

# REV-1200 PA Corporate Net Income Tax 2022

REV-1200 Booklet (SU) 09-22

CT-1 INSTRUCTIONS

## FOR CALENDAR YEAR 2022 AND FISCAL YEARS BEGINNING IN 2022

PLEASE CAREFULLY REVIEW NEW FOR 2022 AND HIGHLIGHTS  
BEFORE COMPLETING ANY TAX REPORTS OR SCHEDULES.

### NEW FOR 2022

1. The RCT-101, PA Corporate Net Income Tax Report; RCT-101I, Inactive PA Corporate Net Income Tax Report; and RCT-128C, Report of Change in PA Corporate Net Income Tax Report have an updated look for 2022 tax year.
2. Taxpayers now have the option to have their refund directly deposited into a bank account.
3. myPATH is the new online portal that has replaced many of the Department of Revenue's online services. myPATH, which stands for 'my Pennsylvania Tax Hub', provides many self-service options such as registering a new tax account, accurately and securely filing returns, making payments, managing your accounts and interacting with the department.

Corporations can remit estimated, extension and tax due payments through the department's myPATH portal. Visit [mypath.pa.gov](http://mypath.pa.gov) for more information and to register an account.

The RCT-101 cannot be filed electronically through myPATH. Corporations are encouraged to file electronically through the Modernized e-File (MeF) platform provided by the Internal Revenue Service, also known as Fed/State e-File. A list of software developers and products approved by the department to electronically prepare and file the RCT-101, forms and schedules can be found on the department's website at [www.revenue.pa.gov](http://www.revenue.pa.gov).

### HIGHLIGHTS

1. As amended by the Tax Cuts and Jobs Act, for tax years beginning after December 31, 2017, the 70-percent dividends-received deduction is reduced to 50 percent and the 80-percent dividends-received deduction is reduced to 65 percent (Code Secs. 243(a)(1) and (c)(1)). There was no change made to the 100% dividends-received deduction for dividend income received from 80% or more owned domestic corporations.
2. The Tax Cuts and Jobs Act of 2017 amended Section 163(j) of the Internal Revenue Code (the "Code"). For Federal income tax purposes, Section 163(j) limits the deductibility of interest expense in the current tax year of certain U.S. taxpayers for tax years beginning on or after January 1, 2018. Pennsylvania Corporation

Tax Bulletin 2019-03 provides guidance on how the federal limitations imposed by the amended Section 163(j) are treated for Pennsylvania Corporate Net Income Tax ("CNIT") purposes.

3. The Pennsylvania Department of Revenue has set forth a rebuttable presumption of economic nexus for out-of-state corporations with \$500,000 or more of gross receipts sourced to Pennsylvania. Corporation Tax Bulletin 2019-04 cites the U.S. Supreme Court's South Dakota v. Wayfair Inc. decision as authority for this position and provides that corporations satisfying the minimum standards for nexus under the U.S. Constitution should file a state corporate net income tax report. Taxpayers that have sufficient gross receipts sourced to Pennsylvania to meet the rebuttable presumption should begin filing corporate tax reports for periods starting on or after January 1, 2020.
4. Solicitation only corporations, as well as corporations with \$500,000 or more in Pennsylvania sourced gross receipts, but claiming exemption from the corporate net income tax, should complete and file the RCT-101. Such entities should, as appropriate, include the REV-986 and/or any statements necessary to properly explain their position(s) that insufficient activity took place in Pennsylvania to establish constitutional nexus.

In order to commence the running of the applicable statute of limitations the RCT-101 must contain:

- (i) the taxpayer's name, address and identifying number and the required signature; and,
- (ii) sufficient required information to permit the department to determine the taxpayer's potential corporate net income tax liability.

Specifically, entities claiming exemption from the tax may enter zeros on Page 2, Section C, a zero on Line 1A of Schedule C-1 and a "1" on Line 1B of Schedule C-1 of the RCT-101. However, such taxpayers should include statement(s) with the RCT-101 which provide the information necessary for the department to determine the taxpayer's potential corporate net income tax liability. These entities cannot complete and file the form RCT-101D as an alternative to the RCT-101 unless the entity meets the particular de minimis activity limits outlined in Tax Bulletin 2004-01.

## CORPORATE NET INCOME TAX

TAX PERIOD BEGINNING	TAX RATE	WEIGHTING OF FACTORS	NET LOSS PERCENTAGE
		SALES	PERCENT OF INCOME
2022	9.99%	100	40%
2023	8.99%	100	40%
2024	8.49%	100	40%
2025	7.99%	100	40%
2026	7.49%	100	40%
2027	6.99%	100	40%
2028	6.49%	100	40%
2029	5.99%	100	40%
2030	5.49%	100	40%
2031	4.99%	100	40%

### WHO MUST FILE

All business entities that have elected to file as a corporation with the IRS:

- Corporation
- Business Trust
- Limited Liability Company
- S Corporations that have Built-in Gains
- Any other entity electing to file as a corporation under federal Check the Box rule

### TAXPAYER SERVICES AND ASSISTANCE

#### CONTACT INFORMATION

Estimated Payments . . . . .1-888-PATAxes (1-888-728-2937)  
 General Business Tax Questions . . . . .717-787-1064  
 Transfer/Refund of Overpayments . . . . .[ra-corp\\_acc\\_fax@pa.gov](mailto:ra-corp_acc_fax@pa.gov)  
 Bureau of Registration and  
 Taxpayer Management . . . . .[ra-btftregisfax@pa.gov](mailto:ra-btftregisfax@pa.gov)

#### FORMS ORDERING SERVICES

To obtain tax instructions, single copies of PA corporation tax forms, coupons or brochures, use one of these services:

**INTERNET:** [www.revenue.pa.gov](http://www.revenue.pa.gov)

**TOLL-FREE PHONE SERVICES: 1-888-PATAxes (1-888-728-2937)**

Touch-tone service is required for this automated 24-hour toll-free line. Call to order forms or check the status of a corporate tax account.

**AUTOMATED 24-HOUR FORMS ORDERING MESSAGE SERVICE: 1-800-362-2050**

Serves taxpayers without touch-tone phone service.

**WRITTEN REQUESTS:**

**PA DEPARTMENT OF REVENUE  
 TAX FORMS SERVICE UNIT  
 1854 BROOKWOOD ST  
 HARRISBURG PA 17104-2244**

#### ONLINE SERVICES

**ONLINE CUSTOMER SERVICE CENTER**

Find the answer to your question using the department's Online Customer Service Center at [www.revenue.pa.gov](http://www.revenue.pa.gov).

**PENNSYLVANIA TAX UPDATE**

Stay up-to-date on Department of Revenue news with the *PA Tax Update*, a free, bi-monthly e-newsletter. Visit [www.revenue.pa.gov](http://www.revenue.pa.gov) to sign up for a *PA Tax Update* e-alert.

**MYPATH**

Register a new tax account, accurately and securely file returns, make payments, manage your accounts and interact with the department. Visit [my.path.pa.gov](http://my.path.pa.gov) for more information.

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## WHAT MUST BE INCLUDED WITH THE PA CORPORATE NET INCOME TAX REPORT

When filing an RCT-101, PA Corporate Net Income Tax Report, all corporate taxpayers are required to include forms and schedules to support the calculation of the tax liability. The type of information required depends on how the entity reports income to the IRS. The following chart lists the forms and schedules the taxpayer must include with the RCT-101 each year. This list is not meant to be all-inclusive.

