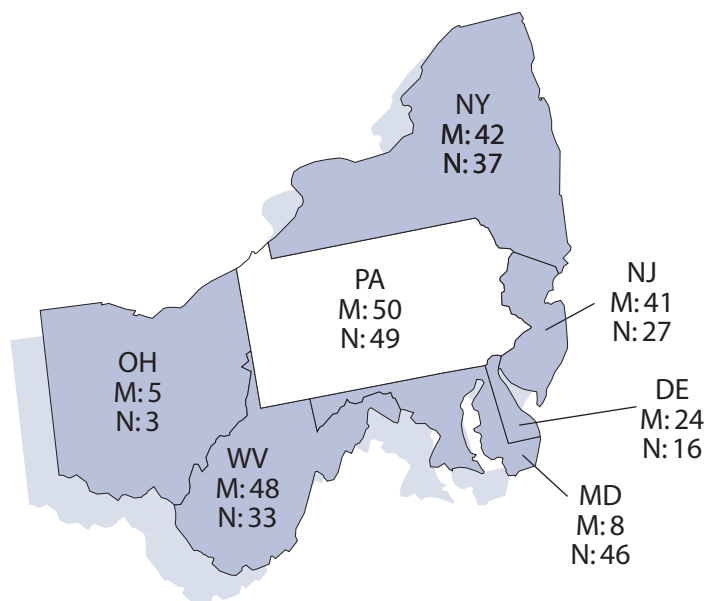


Pennsylvania

M = Rank for mature firms
N = Rank for new firms



Pennsylvania ranks 50th overall for mature operations and 49th overall for newly established operations. Specifically:

- Pennsylvania ranks fifth for the mature capital-intensive manufacturing firm, with a total effective tax rate (TETR) of 6.1 percent, which is 52 percent below the national average. Although Pennsylvania has one of the nation's highest statutory corporate income tax rates at 9.99 percent, this firm has a low corporate income tax burden because of the state's heavy weighting of the sales factor and the lack of a throwback rule.
- The state ranks 50th with the highest tax burden in the nation for three mature operations: corporate headquarters, R&D center, and retail store. The tax burden for the corporate headquarters is 78.4 percent above the national average. The tax burden for the R&D facility is 126.4 percent above average. And the tax burden for the retail store is 84.3 percent above the average. The biggest contributor to these firms' tax bill is often high state and local corporate income tax burdens, though property taxes often contribute substantially as well.
- For newly established firms, Pennsylvania ranks ninth for the capital-intensive manufacturing operation with a TETR of 6.1 percent, due largely to the low corporate income tax burden for this firm. A favorable apportionment method for this firm type and no throwback rule contribute to the low income tax burden, even with a high statutory corporate tax rate.
- The state's highest tax burdens for newly established firms are for the corporate office and R&D firms, which both rank 50th. The operations have TETRs of 30.7 percent and 33.5 percent, respectively. The R&D firm's tax bill is 127 percent above the national average. State and local income tax burdens are the largest contributor to these firm's tax bills, though property taxes are also high.

Pennsylvania

Corporate income tax

Main tax rate	9.990%
Applies to income over	–
Specific adjustments:	
- s.199 deduction allowed	

Apportionment	Property	Payroll	Sales
Standard factors	5.0%	5.0%	90.0%
Optional alternative	n/a	n/a	n/a
Throwback applies to tangible property sales			No
Interstate services income apportionment			IPA

Sales and property tax

Metro areas examined		Sales tax	Property tax			
		Main rate ^a	Land	Buildings	Equipment	Inventory
Tier 1	Philadelphia	6.400%	4.772%	4.772%	–	–
Tier 2	Reading	6.000%	3.758%	3.758%	–	–

a. Manufacturing machinery is exempt from sales tax

Other taxes

Unemployment insurance		State capital tax		Gross receipts tax			Local income tax
Rate	Max. pay			Mfg.	Services	Retail	
3.70%	\$8,000	0.289%	Tier 1	0.142%	0.142%	0.142%	6.450%
			Tier 2	–	0.225%	0.150%	n/a

Incentives for newly established operations

Type	Incentive value	MC	ML	CC	DC	CO	RD	RT
Investment	n/a							
Job creation	\$1,000 per new job	✓	✓	✓	✓	✓	✓	✓
Withholdings	n/a							
R&D	10% of in-state incremental R&D expenses						✓	
Property tax	n/a							

MC= Capital-Intensive Manufacturing Operation, ML= Labor-Intensive Manufacturing Operation, CC= Call Center, DC= Distribution Center, CO= Corporate Headquarters, RD= Research and Development (R&D) Facility, RT= Retail Store

Results

	Newly established operations								Mature operations									
	Tier 2 operations				Tier 1 operations				AVG	Tier 2 operations				Tier 1 operations				AVG
	MC	ML	CC	DC	CO	RD	RT	MC		ML	CC	DC	CO	RD	RT			
TETR	6.1%	11.8%	36.3%	59.5%	30.7%	33.5%	45.5%		6.1%	9.1%	30.2%	48.0%	28.0%	29.1%	31.2%			
Index	53.1	100.7	145.9	164.5	190.1	227.4	139.4	145.9	48.4	78.0	144.0	156.5	178.4	226.4	184.3	145.1		
Rank	9	26	45	48	50	50	47	49	5	15	48	49	50	50	50	50		

MC= Capital-Intensive Manufacturing Operation, ML= Labor-Intensive Manufacturing Operation, CC= Call Center, DC= Distribution Center, CO= Corporate Headquarters, RD= Research and Development (R&D) Facility, RT= Retail Store