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.

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(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.

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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, <u>including the spare tire</u> (regardless if it is a full-size tire or a space-saver tire).	Subject to the $1 tire fee. When a dealer <u>withdraws an automobile from inventory</u> and makes a <u>taxable use</u> of the automobile for sales and use tax purposes, the dealer is required to <u>pay the tire fee due</u>.	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.