IF TAXPAYER IS ORGANIZED AS	TAXPAYER FILES WITH THE IRS	TAXPAYER MUST PROVIDE THE FOLLOWING WITH RCT-101
Corporation Business Trust Limited Liability Company or S Corporations that have Built-In-Gains Any other entity electing to file as a corporation under federal Check the Box rules	Federal Form 1120, Federal Form 1120C, Federal Form 1120S, (Taxpayer elected to not be taxed as a Pennsylvania S Corporation) Federal Form 1120F, or Any other Corporate Income Tax Return	1. Complete copy of federal income tax return, on separate company basis, with all supporting schedules. 2. RCT-103 to support net operating loss carry-forward, if applicable. 3. REV-1834, Schedules C-8 and C-9 to support adjustments for bonus depreciation, if applicable. 4. REV-934, Schedule of Nonbusiness Income, if applicable. 5. Other supporting statements if necessary, with references to supporting statements on the applicable form. 6. REV-798, Schedule C-2, Dividend Deduction, if applicable and Schedule X, if applicable. 7. REV-860, Schedule C-5, OA and OD 8. RCT-106, Insert Sheet
*Taxpayers required to file federal Schedule M-3 may submit such in lieu of federal Schedule M-1.		

In certain situations corporate taxpayers are also required to provide additional information when filing RCT-101. Examples of these are as follows.

IF THE CORPORATE TAXPAYER IS	TAXPAYER MUST ALSO PROVIDE
Apportioning income for the first time.	A copy of a tax return from another state.
Filing the final PA Corporate Net Income Tax Report.	A complete REV-861, Schedule DA, Disposition of Assets Schedule.
Claiming the Keystone Opportunity Zone or Strategic Development Area Credit.	1. A completed RCT-101 KOZ, showing the calculation of the credit. 2. A copy of the Keystone Opportunity Zone approval letter issued by the Department of Community and Economic Development for the current year.

### WHEN IS A FORM OR SCHEDULE REQUIRED?

FORM	USED FOR	REQUIRED WHEN CORPORATE TAXPAYER
RCT-106	Support of Sales Factor Apportionment or Special Apportionment	Has taxable activity in at least one other state and is apportioning income to the other state based on sales. RCT-106 is also required by taxpayers who are required to utilize special apportionment methods (revenue miles, etc.).
RCT-103	Support of Net Operating Loss Deduction	Is deducting a net operating loss carry-forward in the calculation of corporate net income tax.
Schedule C-2 REV-798	Support of Dividend Deduction	Is claiming a Dividend Received Deduction in the calculation of corporate net income tax.
Schedule C-8 REV-1834	Bonus Depreciation Adjustment	Is claiming a deduction to recover disallowed federal bonus depreciation in the calculation of corporate net income tax for property purchased prior to Sept. 28, 2017.
Schedule C-9 REV-1834	Adjustment for Sale of Sec. 168(k) Property	Is claiming a deduction to recover remaining federal bonus depreciation in the calculation of corporate net income tax in the year the property is fully depreciated, sold or otherwise disposed.
Schedule C-5 REV-860	Schedule of Tax Expense	Is subject to corporate net income tax and reports taxes paid as an expense on the federal income tax return.
Schedule OA REV-860	Other Additions	Is reporting an "Other Addition" on RCT-101, Section C, Line 3D.
Schedule OD REV-860	Other Deductions	Is reporting an "Other Deduction" on RCT-101, Section C, Line 2D.

**WHEN IS A FORM OR SCHEDULE REQUIRED? (CONTINUED)**

FORM	USED FOR	REQUIRED WHEN CORPORATE TAXPAYER
Schedule DA REV-861	Disposition of Assets	Indicate the desire to be removed from the active records of the Department of Revenue
Schedule X REV-798	Parent and Subsidiary Corporations	Has more than 50 percent of its stock owned by another corporation, individual or other business entity or owns more than 50 percent of another corporation.
REV-934	Schedule of Non-Business Income	Is claiming non-business income.
REV-986	Schedule to Determine Corporate Net Income Tax Subjectivity	Activity does not exceed Solicitation Only - P.L. 86-272 Taxpayers answering "YES" to any of the questions on REV-986 are subject to corporate net income tax.
Schedule AR REV-1175	Schedule to Provide Reason for Filing an Amended Report and Summary of Change in Tax Liability for Amended Report	Is amending a PA Corporate Net Income Tax Report.
REV-802	Add-Back for Intangible Expense or Related Interest Expense	Is adding back intangible expense or related interest expense.
REV-803	Claiming a Credit for Tax Paid by Affiliated Entities	Is claiming a credit for tax paid by affiliated entities.

## ASSEMBLY OF THE COMPLETED PA CORPORATE NET INCOME TAX REPORT RCT-101 PACKAGE

Assemble the completed PA Corporate Net Income Tax Report in the following order. Failure to submit a properly completed and signed report may result in the delay of processing and the imposition of late filing penalties and/or estimated assessments.

1. RCT-101, PA Corporate Net Income Tax Report, Pages 1 through 4 completed and assembled in order
2. RCT-103, Net Operating Loss Schedule, if applicable
3. Federal Form 7004, if applicable
4. Pennsylvania Extension Approval Letter, if applicable
5. Pennsylvania schedules and forms, as required and in the following order:
  - REV-1175, Schedule AR - If filing an amended PA Corporate Net Income Tax Report.
  - REV-798, Schedule C-2, Dividend Deduction
  - REV-798, Schedule X
  - REV-1834, Schedule C-8, Adjustment for Bonus Depreciation
  - REV-1834, Schedule C-9, Adjusted for 168k property fully depreciated sold or otherwise disposed
  - REV-860, Schedules C-5, OA and OD
  - RCT-106, Insert Sheet
  - REV-934, Schedule of Nonbusiness Income
6. All other documentation to support the RCT-101, PA Corporate Net Income Tax Report
7. Complete federal tax return and supporting schedules, as required:
  - Federal Form 1120
  - Federal Form 1120C
  - Federal Form 1120F
  - Federal Form 1120S
8. A corporation filing a consolidated return to the federal government must include the following:
  - Schedules reflected on the federal Form 1120, 1120C, 1120F or 1120S on a separate company basis, including a schedule of taxes expensed.

# PENNSYLVANIA CORPORATE NET INCOME TAX REPORT INSTRUCTIONS FOR FORM RCT-101

## GENERAL INSTRUCTIONS

### FEDERAL S CORPORATIONS

The Capital Stock/Foreign Franchise tax has been phased out for tax years beginning on or after Jan. 1, 2016. However, PA S Corporations that have built-in-gains are required to file RCT-101.


Any federal subchapter S corporation that does not desire to be a Pennsylvania S corporation must file the REV-976, Election Not to be Taxed as a Pennsylvania S Corporation, on or before the due date or extended due date of the report for the first year in which the election is to be in effect. This election must be signed by all of the shareholders and once made cannot be revoked for five years. The completed REV-976 must be submitted via fax or email to:

Fax: 717-787-3708

Email: [ra-btffregisfax@pa.gov](mailto:ra-btffregisfax@pa.gov)

To revoke an election not to be taxed as a PA S Corporation, the corporation must send a letter signed by shareholders holding more than one-half of the shares of stock of the corporation on the day on which the revocation is made. This letter must contain the name of the corporation, federal EIN, Revenue ID number and the effective date of the revocation. If no effective date is provided, the revocation will be effective for the first tax period for which the revocation was timely submitted. In the case of a corporation with qualified subchapter S subsidiaries, the letter must also include the names and Revenue ID numbers of all qualified subchapter S subsidiaries doing business in Pennsylvania.

Qualified subchapter S subsidiaries may not be Pennsylvania S corporations, or elect not to be Pennsylvania S corporations, separate from the parent corporation. Federal subchapter S corporations doing business in Pennsylvania that do not make this election are required to file the PA-20S/PA-65, and the shareholders of these corporations must report the income from these corporations on their PA personal income tax returns.


 **IMPORTANT:** This election must be filed by all federal subchapter S corporations that do not want to be taxed as Pennsylvania S corporations, regardless of any prior actions taken by a corporation on this issue.

