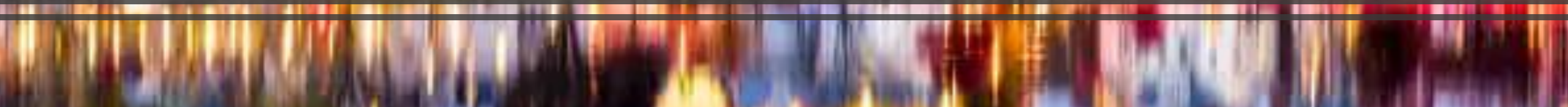




M2K Advisors



TAXATION IN PENNSYLVANIA



C Corporation Income Tax (1/2)

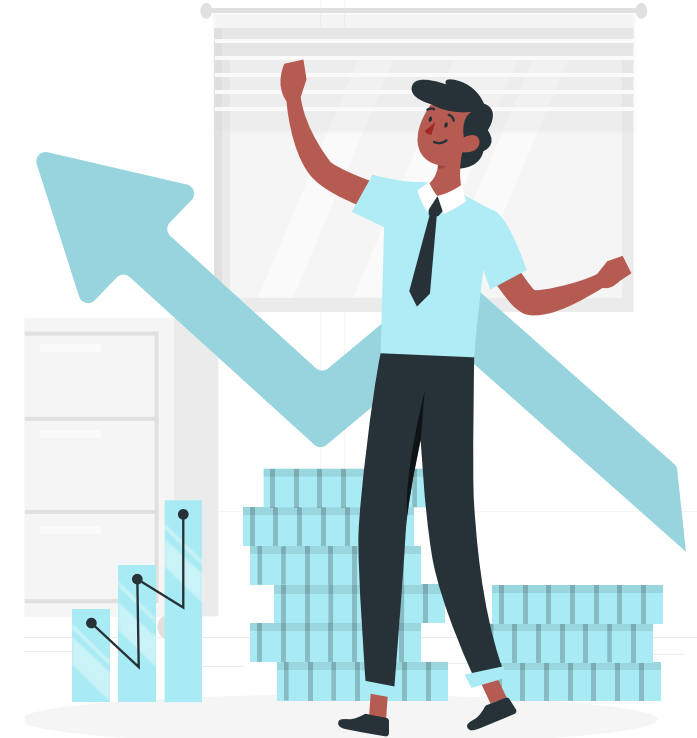
All business entities that have elected to file as a corporations doing business in Pennsylvania ('PA') or deriving income from PA sources or are registered with the PA Department of State, or conducting any business in the state during the tax year are required to file a PA Corporate Tax Report if they have a net income or a loss. The corporate income tax rate in PA for the year 2024 is a flat 8.49% on taxable income.

Due date: The due date for filing the PA Corporate Net Income Tax Report is on or before 15th day of the 4th month following the close of the corporation's tax year.

Filing Requirements: All domestic corporations are required to file RCT-101, PA Corporate Net Income Tax Report, even if no business activity was conducted during the taxable period.

Extension: A request for an extension of time to file must be submitted on or before the due date of the corporate tax return. Taxpayers who are granted an extension to file the federal income tax return will automatically be granted an extension to file RCT-101, PA Corporate Net Income Tax Report. Taxpayers must include a copy of the federal extension request with the PA corporate tax report.

Corporations that have not requested an extension to file the federal income tax return may still request a 60-days extension to file the PA Corporate Net Income Tax Report. The extension must be filed on or before the due date of the report by submitting REV-853.



C Corporation Income Tax (2/2)



Estimated Tax Payments

- The corporate tax is paid on an estimated tax payment system, wherein the prepayments are considered deposits as opposed to tentative liabilities. Total prepayments must exceed 90% of reported annual liability, or 100% of the prior two years' liability (subject to current law).
- Quarterly payments are due on the 15th day of the 3rd, 6th, 9th, and 12th months of the tax year. Final reports and payments are due thirty days after the federal report is due or would be due if the corporation were required to file federally.

