



**February 4, 2005
(Re-issued February 4, 2010)
Pennsylvania Corporate Taxes
No. CRP-05-002
Corporate Net Income Tax
Capital Stock/Franchise Tax**

ISSUE

Is ABC, Inc. ("ABC" herein) subject to Pennsylvania corporate net income tax and/or capital stock/franchise tax?

CONCLUSION

ABC is not subject to either tax.

FACTS

ABC was incorporated under the laws of Wisconsin. ABC's only contact with Pennsylvania will be to supply building materials to a contractor that is constructing a major store in a Pennsylvania outlet mall. ABC will ship the building materials from a location outside Pennsylvania to its Pennsylvania customer by common carrier. All negotiations and orders with the contractor have and will take place outside Pennsylvania.

ABC has not and will not conduct solicitation activities within Pennsylvania. ABC has not and will not own inventory within Pennsylvania. ABC will not have any other contacts with Pennsylvania.

DISCUSSION

In order to be subject to corporate taxes a foreign corporation must perform certain activities in Pennsylvania in its own name or through any individual, association, business trust, corporation, joint venture, limited liability company, limited partnership, partnership or other entity. See sections 402 and 601 of the Tax Reform Code of 1971, 72 P.S. §§ 7402 and 7601.

Taxable activities include:

1. Doing business.
2. Carrying on activities, including solicitation.
3. Having capital or property employed or used.
4. Owning property.

The submitted facts are that ABC's only contact with Pennsylvania will be the delivery of its products from a location outside Pennsylvania to a Pennsylvania customer by means of a common carrier. This is not a taxable activity for Pennsylvania corporate tax purposes. Therefore, ABC is not subject to Pennsylvania corporate net income tax and/or capital stock/franchise tax.