If a corporation has elected to be taxed as an S corporation for federal tax purposes, but has elected not to be taxed as a PA S corporation, it must: (1) complete Section C of RCT-101, (2) include a copy of federal Form 1120S with the PA Corporate Net Income Tax Report, and (3) include a schedule reflecting adjustments to Line 21 of federal Form 1120S for the pass-through items on Schedule K, Shareholders' Share of Income, Credits, Deductions, etc. These adjustments should produce taxable income similar to that for a C corporation and must be reported in Section C, Line 1 of the RCT-101.


### INACTIVE CORPORATIONS

Inactive corporations must complete and file form RCT-101-I. Only skeleton corporations - those performing no business activity and owning no assets anywhere - may use the RCT-101-I. Corporations that have business activity outside Pennsylvania must complete and file the

RCT-101, PA Corporate Net Income Tax Report. A copy of federal Form 1120 must be included and apportionment fractions must be reported.

 **CAUTION:** Prior period forms are not acceptable. Do not use forms for other years when filing an RCT-101, PA Corporate Net Income Tax Report, or an RCT-101-I, Inactive PA Corporate Net Income Tax Report.

### DECLARATION OF DE MINIMIS PA ACTIVITY

 **IMPORTANT:** The RCT -101D can now be filed electronically at [mypath.pa.gov](http://mypath.pa.gov).

RCT-101D is only for use by non-Pennsylvania corporations. Solicitation only corporations, as well as corporations with more than \$500,000 in Pennsylvania sourced gross receipts, but claiming exemption from the corporate net income tax, should complete and file the RCT-101. Such entities should, as appropriate, include the REV-986 and/or any statements necessary to properly explain their position(s) that insufficient activity took place in Pennsylvania to establish constitutional nexus. See Page 5 for additional details.

A non-Pennsylvania corporation whose Pennsylvania activities are not protected by P.L. 86-272, but whose activities are considered de minimis as outlined in Tax Bulletin 2004-01, is not required to file a complete RCT-101. Instead, such a corporation may file RCT-101D, affirming that PA activity during that period is de minimis. In filing RCT-101D a corporation is reminded of the following:

1. RCT-101D is not a tax report. For this reason the statute of limitations regarding the assessment of tax does not apply to RCT-101D.
2. For a taxpayer to realize any tax benefits from a year the taxpayer filed RCT-101D, the taxpayer will be required to file a complete RCT-101 for each year, beginning with the year the benefit is generated through the year the benefit is to be used.
3. In cases where the taxpayer files RCT-101D and later files RCT-101, the taxpayer will be liable for all taxes due for these periods. Applicable interest will also be imposed from the original due date of the report to the date the taxes are paid. The imposition of late filing penalties will be based on the filing date of the RCT-101D. Tax Bulletin 2004-1 is available on the PA Department of Revenue website at [www.revenue.pa.gov](http://www.revenue.pa.gov).

### CONFIRMATION OF "DEPOSITS ON ACCOUNT" FOR A NON-FILED TAX YEAR

Prior to filing a PA Corporate Net Income Tax Report, taxpayers can confirm the total amount of deposits on account by logging into their myPATH account at [mypath.pa.gov](http://mypath.pa.gov).

### HOW TO PAY

If the total taxes owed are less than \$1,000, you may send a check made payable to the PA Dept. of Revenue, enclosed with the tax report, to the address listed on Page 16.

## ELECTRONIC PAYMENT REQUIREMENT

The PA Departments of Treasury and Revenue have implemented programs that enable taxpayers to pay certain taxes electronically. All payments of \$1,000 or more must be made electronically or by certified or cashier's check remitted in person or by express mail courier. Electronic payments can be made through myPATH. Visit [mypath.pa.gov](http://mypath.pa.gov) to register for an account.

Failure to make a payment by an approved method will result in the imposition of a 3 percent penalty of the tax due, up to \$500. For information on electronic filing options, visit the Online Services Center at [www.revenue.pa.gov](http://www.revenue.pa.gov).



**IMPORTANT:** If paying by certified or cashier's check, mail check and coupon to:

**PA DEPARTMENT OF REVENUE  
PO BOX 280404  
HARRISBURG PA 17128-0404**

## DUE DATE OF REPORT AND PAYMENT

The RCT-101, PA Corporate Net Income Tax Report, is due on or before the 15th day of the month following the due date of the return to the Federal Government for both calendar and fiscal year filers. Domestic International Sales Companies (DISC) must file on or before the 15th day of the 10th month following the close of the fiscal year. If the due date falls on a Saturday, Sunday or holiday, the report is due the next business day.

## FILING REQUIREMENTS

First reports of domestic corporations must begin with the date of incorporation. All domestic corporations are required to file annual reports even if no business activity was conducted during the taxable period.

First reports of foreign corporations must begin with the beginning date of the fiscal period in which the Certificate of Authority was issued or the date Pennsylvania activity began, whichever date is earlier.

All corporations are required to file annual reports even if no business activity was conducted within the commonwealth during the tax period.

## OUT-OF-EXISTENCE/WITHDRAWAL

A PA corporation that has ceased doing business and completely or totally divested itself of ALL assets, or a foreign corporation that has ceased to do business in Pennsylvania and liquidated all PA assets may be relieved of the responsibility of filing corporate tax reports by indicating Final Report on Page 1, Step C of the RCT-101.

By completing this section of RCT-101, a corporate taxpayer wishing to be removed from the active records of the PA Department of Revenue will no longer be required to file the Out of Existence/Withdrawal Affidavit. However, taxpayers desiring to dissolve or formally withdraw with the Department of State are still required to file a REV-181, Application for Tax Clearance Certificate.

To qualify for out-of-existence or withdrawn status, the corporation must:

1. File all corporate tax reports and pay all taxes due the commonwealth up to and including the date of cessation of activities and divestiture of assets. Where capital assets have been sold prior

to liquidation, complete in detail a schedule reflecting the gain or loss realized as a result of the sale.

2. Include with the corporate tax reports a REV-861, Schedule DA, Disposition of Assets, which must reflect the date or dates of divestiture of all assets. Where a distribution of assets is made directly by the corporation to its shareholders in return for their stock, include with the "Distribution of Assets," a copy of federal Form 1099-DIV.



**CAUTION:** Failure to submit the "Distribution of Assets" could delay the acceptance of the return as a final report resulting in continued corporate tax reporting requirements. Corporate taxpayers reporting the disposition of PA real estate must provide evidence that the transfer of title has been filed with the Recorder of Deeds of the respective county. This information must be provided in order to be removed from the active records of the Department of Revenue.

PA corporations that never transacted business or held title to assets, or foreign corporations that never transacted business in Pennsylvania, are required to file annual tax reports until they file final returns and qualify for out-of-existence or withdrawn status. Such inactive corporations should mail the executed REV-238, Out-of-Existence/Withdrawal Affidavit directly to:

**PA DEPARTMENT OF REVENUE  
BUREAU OF COMPLIANCE  
PO BOX 280947  
HARRISBURG PA 17128-0947**

## FILING PERIOD

Reports must be filed on the same filing basis as reported to the federal government. Where a change in filing period has occurred, the taxpayer must provide the new month, day and year by electronically filing REV-854 at [mypath.pa.gov](http://mypath.pa.gov), via fax to 717-787-3708 or email to [ra-btffregisfax@pa.gov](mailto:ra-btffregisfax@pa.gov). Indicate a permanent change in filing period on the RCT-101 (Page 1, Step C).

## EXTENSION OF TIME TO FILE

A request for an extension of time to file must be submitted on or before the due date of the PA Corporate Net Income Tax Report.

Taxpayers 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. Corporate taxpayers granted a federal extension must include a copy of the federal extension request with the report.

