



January 12, 2004 (Reissued January 13, 2009)
Pennsylvania Sales and Use Tax
No. SUT-04-003
Photocopiers Used in Printing

ISSUES/CONCLUSIONS

Is the Purchaser's acquisition of photcopying equipment and printing press equipment exempt from tax?

Purchaser's acquisition of press equipment for its printing operation is exempt from tax. However, Purchaser's acquisition of copiers may be taxable if the copiers are not predominately used to make 50 or more copies of an item.

FACTS

The Purchaser is a franchisee which specializes in full service printing operations. The Purchaser states that "all of our copiers and our press are used for the manufacturing and producing of . . . copies for resale."

The Purchaser leases machines for its printing operation.

DISCUSSION

The Tax Reform Code of 1971 (the Code), as amended, provides for the imposition of sales tax on the purchase price of tangible personal property when sold at retail. The Code also provides for certain exemptions from sales tax. One of these exemptions is for equipment, materials, and supplies used by a business engaged in manufacturing, and the Code's definition of manufacturing includes printing. 72 P.S. § 7201 (c). Regulation Section 32.1 defines printing as –

"[t]he performance of an integrated series of operations engaged in as a business which is predominantly and directly related to the production of multiple copies of . . . similar printed matter upon which sales or use tax is due or for which an exemption exists. . . . [P]roperty is predominately used in printing when . . . the total copies of printed matter, divided by the number of orders for substantially similar items, exceeds 50 or more copies." 61 Pa. Code § 32.1.

Regulation Section 32.1 also states that printing does not include photocopying." 61 Pa. Code § 32.1. Thus, unless the photocopier is predominately used to make 50 or more copies of an item, the copier is not exempt printing equipment.

Presses used by a printer are directly used in manufacturing and are exempt from tax.

When a printer predominately uses a copier to make 50 or more copies of an item, the copier also is exempt because it is directly and predominately used in manufacturing. A copier, however, is frequently used in activities that do not qualify for the manufacturing

exemption because it is frequently used to make a limited number of copies of an item or may be used in the administrative portion of the printer's business.

The Purchaser must present sufficient evidence to the vendor on its exemption certificate to allow the vendor to exercise good faith in its acceptance of the exemption certificate. The Purchaser may be required to pay the tax to the vendor and request a refund of tax from the Department if the Purchaser is unable to satisfy the vendor that the equipment is in fact used predominately in exempt printing activity.