



October 23, 2018
Pennsylvania Sales and Use Tax
No. SUT-18-004
Application of Local Sales and Use Tax to Services
Performed Outside of a Taxable County

ISSUE:

Is the local sales and use tax imposed on a charge for taxable services when the service provider's business is located in a taxable county, but the services are performed outside of a taxable county?

CONCLUSION:

Yes. The local sales and use tax is a point of sale tax and a sale of property or a service delivered to a location within this Commonwealth is deemed to occur at the place of business of the retailer.

FACTS:

Taxpayer is located in Allegheny County, and that Taxpayer offers private house cleaning services to clients located in Allegheny County, Beaver County, Butler County, and Washington County. Taxpayer schedules all of its services from its Allegheny County location. Taxpayer received a letter from the Department of Revenue informing it that Taxpayer must charge and collect the Commonwealth's 6% sales tax, as well as the local 1% sales tax on charges for cleaning services.

Taxpayer has been charging and collecting the Commonwealth and local sales taxes on fees for its cleaning services.

DISCUSSION:

The Article II of Tax Reform Code of 1971 ("TRC") imposes a sales tax of six percent of the purchase price on each separate sale at retail of tangible personal property and certain enumerated taxable services within Pennsylvania. 72 P.S. § 7202(a). One enumerated taxable service is the rendition for a consideration of cleaning services. 72 P.S. § 7201(k)(14). The City of Philadelphia and Allegheny County are permitted to levy a sales tax in addition to the Commonwealth's sales and use tax (collectively, "local taxes"). See 53 P.S. § 12720.503 (permitting Philadelphia to impose an additional sales tax of 1%); 72 P.S. § 7201-B (allowing

Philadelphia to impose an additional 1% sales tax, for a total tax of 2%); *and* 16 P.S. § 6152-B (authorizing Allegheny County to impose an additional sales and use tax of 1%).

The local taxes are imposed on the same items of tangible personal property and enumerated taxable services as the Commonwealth's tax, except that the local sales taxes are "point of sale" taxes. 61 Pa. Code § 60.16(b)(2) (stating that "[p]roperty and services subject to the State tax are subject to the local sales and use tax."); 53 P.S. § 12720.503 (relating to the situs of the Philadelphia tax) *and* 16 P.S. § 6153-B (relating to the situs of the Allegheny County tax); *see also* 61 Pa. Code § 60.16(a)(11) (stating the local tax is a point of sale tax). Since the local taxes are point of sale taxes, this means that "[a] sale of property or a service delivered to a location within this Commonwealth is deemed to occur at the place of business of the retailer." 61 Pa. Code § 60.16(a)(11). "The sales of, and services to, tangible personal property and other taxable services subject to the State sales and use tax are also subject to the local tax if the sale originates in a taxable county." 61 Pa. Code § 60.16(c).

Taxpayer has one place of business, which is located in Allegheny County. Since Taxpayer only has one location, all of its sales originate in Allegheny County, a taxable county. Taxpayer must charge the local sales tax on any taxable services it provides to its customers, regardless of where the customer is located, because all of Taxpayer's sales originate from a taxable county.