Corporations that do not request an extension to file the federal income tax return may still request a 60-day extension to file the PA Corporate Net Income Tax Report. The extension must be filed on or before the due date of the report. You can request an extension on [mypath.pa.gov](http://mypath.pa.gov) or by sending the REV-853. After review by the PA Department of Revenue, you will receive written notification as to whether your extension was approved or denied.

You may also use REV-853 to make an annual tax payment with the extension request. If the taxes total more than \$1,000, you must make the required payment by an electronic payment method. (Refer to Electronic Payment Requirement.)

All payments of \$1,000 or more must be made electronically or by certified or cashier's check remitted in person or by express mail courier.

### **PENALTIES IMPOSED FOR FAILURE TO FILE REPORTS WHEN DUE**

If a report is filed late, the taxpayer should wait until assessed by the department to remit the penalty amount. Interest does not accrue on penalties. Do not include penalty with tax amounts reported on form RCT-101.

The penalty imposed for failure to file reports when due is now a minimum of \$500, regardless of the determined tax liability, plus an additional one percent of any determined tax liability over \$25,000.

### **INTEREST**

Interest is charged on late payments received after the due date of a tax report. Taxpayers should not precalculate interest or include interest with the tax amount reported on the RCT-101 (Section C, Line 16). The department will forecast interest on unpaid tax balances and provide a notice to the taxpayer. Taxpayers may request a payoff of unpaid balances (that includes interest on unpaid tax and collection agency fees, if applicable) by emailing [RA-CORP\\_ACC\\_FAX@pa.gov](mailto:RA-CORP_ACC_FAX@pa.gov).

### **ASSIGNMENT OF TAX CREDIT**

Department regulation (61 Pa. Code 151.21-151.22) provides authorization for taxpayers to assign a credit to another taxpayer. To accomplish the assignment, the Department of Revenue requires both assignor and assignee to complete REV-774, Assignment of Tax Credit.

Only credits that meet the following conditions can be assigned:

- All taxes (corporate, sales/use, employer withholding, liquid fuels, etc), interest, penalties, fees and additions to tax owed by the taxpayer (assignor) must be paid in full.

Email [RA-CORP\\_ACC\\_FAX@pa.gov](mailto:RA-CORP_ACC_FAX@pa.gov) if you have questions regarding credit assignment or to request the REV-774 Assignment of Tax Credit Form. The form can also be found at [www.revenue.pa.gov](http://www.revenue.pa.gov).

Send REV-774 directly to [RA-CORP\\_ACC\\_FAX@pa.gov](mailto:RA-CORP_ACC_FAX@pa.gov).

### **ASSIGNMENT OF RESTRICTED TAX CREDITS**

Certain restricted tax credits (credits originating from special credit programs) may be sold or assigned.

For information regarding the sale or assignment of restricted tax credits, please refer to Tax Bulletin 2012-02 by visiting <https://www.revenue.pa.gov/taxcredits>.

Tax questions regarding the sale or assignment of restricted tax credits may be directed to the Department of Revenue at 717-772-3896 or [ra-rvtaxcredits@pa.gov](mailto:ra-rvtaxcredits@pa.gov).

### **AMENDED REPORTS**

Amended reports must be filed when requesting the Department of Revenue to adjust the corporate net income taxes for a particular year. Phone calls and/or letters submitted to the department are not acceptable and will not be considered an amended report.

Amended reports filed for tax years beginning on or after Jan. 1, 2016, must be filed on the revised, year-specific, four page RCT-101. Taxpayers must complete all sections of the report; this includes those sections originally filed and those sections being amended. The apportionment

must be completed with the factors as originally filed or being amended. This must be numeric with a numerator and a denominator present. If no activity anywhere, the numerator must be "0" and the denominator must be "1". The amended report check box under Step C, Page 1 of RCT-101 must be checked and REV-1175 must be included with the report.

The taxpayer has three (3) years after the due date of the original report to file an amended report. If the original report was properly extended, then the taxpayer has three (3) years after the extended due date to file an amended report. When filing the amended report the taxpayer must consent to an assessment period of three years from the filing of the original report or one year from the filing of the amended report, whichever expires last. If you fail to provide such consent the department might not consider the amended report. This consent to extend the assessment period is included as part of the affirmation statement on Page 4 of RCT-101. Per Act 84 of 2016, the department will have one year from the date the amended report is filed to notify the taxpayer if the changes are accepted. If the taxpayer is not notified within one year, the report is deemed accepted. If, after reviewing the amended report, the department determines the tax liability reflected on the taxpayer's PA corporate tax account is incorrect, an adjustment may be made to the liability or the department may reject the amended report.

An amended report should only be filed if an original RCT-101, PA Corporate Net Income Tax Report, was previously filed for the same tax period. An amended report must contain documentation to support the adjustment(s).

All amended tax reports must include REV-1175, Schedule AR, which includes a detailed explanation of the reason for filing the amended report and a summary of the change to the tax liability. In completing the Summary of Tax Change, enter the corporate net income tax; the tax liability currently reflected on the taxpayer's account; the amended tax liability; and the amount of change in the tax.

When filing an amended RCT-101, the tax liability in Section C, Line 16 should reflect the amended liability. Section C, Line 18, Estimated Payments and Credits on Deposit, must reflect the payments and credits on the account at the time the amended report is filed. Section C, Line 19, Restricted Credits, must report the restricted credits the taxpayer is entitled to based on the filing of the amended report.

Amended reports cannot be filed for the following:

1. To challenge PA statute or regulations.
2. To challenge department policy or interpretation of statutes or regulations.
3. For the sole purpose of claiming the report is a final report.



**IMPORTANT:** REV-238 or REV-181 must also be filed.

4. To change or correct taxpayer information electronically such as Revenue ID or FEIN, the taxpayer must file the REV-854 electronically at [my.path.pa.gov](http://my.path.pa.gov), via fax to 717-787-3708 or email to [ra-btffregisfax@pa.gov](mailto:ra-btffregisfax@pa.gov).
5. To change the end of the tax year. (A new original report must be filed including an explanation why the original tax year end was incorrect).



**IMPORTANT:** The filing of an amended PA Corporate Net Income Tax Report does not replace the filing of a petition, nor does it extend a corporate taxpayer's time to file an appeal.




The department is not obligated to revise tax due the commonwealth upon review of an amended report. Its failure to revise tax due the commonwealth is not an appealable action and will not change any existing appeal rights of the taxpayer.

### RCT-128C – CHANGES IN FEDERAL TAXABLE INCOME/REPORTS OF CHANGE

Changes in federal taxable income must be reported to the department within the statutory period to report the change. This includes changes in federal taxable income resulting from the taxpayer filing an amended federal income tax return and changes initiated by the federal government due to an audit or examination of the federal return. For tax years beginning prior to Jan. 1, 2013, changes in federal taxable income must be reported to the department within 30 days of the change. This has been extended to six months for tax years beginning after Dec. 31, 2012.

If a taxpayer files an amended federal income tax return the taxpayer must report the change on RCT-128C.

Changes to federal taxable income initiated by the federal government as part of an audit or examination of the federal income tax return must be reported on RCT-128C and must include the federal audit date or date filed with the IRS, regardless of whether the PA corporate net income tax for that period was settled by the department.

 **CAUTION:** If this date is not provided, interest plus a \$5 a day penalty, will be imposed from the original due date.

### LINE INSTRUCTIONS

#### LINE BY LINE INSTRUCTIONS FOR THE RCT-101, PA CORPORATE NET INCOME TAX REPORT

#### PAGE 1

Indicate the type of return filed with the IRS. If the activity is included in the federal tax return of another company, either as part of a consolidated group or as a disregarded entity, indicate the type of return filed by the entity reporting the activity.

#### STEP A

#### TAX PERIOD (REQUIRED)

Taxpayers must enter the month, day and year for the tax period beginning and ending dates using the MMDDYYYY format.

