Sales/Use:
Pennsylvania: State High Court Affirms Manufacturer’s Pallets are Exempt Wrapping Supplies

Proctor & Gamble Paper Products Co. v. Commonwealth, Pa. (10/16/12). The Pennsylvania Supreme Court has affirmed, without opinion, that an in-state manufacturer did not owe state sales/use tax on its rental and use of wooden pallets, which aid in its transport of finished paper products to its clients, because the pallets qualified for Pennsylvania’s wrapping supply exemption and did not constitute taxable returnable containers. The earlier commonwealth court had held that the wooden pallets by themselves – apart from the slip sheet, corner posts and stretch wrap – were not “containers.” Alone, the wooden pallets were only part of the “containers,” i.e., the flooring. Accordingly, the commonwealth court had held that the pallets qualified for the wrapping supply exemption.


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