

Sales, Use & Hotel Occupancy Tax, Act 84 of 2016

On July 13, 2016, Governor Tom Wolf signed into law Act 84 of 2016.

Timely Filing Vendor Discount

Effective for returns that have a period end date after August 1, 2016, the vendor discount for licensees for timely filed returns and payments is limited to the lesser of \$25 or 1 percent of tax collected for a monthly filer, \$75 or 1 percent of tax collected for a quarterly filer and \$150 or 1 percent of tax collected for a semi-annual filer.

Exemptions

Effective July 1, 2017, property and services directly and predominately used in "timbering" by a company primarily engaged in the business of harvesting trees is exempt from tax. The term shall not include the harvesting of trees for clearing land for access roads.

Effective immediately, licensees are not required to collect tax on corrugated boxes used by a person engaged in the manufacture of snack food products to deliver the manufactured product, whether or not the boxes are returnable.

Effective September 11, 2016, the sale at retail or use of services related to the setup, tear down, or maintenance of tangible personal property rented by an authority to exhibitors at the Pennsylvania Convention Center and the David L. Lawrence Convention Center is exempt from sales and use tax.

Sales Tax Base Expansion

Effective August 1, 2016, licensees are now required to collect tax on digitally or electronically delivered or streamed video, photographs, books, any other taxable printed material, apps, games, music, any audio service including satellite radio or canned software. These items are taxable whether accessed and purchased singly, or by subscription or in any other manner. Any maintenance, updates or support on these items are taxable.

Taxable sales on these items made on or after August 1, 2016, must be included when filing sales tax returns. The date of sale is the date of the invoice or other similar document.

Sales Suppression

Any person who, for commercial gain, sells, purchases, installs, transfers or possesses in this commonwealth an automated sales suppression device or zapper that the sole purpose of the device is to defeat or evade the determination of sales tax due commits a punishable offense.

Anyone that commits such an offense and is in possession of three or fewer devices will be subject to a fine up-to but not to exceed five thousand dollars (\$5,000).

Anyone that commits such an offense and is in possession of three or more devices will be subject to a fine up-to but not to exceed ten thousand dollars (\$10,000).

This shall not apply to an entity that possesses an automated sales suppression device for the sole purpose of developing hardware or software to combat the evasion of taxes by use of automated sales suppression devices or zappers or phantomware.