#### STEP B

#### NAME, ADDRESS, FEDERAL EIN, BUSINESS ACTIVITY CODE, REVENUE ID AND PARENT CORPORATION EIN

**Economic Nexus** – Check box if the corporation is filing due to the new \$500,000 rebuttable presumption of economic nexus. See Corporation Tax Bulletin 2019-04 for more information.

Print or type the corporation name, complete address, 10-digit Revenue ID and nine-digit Federal ID (EIN).

Failure to submit a properly completed report will result in the delay of processing and the imposition of late filing penalties and/or estimated assessments.

Be sure to use only address information for Address Line 1 and Address Line 2 on Page 1 of RCT-101 and all other tax forms.

Foreign corporations filing from outside the United States must use Province, Country Code and Foreign Postal Code address fields, if applicable.

The six-digit Business Activity Code entered here is the same Business Activity Code reported to the IRS on the federal income tax return.

**Parent Corporation EIN** – Taxpayers that are included in a consolidated federal income tax return must provide the nine-digit EIN of the corporation that files the consolidated federal income tax return. If you are not included in a consolidated federal return, leave blank.

**Address Change** – Check box if the address reported in Step B is a change from prior tax periods. If changing the address after filing the report, file the REV-854 electronically at [my.path.pa.gov](http://my.path.pa.gov), via fax to 717-787-3708 or email to [ra-btffregisfax@pa.gov](mailto:ra-btffregisfax@pa.gov).

### STEP C

#### CHECK SPECIAL FILING STATUS

**Initial Report** – Check box if this is the corporation's first PA Corporate Net Income Tax Report filing.

**Final Report** – Check box if this is the corporation's final PA Corporate Net Income tax report. A complete REV-861, Schedule DA, Disposition of Assets schedule, must also be provided.

**Amended Report** – Check box if the corporation is amending a PA Corporate Net Income Tax Report previously filed with the department.

**File Period Change** – Check box if the filing period (tax period ending) is a permanent change. This must be indicated on the first report filed with the new tax year end.

**Change Fed Group** – Check box if the corporate taxpayer is filing a PA Corporate Net Income Tax Report for less than a full year due to a change in federal consolidated group. This must be indicated on the last report prior to the change and the first report after the change.

**52-53 Week Filer** – Check box if the corporation is a 52-53 week filer.

**S Corp filing as C Corp** – For periods beginning on or after January 1, 2006 corporations which have validly elected to be taxed for federal purposes as S corporations are automatically treated as S corporations for Pennsylvania purposes. However, a federal S corporation may elect to be taxed as a C corporation for Pennsylvania purposes by filing a timely election using form REV-976. See Page 6 for additional information.

**KOZ/SDA Credit** – Check box if the corporate taxpayer is claiming the Keystone Opportunity Zone Credit or the Strategic Development Area Credit.

**Royalty/Related Interest Add-Back** – Act 52 of 2013 requires the add-back of intangible expenses to income for interest, royalties, patents, trademarks, etc. between affiliated entities in certain instances.

**S Corp Taxable Built-in Gains** – PA S corporations and QSSS are subject to PA corporate net income tax. Their taxable income is their net recognized built-in gains as determined for federal income tax purposes pursuant to IRC Section 1374(d) (2). To report taxable built-in gains, check the box on Page 1, report the Taxable Built-in Gains on Line 1 of Section C.

**Section 381/382/Merger NOLs** – Corporations having net operating loss (NOL) limitations under IRC Section 381 and IRC Section 382 or claiming losses or Bonus Depreciation from a merger. Provide the Merger documents including Company Name, EIN and Revenue ID of merged company. Provide a schedule with NOL'S by tax periods and the balance of the Bonus Depreciation carry-forward from the merged company.

**Alternative Apportionment** – If the taxpayer is requesting an alternate apportionment method, extra-statutory treatment, separate accounting or unrelated asset treatment, check this box and provide a written, detailed explanation of the methodology being used as well as fully detailed supporting schedules, worksheets and documentation to review the methodology being employed.

**Claiming P.L. 86-272 Protection** – Corporations which sell tangible personal property and meet the activity limitations contained in P.L. 86-272 check this box. See additional instructions on Page 4. Also review Tax Bulletins 2004-01 and 2019-03.

## SECTION A

### GENERAL INFORMATION QUESTIONNAIRE

Taxpayers are required to provide a brief description of business activities in Pennsylvania. Multi-state corporations are required to provide a brief description of business activities outside of PA and indicate all other states where the taxpayer has business activity (use the two letter postal abbreviations). If taxpayer has no activity in Pennsylvania, indicate so in this area.

Taxpayers should indicate in this section if they are incorporated under the laws of the Commonwealth of Pennsylvania or under the laws of another jurisdiction.

The taxpayer must report the name of any corporation, individual or other business entity which holds all or a majority of the stock of the taxpayer, and the name(s) of any corporation in which the taxpayer owns all or a majority of the stock. This is done by checking the applicable box(es) and completing Schedule X.

If the federal government has changed the taxable income for any prior year, the taxpayer must indicate this on RCT-101 to include the first and last tax periods changed. The taxpayer must also file RCT-128C reporting the changes in income for each tax year.

## PAGE 2

## SECTION B

### SCHEDULE C-1

#### LINE 1A


Enter the total from RCT-106, Column A, Sales inside Pennsylvania.


#### LINE 1B

Enter the total from RCT-106, Column B, Sales inside and outside Pennsylvania.

#### LINE 1C

Divide Line 1A by Line 1B, calculate to six decimal places. Enter here and SECTION B, Line 7.

 **CAUTION:** Completing the Sales Factor as 0/0, leaving the sales factor field blank or typing "none" in this field will result in apportionment being changed to 100 percent in Pennsylvania, automatically changing the reported tax liabilities.

 **IMPORTANT:** Only corporations required to use special apportionment (such as railroad, truck, bus, airline, pipeline, natural gas and water transportation companies) should complete Special Apportionment.

#### LINE 2A


Enter PA revenue miles or other special factor. (Numerator)

#### LINE 2B

Enter total revenue miles or other special factor. (Denominator)

#### LINE 2C

Divide Line 2A by Line 2B, calculate to six decimal places. Enter here and Section B, Line 7.

 **CAUTION:** Complete either Sales or Special Apportionment. Do not combine the two methods.

For additional information on sales and special apportionment, see Page 14. Also see Corporation Tax Bulletin 2022-01.

## SECTION C

### PA CORPORATE NET INCOME TAX

A copy of federal Form 1120 (federal income tax return) or other applicable form (proforma) on a separate company basis must accompany the RCT-101, PA Corporate Net Income Tax Report.

**Taxable Built-in Gains** – PA S corporations and QSSS are subject to PA corporate net income tax. Their taxable income is their net recognized built-in gains as determined for federal income tax purposes pursuant to IRC Section 1374(d) (2). To report taxable built-in gains, check the box on Page 1 and complete Line 1 of Section C.

### DEDUCTIONS FROM AND ADDITIONS TO INCOME

#### LINE 1

Income represents "taxable income as returned to and ascertained by the federal government before the net operating loss deduction and special deductions." (Line 28 of federal Form 1120.)

#### LINE 2A

Corporate dividends received. Dividends received from U.S. corporations are deductible to the same extent as allowed to arrive at the federal dividend deduction as indicated on federal Schedule C, Column C. An additional deduction will be allowed for dividends received from foreign corporations and reported on Lines 13 and 14 of the federal Schedule C, plus a deduction will be allowed for dividends received under Section 78

(foreign dividend gross-up) of the Internal Revenue Code of 1986. Taxpayers must complete REV-798, Schedule C-2, PA Dividend Deduction Schedule.

## LINE 2B

Interest on U.S. Securities. Interest on U.S. securities is deductible, but must be reduced by:

- Any interest on indebtedness incurred to carry the securities;
- Any expenses incurred in the production of such interest income;
- Any other expenses deducted on the federal income tax return that would not have been allowed under Section 265 of the Internal Revenue Code of 1986, if the interest were exempt from federal income tax.

