

Contact**Houston**

1200 Smith Street, Suite 1400
Houston, Texas 77002-4310
Tel: 713.658.1818
Fax: 713.658.2553

Atlanta

191 Peachtree Street, N.E.,
Forty-Sixth Floor
Atlanta, Georgia 30303
Tel: 404.659.1410
Fax: 404.659.1852

Philadelphia

300 Conshohocken State Road
Suite 570
West Conshohocken, PA 19428
Tel: 610.772.2300
Fax: 610.772.2305

San Antonio

112 East Pecan Street, Suite
1450
San Antonio, Texas 78205
Tel: 210.253.8383
Fax: 210.253.8384

Pa. Violates Uniformity Clause In Sourcing Dispute, Court Told

Law360

February 5, 2020

Pa. Violates Uniformity Clause In Sourcing Dispute, Court Told

Jennifer Karpchuk is quoted in a *Law360* article commenting on a dispute between Synthes USA HQ and the Commonwealth of Pennsylvania in which the taxpayer alleges a uniformity violation related to the Department of Revenues interpretation and application of the cost-of-performance sourcing method. The article explains that Synthes USA HQ is claiming that it deserves a refund of more than \$2 million for taxes paid in 2011 using the Department of Revenues interpretation of the cost-of-performance method, which more closely resembles the market-based method, and which the commonwealth opposes as contrary to the statute.

According to Jennifer, Cost-of-performance complaints are not uncommon in Pennsylvania but are typically settled. That this one is going to trial is unusual and may be a first.

The department would tell you they are using cost of performance but interpreting income-based activities to occur where the customer is, which is essentially market-based sourcing, Jennifer said. The taxpayer is arguing that they want to follow the departments interpretation of cost of performance.

To read the full article, [click here](#).