



July 8, 2004 (Reissued July 9, 2009)
Pennsylvania Corporate Net Income Tax
No. CRP-04-002
Capital Stock/Foreign Franchise Tax

ISSUE:

Whether in calculating the numerator of the sales factor used in income apportionment to the subzone or expansion subzone (form RCT-101KOZ), sales of tangible personal property are within the subzone or expansion subzone if the purchaser either (a) sends the purchaser's own truck to pick up the property or (b) the purchaser arranges for a common carrier to pick up the property at the Taxpayer's dock located in the subzone or expansion subzone, even if the property is transported to an ultimate destination outside Pennsylvania.

CONCLUSION:

In calculating the numerator of the sales factor used in income apportionment to the subzone or expansion subzone (form RCT-101KOZ), sales of tangible personal property are within the subzone or expansion subzone if the purchaser either (a) sends the purchaser's own truck to pick up the property or (b) the purchaser arranges for a common carrier to pick up the property at the Taxpayer's dock located in the subzone or expansion subzone, even if the property is transported to an ultimate destination outside Pennsylvania.

FACTS:

Taxpayer is considering establishing operations within a subzone or expansion subzone. Taxpayer's customers will send either their own trucks or the trucks of a common carrier to pick up tangible personal property at Taxpayer's dock located within the subzone or expansion subzone.

DISCUSSION:

Act 51 of 2003 amended Section 515(d)(3)(i) to read "sales of tangible personal property are in the subzone, improvement subzone or expansion subzone if the property is delivered or shipped to a purchaser *that takes possession* within the subzone, improvement subzone or expansion subzone regardless of the F.O.B. point or other conditions of the sale". 73 P.S. § Sec. 82. 515(d)(3)(i). It is the Department's interpretation of this amendment that a purchaser takes possession within a subzone or expansion subzone if it sends its own truck or arranges for a common carrier to pick up tangible personal property at the Taxpayer's dock, even if the ultimate destination is outside the Commonwealth.