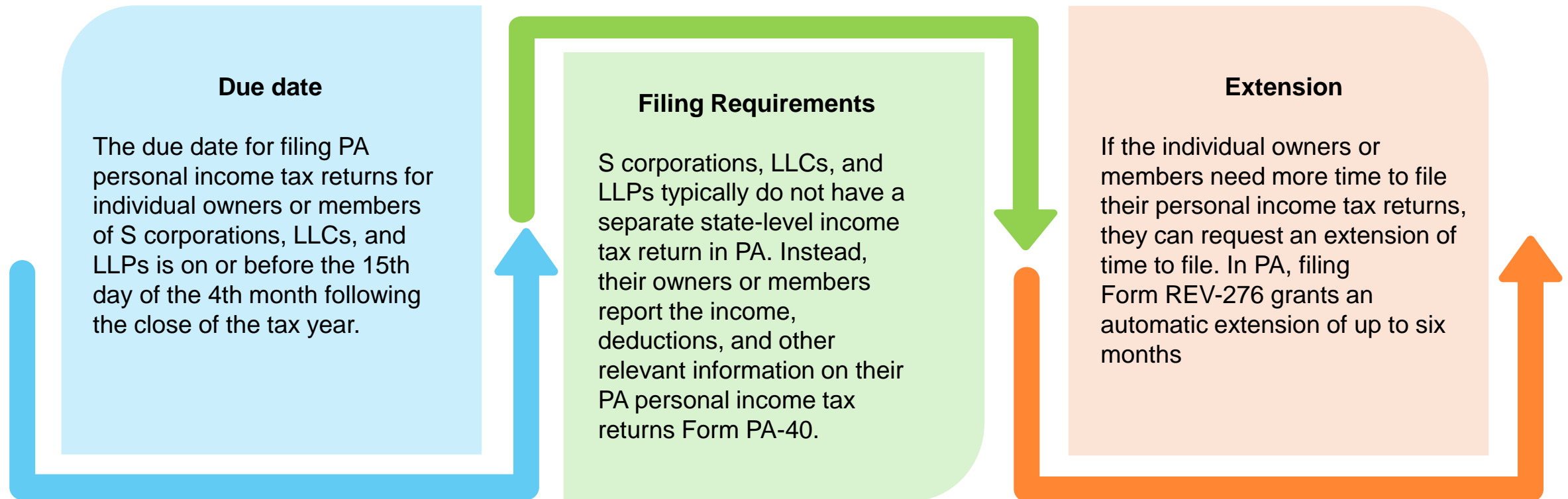
Interest and Penalty

- The penalty imposed for late filing of return is minimum of USD 500, regardless of the determined tax liability, plus an additional one percent of any determined tax liability over USD 25,000.
- The PA Department of Revenue will calculate daily interest on taxes due using an annual interest rate, which varies by calendar year. The interest rates are applied on outstanding tax balance originally due on or after the due date. The interest rate for 2023 is 7%.

Pass Through Entity Tax (1/2)

In PA, S corporations, Partnership, LLC & LLP are "pass-through" entities, meaning the income and losses flow through to the shareholders/members or partners, who report them on their individual tax returns. For S corporations, LLCs, and LLPs, the tax rates are applied to the individual owners or members based on their personal income tax rates.

The 2023 PA personal income tax rate for individuals is flat 3.07% of taxable income.



Pass Through Entity Tax (2/2)

Estimated Tax Payments

The form for making estimated tax payments in PA is Form PA-40ES.

Payments are to be made on a quarterly basis by the shareholders/partners/individuals which are typically due on the following dates: April 15th, June 15th, September 15th of the same year and January 15th of the following year.



