



**July 3, 2003 (Reissued July 3, 2008)**  
**Pennsylvania Sales and Use Tax**  
**No. SUT-03-033**  
**Liquidating Corporation**  
**Transfer of Automobiles to Sole Shareholder**

ISSUE

Is a liquidating corporation's transfer of automobiles to the corporation's sole shareholder subject to Pennsylvania Sales and Use Tax?

CONCLUSION

A liquidating corporation's transfer of automobiles to the corporation's sole shareholder is subject to Pennsylvania Sales and Use Tax.

FACTS

The taxpayer, a corporation, is in the process of liquidating and officially dissolving. A plan of liquidation has been adopted. After paying its final taxes, expenses and all remaining liabilities, the corporation will be distributing some assets, including two automobiles to its sole shareholder. You requested a ruling as to whether the sole shareholder must pay sales tax on the transfer of these automobiles.

ANALYSIS

As you indicated in your letter, 61 Pa. Code § 31.47(4) presumes that a transfer of a automobile from a corporation to a shareholder is presumed to be a taxable transfer for value. Specifically, that section provides as follows:

Transfer to or from a corporation. A transfer of a vehicle to a corporation in exchange for stock is a taxable transfer, even though the transferor is the sole stockholder of the corporation. A transfer of a vehicle to or from a corporation for any purpose is presumed to be a taxable transfer, regardless of the reason or motive for which the transfer is made, and the taxpayer has the burden of overcoming this presumption by showing clear and sufficient evidence that there was in fact no consideration for the transfer.

In order to overcome the presumption of taxation, the taxpayer must show by clear and convincing evidence that the sole shareholder gave no consideration for the transfer of the automobiles. The above-quoted regulation states that the transfer of a vehicle from the sole shareholder to a corporation is a taxable transfer. It follows, therefore, that the transfer of a vehicle from a corporation to its sole shareholder is also taxable. You contend there is no consideration given by the sole shareholder for the transfer of the vehicles. The consideration given in the situation where a sole shareholder transfers automobiles to the corporation is either stock or an increase in the value of the stock. Likewise, in the situation under analysis, the consideration given by the sole shareholder for the vehicle is relinquishing the stock held or relinquishing any claims the sole shareholder may have had

against the corporation. As consideration is given by the sole shareholder, the transfer of the automobiles is subject to Pennsylvania Sales and Use Tax.