 1095 to employees

Monday, March 2, 2026
2025 Form 1095 Copy to IRS -Unless filed electronically
2025 Form 1096 w/1099 Copy to IRS - Unless filed electronically

Tuesday, March 31, 2026
2025 Form 1095 Copy to IRS - If filing electronically
2025 Form 1096 w/1099 Copy to IRS - If filing electronically

Other
Form 8300 to IRS within 15 days after date of transaction.

2026 OBSERVED HOLIDAYS AND OTHER SPECIAL DAYS

New Year's Day 2026 – January 1, 2026
Martin Luther King, Jr. Day - January 19
President's Day - February 16
Daylight Saving Time Begins - March 8
District of Columbia Emancipation Day - April 16
Mother's Day - May 10
Memorial Day - May 25
Father's Day - June 21
Juneteenth National Independence Day - June 19
Independence Day - July 4
Labor Day - September 7
Columbus Day - October 12
Daylight Saving Time Ends - November 1
Veterans Day – November 11
Thanksgiving Day - November 26
Christmas Day - December 25

2026 TAX DUE DATES CALENDAR

	Form	January	February	March	April	May
Federal Withholdings						
Return	941		10		30	(tip reporting) 11
Deposits *(Refer to the Federal Tax deposit rules on pg. 3)*	8109/ EFTPS					
Monthly depositor		15	17	16	15	15
Semiweekly depositor**	EFTPS					
Saturday through Tuesday paydays		9,16,23,30	6,13,20,27	6,13,20,27	3,10,17,24,30	1,8,15,22,29
Wednesday through Friday paydays	EFTPS	7,14,21,28	4,11,18,25	4,11,18,25	1,8,15,22,29,30	6,13,20,27
$100,000 or more	8109/ EFTPS	Next Business Day	Next Business Day	Next Business Day	Next Business Day	Next Business Day
***NOTE: Dates with a federal holiday within that week are bumped to the next day.*						
Federal Unemployment (FUTA)						
Return	940	31	10			
Deposits	8109/ EFTPS	31			30	
State Withholdings						
Return with deposits	Telefile/ MyPath					
Quarterly filers		31			30	
Monthly filers			2,17	16	15,30	15
Semimonthly filers		6,21	4,19	4,18	3,20,30	5,20
Semiweekly filers						
Saturday through Tuesday paydays		9,16,23,30	6,13,20,27	6,13,20,27	3,10,17,24,30	1,8,15,22,29
Wednesday through Friday paydays		7,14,21,28	4,11,18,25	4,11,18,25	1,8,15,22,29,30	6,13,20,27
PA Unemployment (PAUC)						
Return with deposits	UC-2	31			30	
PA Sales & Use Tax						
Return with deposits	PA-3 Telefile/ MyPath					
Quarterly filers		20			20	
Monthly filers (Pre-payment dates[1])		20(20)	20(20)	20(20)	20(20)	20(20)
Semi-Annual Filers			20			
Public Transportation Assistance Tax (PTA)						
Return with deposits	PA-4/ EFT	21			21	
2% Passenger Car Rental Tax						
Return with deposits	PA-5 DAS28					
Licensing & title credit filing		21	15		21	

[1]*See PAA News Bulletin No. 17 (9/14/11) for details on Semi-monthly filing of sales tax.*

2026 TAX DUE DATES CALENDAR

June	July	August	September	October	November	December	2027
  15 5,12,22,26 3,10,17,24 Next Business Day	 31 15 6,10,17,24,31 1,8,15,22,29,31 Next Business Day	(tip reporting) 10 17 7,14,21,28 5,12,19,26 Next Business Day	 15 4,11,18,25 2,9,16,23,30 Next Business Day	 15 2,9,16,23,30 7,14,21,28 Next Business Day	 2 16 2,6,13,20,30 2,4,12,18,25 Next Business Day	 15 4,11,18,28 2,9,16,23,30 Next Business Day	
	31				2		
 15 3,18 5,12,22,26 3,10,17,24	31 15,31 6,20,31 6,10,17,24,31 1,8,15,22,29,31	 17 5,19 7,14,21,28 5,12,19,26	 15 3,18 4,11,18,25 2,9,16,23,30	 15 5,20 2,9,16,23,30 7,14,21,28	2 2,16 2,4,18 2,6,13,20,30 2,4,12,18,25	 15 3,18 4,11,18,28 2,9,16,23,30	2/1 2/1 1/6,2/6
	31				2		
22(22)	20 20(20)	20(20) 20	21(21)	20 20(20)	20(20)	21(21)	1/20 1/20 2/22
	21			20			
	21			20			

