



**June 16, 2003 (Re-issued June 17, 2008)**  
**Pennsylvania Sales and Use Tax**  
**No. SUT-03-026**  
**Personal Computers Used by Common Carrier Drivers**

ISSUE

Whether hand-held computers used by drivers in a common carrier operation are subject to Pennsylvania Sales and Use Tax.

CONCLUSION

The purchase of hand-held computers used by drivers in a common carrier operation is subject to Pennsylvania Sales and Use Tax.

FACTS

Taxpayer is a common carrier operating under ICC and PUC certificates. Taxpayer purchased hand-held computers for each of its vehicles. The main reason for the purchase of the units is that the units operate with GPS position systems allowing Taxpayer's dispatchers to immediately locate Taxpayer's vehicles. This ability allows Taxpayer to provide their customers with instant delivery times. Taxpayer claims the units allow its drivers to increase their productivity, although this is not fully explained.

Other benefits of the units include PennDOT automated logging, based on the GPS systems. The unit also allow the driver to print out customer deliver receipts at the time of delivery, allowing Taxpayer to invoice its customer on a more timely basis.

DISCUSSION

While the hand-held computers used by the drivers may increase the efficiency of Taxpayer's common carrier operation, the hand-held computers must be directly and predominately used in the common carrier operation to be exempt from tax. 72 P.S. § 7201(k)(8)(i)(C). The common carrier exemption is governed by "Public Utilities" regulation found at 61 Pa. Code § 32.34. Subsection (a)(3)(iii)(a) of that Regulation provides as follows:

(3) *Property not directly used.* Property in the following categories is not directly used in public utility operations and the purchase or use of such property shall be subject to tax:

\*       \*       \*       \*

(iii) *Managerial, sales, or other nonoperational activities.* Property used in managerial, sales, or other nonoperational activities is not directly used in the production, delivery, or rendition of a public utility service and shall be therefore subject to tax. This category includes but is not limited to property used in any of the following activities:

A) *Management and administration.* Office furniture, supplies and equipment, textbooks, and other educational materials, books, and records, and all other property used by a public utility in record-keeping and other administrative and managerial work, irrespective of the point of use, shall be subject to tax. Such property includes, but is not limited to, supplies used to record the quality and quantity of work in production or goods in storage, the flow of work, the results of inspection, or to instruct workers in routing work or other production activities.

This subsection provides property used in a management and administrative function is not considered to be directly used in a common carrier operation. The hand-held computers are used to allow Taxpayer to provide its customers with more accurate delivery times, maintain PennDOT logs, and allow for faster invoicing of customers. All of these functions are managerial and administrative in nature and therefore, property used in these activities is not directly used in Taxpayer's common carrier operation. As a result, the hand-held computers used by the Taxpayer's drivers are subject to Pennsylvania sales and use tax.