However, interest from repurchase agreements is not considered interest from U.S. securities. Therefore, it is not deductible.

To calculate the net U.S. interest deduction on Line (2B):

- Provide a detailed schedule showing the calculation of net U.S. interest deduction and include a listing of investments that generated the exempt interest income.

Pennsylvania allows a pass-through exemption from corporate net income for interest or dividend income received from a regulated investment company to the extent such distribution or dividend is derived from obligations free from state taxation. Such obligations include those issued by the U.S. Government; the Commonwealth of Pennsylvania; any public authority, commission, board or other agency created by the commonwealth; any political subdivision of the commonwealth; or any public authority created by any such subdivision.

To support any claim for a pass-through deduction for corporate net income tax purposes, the taxpayer must submit evidence that the income was received from a regulated investment company. A schedule must be submitted indicating the percentage of income applicable to exempt obligations and the percentage of income applicable to nonexempt obligations, including repurchase agreements, obligations of the Federal National Mortgage Association, (Fannie Mae), the Government National Mortgage Association (Ginnie Mae) and any other obligations that were not actually issued by the U.S. Government.

All income claimed to be exempt must be reduced by any expenses incurred in the production of such income and this information must be included to support all entries on Line 2B.

## LINE 2C

This amount is the combination of additional depreciation deduction allowed under Act 89 of 2002 for IRC Section 168(k) property and the additional Bonus Depreciation deduction allowed after Act 72 of 2018.

## LINE 2D

Other allowable deductions. As an example, certain charitable contributions may be deductible for a subsidiary corporation which has income on a separate company basis. Targeted jobs credit wages is another deductible item. If issued prior to Feb. 4, 1994, net gains on the sale of U.S. or PA securities are deductible. FICA tax obligation on employee tips, if taken as a credit for federal purposes, are also deductible.

The 50 percent of travel and entertainment expense that is disallowed on the federal form is not permitted as a deduction for Pennsylvania purposes.

All other deductions must be reported on REV-860, Schedule OD, Other Deductions. Include an additional schedule if more space is needed.

Add Lines 2A, 2B, 2C and 2D and enter the result on Line 2, Total Deductions.

## LINE 3A

Enter the total amount of taxes imposed on or measured by net income and deducted on the attached copy of the federal tax return. All taxpayers reporting expenses for taxes on federal income tax returns must complete REV-860, Schedule of Taxes, even if no taxes are imposed on or measured by net income. If a state's tax is based on the higher of a tax on net income or a tax on another item, such as gross receipts or net worth value, the taxpayer is required to add back the entire amount of the tax in periods where the liability is based on net income. If a state's tax is a combination of a tax on net income and a tax on another item, such as gross receipts or net worth, the income portion of the tax is added back.



**NOTE:** The portion of Philadelphia business income and receipts tax measured by net income must be included.

## LINE 3B

This amount is the bonus depreciation claimed by the corporate taxpayer under IRC Section 168(k) in the calculation of federal taxable income.

## LINE 3C

Act 52 of 2013 requires the add-back of intangible expense to income for interest, royalties, patents, trademarks, etc., between affiliated entities in certain instances. In order to report the add-back for tax years beginning in 2016, taxpayers must complete REV-802, Schedule C-6, Add-Back for Intangible Expense or Related Interest Expense. The total amount of additions from Schedule C-6, Line 11 should be carried to and included as a separate line item on RCT-101, Page 2, Section C, Line 3D. REV-802 can be found on the department's website at [www.revenue.pa.gov](http://www.revenue.pa.gov).



**IMPORTANT:** REV-802, Schedule C-6, Add-back for Intangible Expenses or Cost and Related Interest, must be submitted with RCT-101.

## LINE 3D

The total of all additions from REV-860, Schedule OA, is carried to RCT-101, Page 2, Section C, Line 3E.

Add Lines 3A, 3B, 3C and 3D and enter the result on Line 3, Total Additions.

## LINE 4


Line 1 minus Line 2 plus Line 3.

If all business is transacted in Pennsylvania, skip Lines 5 through 9. Enter amount from Line 4 on Line 10.

## APPORTIONMENT AND ALLOCATION

A taxpayer must have income from business activities taxable by Pennsylvania and at least one other state to allocate and apportion income. For purposes of allocation and apportionment of income, a taxpayer is taxable in another state if, in that state, the corporation is subject to a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business or a corporate stock tax or if that state has jurisdiction to subject the taxpayer to a net income tax regardless of whether the state does or does not.

Business income is income arising from transactions and activity in the regular course of the taxpayer's trade or business and includes income from tangible and intangible property if the acquisition, management or disposition of the property constitutes integral parts of the taxpayer's regular trade or business operations. Business income includes all income that is apportionable under the U.S. Constitution. Nonbusiness income is all income other than business income. The REV-934, Schedule of Nonbusiness Income, must be completed by all taxpayers allocating nonbusiness income.

 **IMPORTANT:** Refer to the "Apportionment, Exemptions and Allocation" on Page 14 for more detail.

### LINE 5

Enter the total amount of nonbusiness income or loss from REV-934, Column C Total. (Must be included with report.)

### LINE 6

Enter the amount of income or loss to be apportioned by adding the loss or subtracting the income reflected on Line 5 to or from Line 4.

### LINE 7

Enter the apportionment percentage from Schedule C-1.

### LINE 8

Enter the income or loss apportioned to Pennsylvania by multiplying Line 6 by Line 7.

### LINE 9

Enter the total amount of nonbusiness income or loss allocated to Pennsylvania from REV-934, Column A Total. (Must be included with report.)

### LINE 10

Add the income or deduct the loss reflected on Line 9 to or from Line 8. If the entire business is transacted in Pennsylvania, enter the amount from Line 4 on Line 10. If a loss exists, add to RCT-103, Line 21.

## NET OPERATING LOSS DEDUCTION

### LINE 11

Net Operating Loss Deduction. Enter the total of Column C from RCT-103. Complete RCT-103 and include it with your RCT-101.

Short periods are considered to be one tax year for purposes of computing the carryforward.

## DETERMINATION OF TAX

### LINE 12

PA Taxable Income or Net Loss. Line 12 must equal Line 10 minus Line 11.

### LINE 13

For more information about this deduction or to claim this deduction, businesses should contact the department at [ra-rvtaxcredits@pa.gov](mailto:ra-rvtaxcredits@pa.gov).


### LINE 14

Calculate and enter the PA corporate net income tax by subtracting Line 13 from Line 12 and multiplying the difference by the current tax rate.

### LINE 15

For taxpayers calculating a credit for tax paid by affiliated entities, taxpayers must complete REV-803, Schedule C-7, Credit for Tax Paid by Affiliated Entities.

The credit is then carried to RCT-101, Page 2, Line 15. REV-803 can be found on the department's website at [www.revenue.pa.gov](http://www.revenue.pa.gov).

 **IMPORTANT:** REV-803, Schedule C-7, Credit for Tax Paid by Affiliated Entities, must be submitted with RCT-101.

### LINE 16

Tax Liability (Line 14 minus Line 15).

### LINE 17

Enter the amount of CNI tax withholding from PA Schedule CP, Line 16.

### LINE 18

See Confirmation of Deposits on Account, Page 6. Enter the total of estimated payments and transferred credits applied to the current tax period.

### LINE 19

Enter the amount of restricted credit to be applied to the current tax year. Restricted credits may include those originating from special tax credit programs administered by various state agencies.

### LINE 20

Determine the total payment due or overpayment by subtracting Lines 17, 18 and 19 from Line 16. Negative amounts (identifying an overpayment) should be written as -1,000. If a net total overpayment develops, see instructions below for completing Section D.