Payroll Tax Deposit Rules

DEPOSIT FREQUENCY	FEDERAL	STATE
Quarterly	If the payroll tax liability is < $2,500 in a calendar quarter the payment can be submitted quarterly with the filing of the Form 941. The due date is the last day of the month following the close of the quarter.	If the payroll tax liability is < $300 in a calendar quarter the payment can be submitted quarterly with the filing of Form PA W-3. The due date is the last day of the month following the close of the quarter.
Monthly	If the payroll tax liability is > $2,500 but $50,000 or less during the four calendar quarters in the lookback period (July 1 through June 30 of prior year) taxes must be deposited on or before the 15th day of the following month using EFTPS or by a federal reserve bank or authorized financial institution.	If the payroll tax liability is equal to or greater than $300 but less than $1,000 in a calendar quarter the taxes must be paid on or before the 15th day of the following month using Telefile or E-TIDES/MyPath.
Semimonthly - PA	N/A	If the payroll tax liability is equal to or greater than $1,000 but less than $5,000 in a calendar quarter the taxes must be paid on or before the third business day following the 15th and last days of the month.
Semiweekly-Fed	If the payroll tax liability is > $50,000 during the four calendar quarters in the lookback period, taxes must be deposited on or before Wednesday (for payment date of Wednesday, Thursday and/or Friday), or Friday (for payment date of Saturday, Sunday, Monday and/or Tuesday). See below for those employers required to deposit using the Electronic Federal Tax Payment System (EFTPS). Special One-Day Rule Exception: In the event an employer accumulates employment taxes of $100,000 or more in any deposit period the liability must be deposited on the next banking day after the threshold is reached, regardless of the employer's deposit schedule. A monthly depositor, in this situation, becomes a semiweekly depositor on that day and remains for the remainder of the calendar year and for the following calendar year. See: "Electronic Federal Tax Payment System"	If the payroll tax liability is $5,000 or greater per quarter or greater than $20,000 or more per calendar year will be required to make semi-weekly deposits. The taxes are due on the Wednesday following the pay dates for employers whose paydays fall on a Wednesday, Thursday or Friday; and on the Friday following the pay dates for employers whose paydays fall on Saturday, Sunday, Monday or Tuesday. Use the Electronic Funds Transfer Program if the deposit is $5,000 or more (see succeeding EFT info.). An employer that can reasonably anticipate that its employer withholding will be $5,000 or more in a calendar year will be required to report and remit the tax on a semi-weekly schedule. This change requires the largest employers to submit withheld taxes to the department on a schedule similar to the one used by the IRS.

Pennsylvania's Adoption of myPath: The PA Department of Revenue has replaced the e-TIDES system and PA-100 system with the myPATH system as of the end of November 2022. The myPATH system should be the main online resource by the end of calendar year 2022 per the PA Department of Revenue. The myPATH system can be used for electronically filing returns, making payments, renewing licenses, and providing online services for most business taxes administered by the department. The department recommends customers to refer to its self-service options including the myPATH Information page, Revenue 411 Videos, Customer Service Center, or by engaging PATHfinder, online chatbot, on myPATH. The Revenue 411 Video, or myPATH tutorial videos, are expected to contain helpful resources for customers to transition from the e-TIDES system to myPATH system. Customers can create accounts, and third parties, like an accountant, can request access to your account.

For individuals, electronic estimated payments that are $15,000 or over should be done electronically through myPATH. This is effective for January 1, 2022 in Pennsylvania.

Bonus Depreciation

Federal Purposes – For property acquired after January 19, 2025, the applicable Bonus Depreciation rate is 100%. For property acquired on or before January 19, 2025, and placed in service after that date, the applicable Bonus Depreciation rate is 40%

Types of Qualified Property

- For property acquired after September 27, 2017, new and used tangible property that has a recovery period under the MACRS rules of 20 years or less;
- Water utility property (which, under MACRS, has a recovery period of 25 years);
- Computer software that is depreciated over 36 months, using the straight-line method;
- Qualified Improvement Property

Qualified Improvement Property, under the CARES act, retroactively assigns a 15-year recovery period to qualified improvement property placed in service after December 31, 2017. This property is bonus depreciable if all other bonus requirements are met. Previously, Qualified Improvement Property acquired and placed in service after December 31, 2017 and between December 31, 2022 was considered 39-year property and was not bonus eligible.

Dealers cannot elect out of application of the Section 163(j) business interest limitations, but may take bonus depreciation if they do not utilize the floor plan carve out to deduct its business interest expense.

Pennsylvania State Purposes – Under current statute, a C corporation that took advantage of the Federal Bonus Depreciation under IRC Section 168(k) must add-back the amount of the Section 168(k) deduction and then deduct using MACRS depreciation, until the amount of the disallowed expense has been recovered. If the taxpayer disposes of the property prior to recovering the disallowed expense, then the remainder of the disallowed Bonus Depreciation may be recovered in the year of disposition. No other method is permitted.

Electronic Payments

Federal - Electronic Federal Tax Payment System (EFTPS) – Businesses must deposit taxes using EFTPS online, EFTPS voice response system (1-800-555-3453), asking your financial institution to make an ACH credit on your behalf, or asking a third party such as a tax professional or payroll service to make the payment for you. Only very small firms will be exempted from depositing electronically…. employers with $2,500 or less in quarterly payments that pay their liability when filing their returns. Taxpayers can enroll at **www.eftps.gov.**

State - Electronic Funds Transfer (EFT) Program - The Commonwealth of Pennsylvania has an Electronic Funds Transfer (EFT) program. EFT is required to be used for payments of $1,000 or more, but enrollment is open to anyone else who wishes to participate. Enrollment in the PA EFT program is not automatic and must be done through online at https://mypath.pa.gov/_/. This was previously done through the PA-100 system and Form REV331A Authorization Agreement for Electronic Funds Transfer at different points.

As the transition to the myPATH system is still occurring at the time of this publication, please monitor the PA-100 and myPATH system and updates from the department to determine which to use. Do not remit withholding of PA Personal Income Tax from nonresident partners or shareholders through the EFT program. Continue to send checks for these payments.