Interest and Penalty

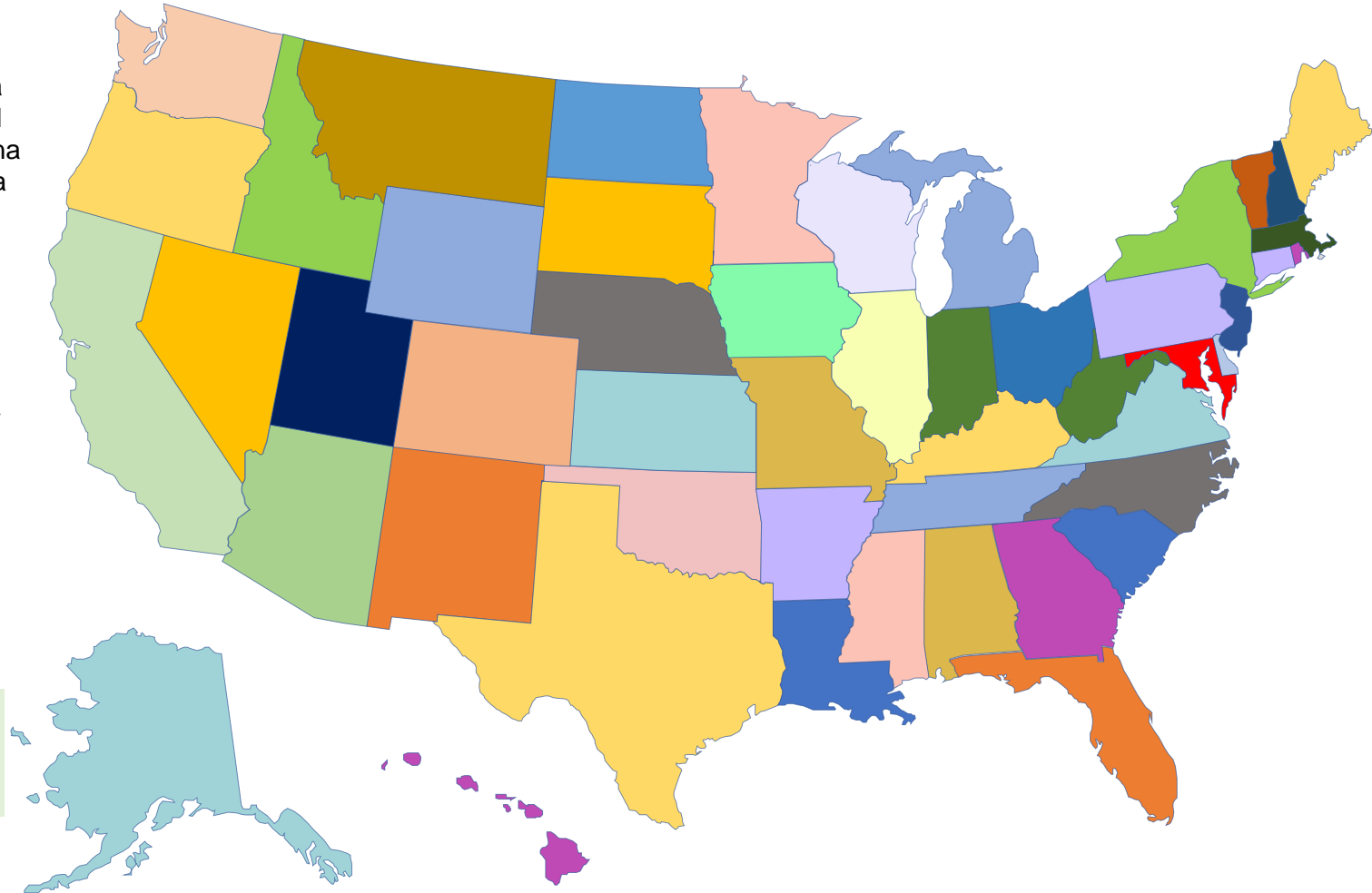
- PA law imposes a penalty on the late filing or non-filing of the return. The penalty is 5% of the unpaid tax due for each month or fraction of a month. The maximum penalty is 25% whereas the minimum penalty is USD 5.
- The penalty charged on the late underpayment or non-payment of the taxes is at rate of 7% which is levied on the unpaid tax.



Upcoming Series

Please find below the list of completed alerts from the series. In case you have missed the previous alerts, click on the hyperlink [USA PUBLICATIONS](#) for the completed alerts.

- | | | |
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| 4. Alabama | 22. Massachusetts | 40. South Carolina |
| 5. Alaska | 23. Michigan | 41. South Dakota |
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