#### REMINDERS:

- You must enter a value in the space provided, even if the amount is zero. Overpayments must be entered as a negative amount.

**PAGE 3**

**SECTION D**

**TRANSFER/REFUND METHOD**

After completing Section C on Page 2 of the RCT-101 Annual Report, if an overpayment exists taxpayers must instruct the department to either transfer any available credit to the next tax year or consider any available credit for refund, or both, under Section D. The department will not issue refunds in the amount of \$1.00 or less.

Taxpayers may request direct deposit of the refund by completing the Direct Deposit section of Page 3 of the RCT-101.

If no option is selected, the department will automatically transfer any overpayment to the next tax year for estimated tax purposes after offsetting current period liabilities and other unpaid liabilities of any tax type on the account. A Credit Summary Notice will be mailed to the taxpayer confirming the disposition of the credit.


**SECTION E**

**BULK SALE**

Corporate taxpayers that ceased all business activity (domestic corporations) or ceased business activity in Pennsylvania (foreign corporations) and disposed of all assets or Pennsylvania assets must indicate that the current year return is the final report by checking the box on Page 1, Step C.

Taxpayers who held any assets during the year must complete REV-861, Schedule DA, Disposition of Assets.

If a taxpayer sells 51 percent or more of any class of asset during the tax period, the taxpayer must check the box and provide the purchaser's name and address. This includes any stock of goods, wares, merchandise of any kind, fixtures, machinery, equipment, buildings or real estate.

 **CAUTION:** A taxpayer who sells 51 percent or more of any class of asset is required to obtain a Bulk Sale Certificate by filing RCT-101, PA Corporate Net Income Tax Report, up to the date of the sale and completing REV-181, Application for Tax Clearance Certificate.

Mail completed REV-181 separately to the Bureau of Compliance. DO NOT send with the PA Corporate Net Income Tax Report.

For further guidance, refer to Tax Bulletin 53D.

**SECTION F**

**SCHEDULE OF REAL PROPERTY IN PA**

Taxpayers must report the location of any real property utilized in the Commonwealth of Pennsylvania during the current tax period. Include an indication if the property was rented or owned by the taxpayer and if the property was located in a Keystone Opportunity Zone/Keystone Opportunity Expansion Zone or Strategic Development Area.

**PAGE 4**

**SECTION G**

**CORPORATE OFFICERS**

Taxpayers annual affirmation of all corporate officer's information must be included on the RCT-101. When information is provided on RCT-101, REV-1605 is not required. However, to report a change in corporate officers during the tax year, REV-1605 should be filed electronically at [my.path.pa.gov](http://my.path.pa.gov). REV-1605 may also be submitted via fax to 717-787-3708 or email to [ra-btftregisfax@pa.gov](mailto:ra-btftregisfax@pa.gov).

When completing the affirmation of corporate officer section, LLCs, business trusts and other unincorporated entities required to file RCT-101 must enter the names and Social Security numbers of individuals who are responsible for the tax and/or business matters of the entity (i.e. Tax Matter Partner, Managing Partner, Trustee). Social Security numbers must contain all nine digits.

**A corporate officer must sign the report.** The signature may be original, stamped or electronic. Also provide telephone number, email address and title of the officer along with the date signed.

**Paid preparers must sign and date all tax returns.** The preparer's name, complete address, federal PTIN and the date prepared must be typed or printed in the appropriate boxes.

## APPORTIONMENT, EXEMPTIONS AND ALLOCATION


### APPORTIONMENT OF TAXABLE INCOME

Corporate taxpayers with activity in multiple states may be able to apportion taxable income. In order to apportion income, a corporation must be subject to tax in another state.

For tax years beginning on or after Jan. 1, 2013, unless the taxpayer is required to use a special apportionment method, the apportionment factor used in the calculation of the PA taxable income will consist only of sales attributable to PA divided by total sales of the taxpayer.

### SALES FACTOR

The numerator is the total gross receipts of the taxpayer inside this state during the tax period, and the denominator is the total gross receipts of the taxpayer everywhere during the taxable period. Gross receipts are net of returns and allowances. Sales of tangible personal property are inside this state if the property is delivered or shipped to a purchaser within this state. The partnership's gross receipts shall be included in the denominator of the taxpayer's sales factor to the extent of the taxpayer's ownership interest in the partnership. The amount of such gross receipts attributable to Pennsylvania shall be included in the numerator of the sales factor. These figures should be reflected on the Partner's Share of Sales from Partnerships line of RCT-106. Amounts applicable to an ownership interest in an LLC or business trust that is a partnership or disregarded entity for federal income tax purposes must be included.

 **CAUTION:** This must be numeric with a numerator and a denominator present. If no activity anywhere, the numerator must be "0" and the denominator must be "1".

Act 52 of 2013 established the following criteria for determining if receipts from other than the sale of tangible personal property are sourced to PA:

- Sales from the sale, lease, rental or other use of real property, if the real property is located in this state. If a single parcel of real property is located both inside and outside this state, the sale is in this state based upon the percentage of original cost of the real property located in this state.
- Sales from the rental, lease or licensing of tangible personal property, if the customer first obtained possession of the tangible personal property in this state. If the tangible personal property is subsequently taken out of this state, the taxpayer may use a reasonably determined estimate of usage in this state to determine the extent of sale in this state.
- Sales from the sale of service, if the service is delivered to a location in this state. If the service is delivered both to a location inside and outside this state, the sale is in this state based upon the percentage of total value of the service delivered to a location in this state.  
If the state or states of assignment cannot be determined for a customer who is an individual who is not a sole proprietor, a service is deemed to be delivered at the customer's billing address.
- If the state or states of assignment cannot be determined for a customer who is a sole proprietor, a service is deemed to be delivered at the location from which the services were ordered in the customer's regular course of operations. If the location from which the services were ordered in the customer's regular course of operations cannot be determined, a service is deemed to be delivered at the customer's billing address.

Dividends and income from U.S. securities and receipts from sales of securities (unless a securities dealer) must be excluded from both the numerator and denominator of the sales factor.

### SPECIAL APPORTIONMENT FRACTIONS

#### RAILROAD, TRUCK, BUS, AIRLINE OR AIR FREIGHT FORWARDING COMPANIES

All business income of railroad, truck, bus or airline companies shall be apportioned to the Commonwealth of Pennsylvania by multiplying the income by a fraction. The numerator is the taxpayer's total revenue miles within the commonwealth during the taxable period. The denominator is the total revenue miles of the taxpayer everywhere during the taxable period. A revenue mile means the average receipts derived from the transportation by the taxpayer of persons or property one mile. Where revenue miles are derived from the transportation of both persons and property, the revenue mile fractions attributable to each such class of transportation are calculated separately. The average of the two fractions, weighted in accordance with the ratio of total receipts from each such class of transportation everywhere to total receipts from both such classes of transportation everywhere, is used in apportioning business income to the commonwealth.

#### PIPELINE OR NATURAL GAS COMPANIES


All business income of pipeline companies is apportioned to the commonwealth by multiplying the income by a fraction. The numerator is the revenue ton miles, revenue barrel miles or revenue cubic feet miles of the taxpayer inside the commonwealth during the tax period. The denominator is the revenue ton miles, revenue barrel miles or revenue cubic feet miles of the taxpayer everywhere during the tax period. A revenue ton mile, revenue barrel mile or revenue cubic feet mile means, respectively, the receipts derived from the transportation by the taxpayer of one ton of solid property, one barrel of liquid property or one cubic foot of gaseous property transported one mile. All business income of natural gas companies subject to regulation by the Federal Power Commission or by the Pennsylvania Public Utility Commission is apportioned to the Commonwealth of Pennsylvania by multiplying the income by a fraction. The numerator is the cubic foot capacity of the taxpayer's pipelines inside the commonwealth. The denominator is the cubic foot capacity of the taxpayer's pipelines everywhere, at the end of the taxable period. Determine the cubic foot capacity of a pipeline by multiplying the square of its radius by its length in feet.

