

# Comparison of State and Local Taxes in Wisconsin and Pennsylvania

April 2006



## STATE AND LOCAL TAX COMPARISON

### Wisconsin Taxes

#### Corporate Income Tax:

Base: Net income  
Rate: 7.9% \*

S-Corporations are not subject to general corporate income tax but are subject to recycling surcharge at the rate of 0.2% of net business income.\*

Apportionment: 2003 legislation enacted a single sales factor phase-in:

- Through 2005, 50% sales-25% payroll-25% property
- Tax years beginning after 2005, 60% sales-20% payroll-20% property
- Tax years beginning after 2006, 80% sales-10% payroll-10% property
- Tax years beginning after 2007, 100% sales.

***Effective 1/1/2008: 100% sales***

Current: 60% sales-20% payroll-20% property

### Pennsylvania Taxes

#### Corporate Income Tax:

Base: Net income  
Rate: 9.9%

Special rules apply to S-Corporations and small businesses.

Apportionment: Sales factor is triple-weighted.

Special provisions for transportation, pipeline, natural gas and water transportation companies.

\* Wisconsin has a recycling surcharge for businesses with gross receipts of at least \$4 million for the taxable year. The surcharge is equal to 3% of tax due before credits and is limited to a maximum of \$9,800 (minimum of \$25).

## STATE AND LOCAL TAX COMPARISON

### Wisconsin Taxes

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#### Corporation Income Alternative Minimum Tax

None

#### Personal Income Tax:

Rates: 4.60% 1<sup>st</sup> \$11,780  
6.15% next \$11,790  
6.5% next \$153,200  
6.75% over \$176,700

\$700 personal exemption allowed

#### Real Property Tax:

Base: Real property

##### **Exempt:**

- Manufacturing machinery and equipment
- Manufacturing, merchant and farm inventories
- Materials consumed
- Computer hardware and software
- Pollution controls equipment

##### **100% Tax Credit:**

- Manufacturing energy

Rate: Effective Statewide average rate (excluding Milwaukee County) is estimated at \$19.55 per \$1,000 of full value. Rate for property in Milwaukee County is estimated at \$27.00 per \$1,000 of full value.

#### Capital Gains

60% Exemption

### Pennsylvania Taxes

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#### Corporation Income Alternative Minimum Tax

None

#### Personal Income Tax:

Rates: 3.07%

Local taxes may also be imposed on income, earnings or payrolls.

#### Real Property Tax:

Base: Real property

Rate: Statewide range is \$2.52 - \$90.80 per \$1,000 of assessed value.

#### Capital Gains

No Exemption

**STATE AND LOCAL TAX COMPARISON**

**Wisconsin Taxes**

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**Sales and Use Tax:**

State Rate: 5%

**Exemptions:**

- Manufacturing equipment
- Manufacturing consumables
- Pollution control equipment
- Production fuel and electricity

Local County Option: 0.5%

Stadium Tax: 0.1% in Metro-Milwaukee area and  
0.5% in Brown County (special rates also apply to food,  
lodging and rental cars in Milwaukee County)

Premier Resort Area Tax: 0.5% (currently imposed by  
Lake Delton, Wisconsin Dells and Bayfield)

**Unemployment Compensation Tax:**

Base: \$10,500  
Rate: 0.05% - 9.8% \*

3.25% new employers with payroll under  
\$500,000  
3.40% new employers with payroll over \$500,000  
6.60% for new construction employers

\*Rates vary by industry.

**Pennsylvania Taxes**

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**Sales and Use Tax:**

State Rate: 6%

Additional Local Option Rates range from 0.1% to 9%.  
Add 3% on motor vehicle rental over 29 days; add \$2 per  
day plus 2% per motor vehicle rental; add \$1 per new tire.

**Unemployment Compensation Tax:**

Base: \$8,000  
Rate: 0.3% - 10.4624% \*

3.752% for new employers

PA employees may have to pay an employee  
contribution, depending on a trigger percentage.  
The 2005 rate is 0.09%.

\*Rates vary by industry.