

# Anchin Alert

**Anchin, Block & Anchin LLP**  
**Accountants and Advisors**

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## Changes to the Philadelphia and the State of Pennsylvania Nexus Law

The state of Pennsylvania is using the *Wayfair v. South Dakota* decision as precedent to announce that, effective tax years beginning January 1, 2020, corporations that don't have a physical presence in the state, but have \$500,000 or more in gross receipts sourced to the state, will have nexus for Pennsylvania corporate net income tax and will be required to file an income tax return. This is the first time Pennsylvania has imposed corporate net income tax based solely on economic nexus.

The City of Philadelphia is also jumping on the gross receipts bandwagon. Beginning January 1, 2019, businesses with no physical presence in Philadelphia have nexus, and are subject to the Business Income and Receipts Tax (BIRT) if they have:

- Generated at least \$100,000 in Philadelphia gross receipts during any 12-month period ending in the current year; and sufficient connection with Philadelphia to establish nexus under the U.S. Constitution.

Only receipts derived from Philadelphia will be considered Philadelphia gross receipts.

- Receipts from sales of tangible personal property are Philadelphia gross receipts if the goods are physically delivered to a customer in the city.
- Receipts from sales of services are Philadelphia gross receipts if the service is performed in the city.
- Receipts of a software company are Philadelphia receipts if the customer receives the benefit of the service in Philadelphia.

Please coordinate with your Anchin Relationship Partner or Sharon Ackerman, a Director in the Firm's Tax Controversy Services Group, at 212.840.3456 or [sharon.ackerman@anchin.com](mailto:sharon.ackerman@anchin.com). Additional information can be found here: [https://www.revenue.pa.gov/GeneralTaxInformation/TaxLawPoliciesBulletinsNotices/TaxBulletins/CT/Documents/ct\\_bulletin\\_2019-04.pdf](https://www.revenue.pa.gov/GeneralTaxInformation/TaxLawPoliciesBulletinsNotices/TaxBulletins/CT/Documents/ct_bulletin_2019-04.pdf)

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