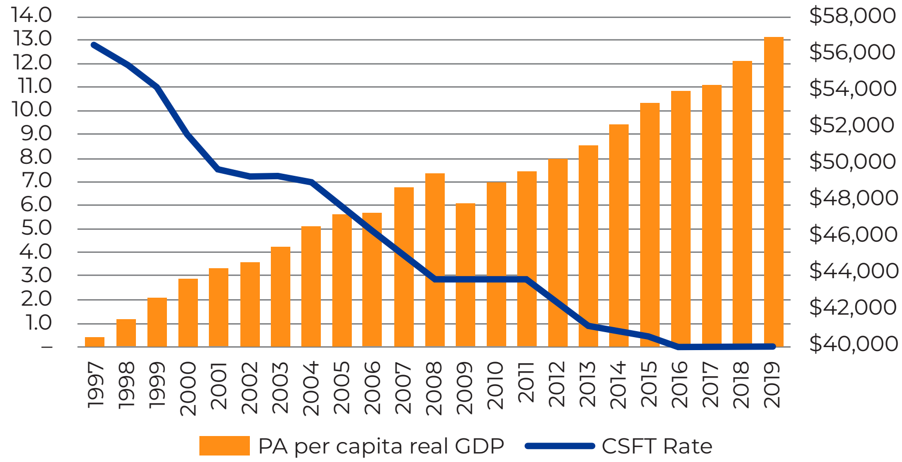
CompetePA
Growing PA's Economy

Analysis Snapshot:

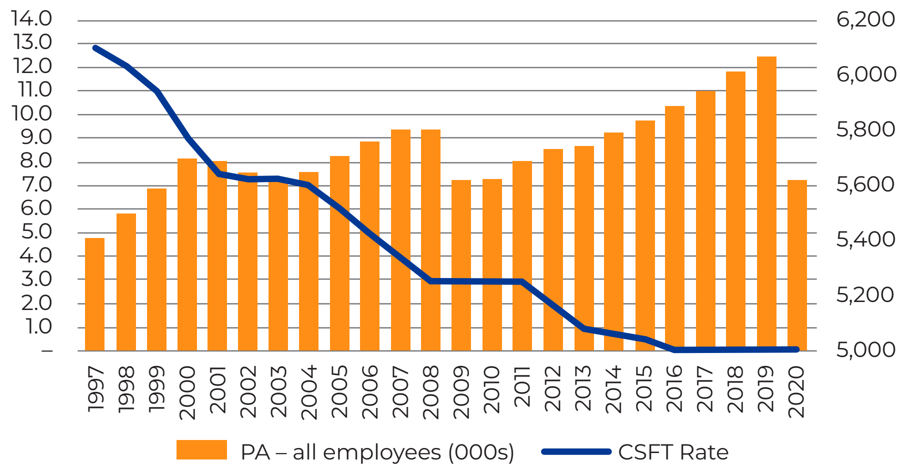
Economic Growth Can Occur While Corporate Taxes are Reduced

Pennsylvania's Capital Stock & Foreign Franchise tax (CSFT) mandated that businesses pay taxes on assets even in years when they were not profitable. This unfavorable corporate tax was ended in Pennsylvania in 2016 after a gradual phaseout which began in 2002. The tax was phased out because it negatively impacted job creation and created barriers to growth. As the CSFT was reduced, both GDP and overall employment in Pennsylvania grew. Improving the corporate competitiveness climate in Pennsylvania can lead to economic growth.

PA CSFT Rates and Per Capita GDP



PA CSFT Rates and Employment



[1] PA Capital Stock/Foreign Franchise taxes (CSFT) were imposed on corporations with capital stock, joint-stock associations, limited liability companies, business trusts and all other entities classified as corporations for federal income tax purposes that were formed or do business in Pennsylvania. From: https://www.revenue.pa.gov/GeneralTaxInformation/Tax%20Types%20and%20Information/Corporation%20Taxes/CapitalStock-ForeignFranchise/Pages/default.aspx

[2] https://www.bizjournals.com/philadelphia/morning_roundup/2016/01/wolf-penn-eliminates-171-year-old-business-tax.html

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