

Sales/Use:

Pennsylvania DOR Explains Taxability and Sourcing of Help Supply Services Provided Remotely

Sales and Use Tax Bulletin 2021-03, Penn. Dept. of Rev. (9/16/21). The Pennsylvania Department of Revenue (Department) issued guidance for those “responsible for charging, collecting, remitting, or accruing sales or use tax of the taxability of remote help supply services” in Pennsylvania – concluding that “effective immediately” whether the delivery or use occurs in Pennsylvania under more traditional arrangements (*i.e.*, supplied help physically reporting to a location of the purchaser and supervision is supplied in person) or remotely through modern technology, “the same principles determine whether the delivery or use of the help supply services” occurs in Pennsylvania. That is, “where delivery or use occurs controls” under both traditional in-person and remote working arrangements. Under more traditional arrangements, the Department explains that it generally looks to whether the underlying employee is reporting for work at a location in Pennsylvania. However, using some working examples to illustrate, the Department explains that “where the work is delivered to” is not where the work is conducted if the help supply employee is not physically working at a location of the purchaser.

URL: https://www.revenue.pa.gov/TaxLawPoliciesBulletinsNotices/TaxBulletins/SUT/Documents/st_bulletin_2021-03.pdf

The Department reasons that for remote working arrangements, while remote work may allow a help supply employee to work at one location and report to another, the help supply services are still subject to tax “[i]f the delivery or use of the service occurs in this Commonwealth.” In this respect, in remote work instances, if the purchaser is located in Pennsylvania, the Department “will continue to presume that delivery occurred at a location in” Pennsylvania unless otherwise documented. According to the Department, this presumption applies for both traditional in-person and remote help supply services. Under Pennsylvania law, taxable “help supply services” generally are defined as providing “temporary or continuing help where the help supplied is on the payroll of the supplying person or entity but is under the supervision of the individual or business to which help is furnished.” Please contact us with any questions.

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