#### WATER TRANSPORTATION COMPANIES OPERATING ON HIGH SEAS

All business income of water transportation companies operating on high seas is apportioned to the Commonwealth of Pennsylvania by multiplying the business income by a fraction. The numerator is the number of port days spent inside the commonwealth. The denominator is the total number of port days spent inside and outside the commonwealth. Port days do not include periods when the ships are not in use because of strikes or withheld from service for repair or because of seasonal reduction of services. Days in port are calculated by dividing the aggregate number of hours in all ports by 24.

## WATER TRANSPORTATION COMPANIES OPERATING ON INLAND WATERS

All business income of water transportation companies operating on inland waters is apportioned to the Commonwealth of Pennsylvania by multiplying the business income by a fraction. The numerator is the taxpayer's total revenue miles inside the commonwealth during the taxable period. The denominator is the total revenue miles of the taxpayer everywhere during the taxable period. In the determination of revenue miles, one-half of the mileage of all navigable waterways bordering between the commonwealth and another state shall be considered commonwealth miles. A revenue mile means the revenue receipts derived from the transportation by the taxpayer of persons or property one mile.

 **IMPORTANT:** Corporations with two distinct activities like warehousing/trucking and distribution/trucking or personal transportation and property transportation must check the Alternative Apportionment checkbox on Page 1, Step C for timely processing. For further information such companies should refer to Corporation Tax Bulletin 2022-01.

## APPORTIONMENT AND INVESTMENTS IN UNINCORPORATED ENTITIES

A corporate taxpayer's investment in an unincorporated entity is considered a direct ownership in the corporation's share of the assets of the unincorporated entity rather than an intangible interest. When determining the sales factor, the numerator and the denominator of the factor must include the sales of the corporate taxpayer plus the corporate taxpayer's share of the sales of the unincorporated entity. In situations where the corporate taxpayer has an investment in a business not subject to the corporate net income tax (i.e. an LLC that files federal Form 1065 with the IRS), the apportionment factor used in the calculation of the PA corporate net income tax will include only the sales of the LLC.

A corporate taxpayer with an investment in a LLC or business trust that files a federal partnership return or is disregarded for federal income tax purposes, would include the activity of the investee LLC or business trust in the single sales factor apportionment used in the calculation of the corporate net income tax.

## NONBUSINESS INCOME

TRC § 401(3)2.(a)(1)(A) defines business income as income arising from transactions and activity in the regular course of the taxpayer's trade or business and includes income from tangible and intangible property if either the acquisition, the management or the disposition of the property is an integral part of the taxpayer's regular trade or business operations. The term includes all income apportionable under the U.S Constitution. Nonbusiness income means all income other than business income.


Rents and royalties from real or tangible personal property, gains, interest, patent or copyright royalties, to the extent that they constitute nonbusiness income, are allocated as reflected below:


1. Net rents and royalties from real property located in this state are allocable to this state.

2. Net rents and royalties from tangible personal property are allocable to this state to the extent the property is used in this state. The extent of utilization of tangible personal property in a state is determined by multiplying the rents and royalties by a fraction, the numerator of which is the number of days of physical location of the property in the state during the rental or royalty period in the taxable year and the denominator of which is the number of days of physical location of the property everywhere during all rental or royalty periods in the taxable year. If the physical location of the property during the rental or royalty period is unknown or unascertainable by the taxpayer, tangible personal property is utilized in the state in which the property was located at the time the rental or royalty payer obtained possession.

Net rents and royalties from tangible personal property are also allocated to this state if the commercial domicile of the taxpayer is in PA and the taxpayer is not organized or subject to tax in the state where the property is utilized. "Commercial domicile" means the principal place from which the trade or business of the taxpayer is directed or managed

3. Interest is allocable to this state if the taxpayer's commercial domicile is in this state.
4. Patents and copyright royalties are allocable to this state if and to the extent that the patent or copyright is utilized by the payer in this state, or if and to the extent that the patent or copyright is utilized by the payer in a state in which the taxpayer is not taxable and the taxpayer's commercial domicile is in this state. A patent is utilized in a state to the extent that it is employed in production, fabrication, manufacturing or other processing in the state or to the extent that a patented product is produced in the state. If the basis of receipts from patent royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the patent is utilized in the state in which the taxpayer's commercial domicile is located. A copyright is utilized in a state to the extent that printing or other publication originates in the state. If the basis of receipts from copyright royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the copyright is utilized in the state in which the taxpayer's commercial domicile is located.

 **IMPORTANT:** Taxpayers claiming nonbusiness income must include REV-934, Schedule of Nonbusiness Income, when filing RCT-101.

 **IMPORTANT:** Nonbusiness income of railroad, truck, bus or airline companies; pipeline or natural gas companies; and water transportation companies operating on high seas or inland waters also is allocated as noted above.

## WHERE TO FILE

### MAILING ADDRESSES

RCT-101 – PA CORPORATE NET INCOME TAX REPORT,  
RCT-101-I – INACTIVE PA CORPORATE NET INCOME TAX  
REPORT, RCT-101D – DECLARATION OF DE MINIMIS ACTIVITY  
AND RCT-128C – REPORTS OF CHANGE IN CORPORATE NET  
INCOME TAX

If you are including payment, please use the following address:

PA DEPARTMENT OF REVENUE  
PAYMENT ENCLOSED  
PO BOX 280427  
HARRISBURG PA 17128-0427

If you are requesting a transfer of credit or refund of overpayment, please  
use the following address:

PA DEPARTMENT OF REVENUE  
TRANSFER/REFUND REQUESTED  
PO BOX 280706  
HARRISBURG PA 17128-0706

If you are neither including payment nor requesting a transfer of credit or  
refund of overpayment, please use the following address. This includes  
reports when payment was made electronically.

PA DEPARTMENT OF REVENUE  
NO PAYMENT, NO TRANSFER/REFUND  
PO BOX 280708  
HARRISBURG PA 17128-0708

REV-857 – ESTIMATED TAX PAYMENTS  
PA DEPARTMENT OF REVENUE  
PO BOX 280422  
HARRISBURG PA 17128-0422

CT-V – FED/STATE PAYMENT VOUCHER  
PA DEPARTMENT OF REVENUE  
PO BOX 280427  
HARRISBURG PA 17128-0427

REV-853 – ANNUAL EXTENSION  
PA DEPARTMENT OF REVENUE  
PO BOX 280425  
HARRISBURG PA 17128-0425

REV-854 – FEIN/FILING PERIOD/ADDRESS CHANGE  
Fax or Email to:

Fax: 717-787-3708  
Email: [ra-btftregisfax@pa.gov](mailto:ra-btftregisfax@pa.gov)

REV-1605 – SCHEDULE CO-NAME OF CORPORATE OFFICERS  
Fax or Email to:

Fax: 717-787-3708  
Email: [ra-btftregisfax@pa.gov](mailto:ra-btftregisfax@pa.gov)

REV-976 – ELECTION NOT TO BE TAXED AS A PENNSYLVANIA  
S CORPORATION

Fax or Email to:

Fax: 717-787-3708  
Email: [ra-btftregisfax@pa.gov](mailto:ra-btftregisfax@pa.gov)

PA-20S/PA-65 – PA S CORPORATION/ PARTNERSHIP  
INFORMATION RETURN

PA DEPARTMENT OF REVENUE  
PO BOX 280509  
HARRISBURG PA 17128-0509

#### OVERNIGHT MAILING

PA DEPARTMENT OF REVENUE  
1854 BROOKWOOD ST  
HARRISBURG PA 17104-2244

#### SPECIAL HANDLING

PA DEPARTMENT OF REVENUE  
PO BOX 280704  
HARRISBURG PA 17128-0704