



Corporation Tax Bulletin 2020-01

Telecommunications and Electric Gross Receipts Tax – Sales for Resale

Issued: January 23, 2020

Revised: May 22, 2020; February 11, 2021

The Pennsylvania Telecommunications Gross Receipts Tax (the “TGRT”) is imposed upon receipts from sales of telecommunications. The Pennsylvania Electric Gross Receipts Tax (the “EGRT”) is imposed upon receipts from sales of electric energy. Together, the “TGRT” and “EGRT” are referred to as the “GRT”.

The TGRT provides an exemption from taxable gross receipts of sales for resale to persons, partnerships, associations, corporations and political subdivisions subject to the TGRT upon gross receipts derived from such resale of telecommunications services. *72 P.S. § 8101(a)(2)(ii); 72 P.S. § 8101(a)(3)(ii)*. Similarly, the EGRT provides an exemption from taxable gross receipts for sales for resale of electric energy to persons, partnerships, associations, corporations or political subdivisions subject to the EGRT upon gross receipts derived from such resale. *72 P.S. § 8101(b)(1)*.

With respect to sales for resale, the Commonwealth Court of Pennsylvania has held that a taxpayer claiming a sale for resale exemption must be able to substantiate that its counterparty actually resold the commodity in a transaction that ultimately results in GRT being paid. *American Elec. Power Supply Corp. v. Commonwealth of Pa.*, 160 A.3d 950, 958-959 (Pa. Cmwlth. 2017), *exceptions denied*, 184 A.3d 1031 (Pa. Cmwlth.2018), *aff’d*. 199 A.3d 880 (Pa. 2018).

To assist GRT taxpayers in complying with the above sale for resale rules, the Pennsylvania Department of Revenue (“Revenue”) has developed a Sale for Resale Acknowledgement Form that resellers can provide to suppliers that are claiming a sale for resale exemption.

Revenue will issue annual Acknowledgement Forms to resellers that report taxable sales and valid sales for resale to confirm they are subject to GRT and reporting GRT as required by law. Suppliers that want to claim a GRT sale for resale exemption must obtain a copy of this Acknowledgement Form from the reseller. A supplier that receives a valid Acknowledgment Form with respect to any given sale is eligible to claim the GRT sale for resale exemption. The resale exemption claimed is subject to review and verification by Revenue.

Suppliers of telecommunications and/or electricity shall retain in their records a copy of each Acknowledgment Form received from resellers in order to support their resale exemption claim.

This bulletin will apply to sales of telecommunications and/or electricity after January 1, 2021.

Revenue will supply an Acknowledgement Form to each qualified reseller by December 15, 2020. A reseller must then provide the Acknowledgement Form to a supplier so that the supplier may substantiate a resale deduction. The form will be applicable through June 30, 2021. The Acknowledgement Forms will be supplied to each reseller in June each year thereafter. A sample form is being provided below for informational purposes only.

Resellers who believe they should have received a form, but did not, may contact Revenue using the information below to inquire about the form. New taxpayers who have not yet filed a Gross Receipts Tax return should also contact Revenue using the information below to inquire about receiving an Acknowledgement Form.

Email: ra-rv-brtmgrossrcpts@pa.gov

Phone: 717-772-2960

Mailing Address:

PA Department of Revenue, Discovery Division

PO Box 281221

Harrisburg PA, 17128-1221

**GROSS RECEIPTS TAX
TELECOMMUNICATIONS
RESELLER ACKNOWLEDGEMENT**

This form may only be used when issued by the Department of Revenue. When this form is issued, a unique Notice Number will be assigned and listed on the form.

SAMPLE BUSINESS TAXPAYER
123 MARKET
HARRISBURG, PA 17101

Notice Date: 1/19/2021
Notice Number: [REDACTED]
Federal EIN: 99-9999999
Exemption Period: 7/1/2020 to 6/30/2021

Purpose

The PA Department of Revenue has confirmed that the entity identified above is subject to gross receipts tax and is authorized to purchase telecommunication for resale in Pennsylvania for the exemption period noted above.

STATEMENT OF CERTIFICATION

This entity is authorized to purchase telecommunications for resale and is required to provide this form to each of Pennsylvania telecommunications suppliers in order to support any resale exemptions from gross receipts tax claimed for the exemption period noted above by each supplier.

I, the reseller, certify that

- I am purchasing telecommunication for resale and am providing this signed, department-issued acknowledgement to each seller for its records.
- I understand I may not use this acknowledgement to purchase telecommunication that are not for resale as electric energy services.

I certify the above statements are true and correct. I understand that the PA Department of Revenue is authorized to investigate the validity of the exemption claimed.

Name of Partner, Officer of Corporation Authorizing Purchase (Print)

Purchase Authorizer's Signature

Date

Purchase Authorizer's Title

Email Address

Phone