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