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DEPARTMENT OF TRANSPORTATION

Driver and Vehicle Services Update

Bureau of Motor Vehicles - Research and Support Operations Section

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This bulletin may be downloaded by visiting the Driver and Vehicle Services

Web site at www.dmv.state.pa.us

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SPECIAL EDITION

Notification of Philadelphia Local Sales and Use Tax Rate Increase, Effective Oct. 8, 2009

Effective Oct. 8, 2009, the City of Philadelphia is increasing its local sales and use tax rate from 1 percent to 2 percent. Under Act 44 of 2009, signed into law on Sept. 18, 2009, this tax rate change is effective from Oct. 8, 2009 to June 30, 2014.

This means that residents of the City of Philadelphia, who purchase vehicles on or after Oct. 8, 2009, must pay the 2 percent local sales and use tax rate, in addition to the 6 percent state sales tax for a total of 8 percent sales tax.

While PennDOT is in the process of revising the motor vehicle forms to reflect this change, agents are to continue using the existing inventory of Forms MV-1 "Application for Certificate of Title" and MV-4ST "Vehicle Sales and Use Tax Return/Application for Registration." Regardless of whether the form indicates 7 percent sales tax for residents of the City of Philadelphia, you must calculate the sales tax at 8 percent effective Oct. 8, 2009.

NOTE: Allegheny County residents will continue to pay 7 percent sales tax (1 percent local sales tax and 6 percent state sales tax).

**EMPLOYERS ARE REQUIRED TO ENSURE THAT ALL EMPLOYEES RECEIVE
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