



TAXPAYER ANNUAL LOCAL EARNED INCOME TAX RETURN

INSTRUCTIONS

A. General Instructions

1. **WHEN TO FILE:** This return must be completed and filed by all persons subject to the tax on or before April 15 (unless the 15th is a Saturday or Sunday then file the next business day), regardless of whether or not tax is due. If you file a Federal or State Application for Extension, check the extension box on the front of the form and send this form along with your estimated payment by April 15, unless the 15th is a Saturday or Sunday, then by the next business day. If you use a professional tax preparer, confirm that they will submit your final return for you.
2. **WHERE TO FILE:** Remit to the local earned income tax collector for every tax collection district in which you lived during the year.
3. **EFFECTIVE DATES:** January 1 through December 31, unless otherwise noted on your local earned income tax return.
4. **AMENDED RETURN:** If a taxpayer amends his federal income tax return, an amended local earned income tax return must also be filed with the local earned income tax collector.
5. **RECEIPT / COPY:** Your cancelled check is sufficient proof of payment.
6. **PENALTY AND INTEREST:** If for any reason the tax is not paid when due, penalty and interest will be charged. Any late, incorrect filing or payment may result in additional costs of collection.
7. **ROUND OFF CENTS** to the nearest whole dollar. Do not include amounts under 50 cents. Increase amounts from 50 to 99 cents to the next dollar amount.
8. **USE BLACK OR BLUE INK ONLY WHEN COMPLETING THIS FORM.**

B. Regulations/Line by Line Instructions

LINE 1: GROSS EARNINGS FOR SERVICES RENDERED

Documentation Required: W-2(S) must be enclosed (legible photocopies are accepted).

TAXABLE INCOME INCLUDES: Salaries, Wages, Commissions, Bonuses, Tips, Stipends, Fees, Incentive Payments, Employee Contributions to Retirement Accounts, Compensation Drawing Accounts (If amounts received as a drawing account exceed the salaries or commission earned, the tax is payable on the amounts received. If the employee subsequently repays to the employer any amounts not in fact earned, the tax shall be adjusted accordingly.). Benefits Accruing from Employment, such as: Annual Leave, Vacation, Holiday, Separation, Sabbatical Leave, Compensation Received in the Form of Property shall be taxed at its fair market value at the time of receipt, Jury Duty Pay, Payments Received from Weekend Meetings for National Guard or Reserve Units, Sick Pay (if employee received a regular salary during period of sickness or disability by virtue of his agreement of employment), and Taxes Assumed by the Employer. Taxpayer should refer to the PA Department of Revenue regulations regarding taxable compensation. This list is not exhaustive; contact your local earned income tax collector if you have any questions.

NON-TAXABLE INCOME INCLUDES: Social Security Benefits, Unemployment Compensation, Pensions, Public Assistance, Death Benefits, Gifts, Interest, Dividends, Boarding and Lodging to Employees for Convenience of Employer, Lottery Winnings, Supplementary Unemployment Benefits (sub pay), Capital Gains (Capital losses may not be used as a deduction against other taxable income.), Disability Benefits (periodical payments received by an individual under a disability insurance plan), Active Military Service outside of PA and Summer Encampment, Personal Use of Company Cars, Cafeteria Plans, and Clergy Housing Allowance. Some forms of payments from Individual Retirement Programs, such as Keogh, Tax Shelter Annuity, IRA, and 401K are not taxable. Taxpayer should refer to the PA Department of Revenue regulations regarding taxable compensation. This list is not exhaustive; contact your local earned income tax collector if you have any questions.

LINE 2: ALLOWABLE EMPLOYEE BUSINESS EXPENSES

Documentation Required: Pennsylvania form PA-UE must be enclosed (legible photocopies are accepted).

LINE 3: OTHER TAXABLE EARNED INCOME: Include income, from work or services performed, which has not been included on line 1 or line 5. Do not include interest, dividends or capital gains.

LINE 4: TOTAL TAXABLE EARNED INCOME: Subtract line 2 from line 1 and add line 3.

LINES 5 & 6: NET PROFITS/NET LOSSES FROM BUSINESS: Use line 5 for profit and line 6 for loss.

Documentation Required: 1099(s), PA schedules C, E, F, or K-1 must be enclosed (legible photocopies are accepted).

Rule: A taxpayer may NOT offset a business loss against wages and other compensation (W-2 earnings -- line 1). "Pass-through" income from an S-Corporation is NOT taxable and loss is not deductible. A taxpayer may offset a loss from one business entity against a net profit from another business entity.

- LINE 7: TOTAL TAXABLE NET PROFIT:** Subtract line 6 from line 5; if less than zero, enter zero.
- LINE 8: TOTAL TAXABLE EARNED INCOME AND NET PROFIT:** Add lines 4 & 7.
- LINE 9: TAX LIABILITY:** Multiply line 8 by your local earned income tax rate. If you don't know your rate, contact your local earned income tax collector where you live or visit www.newPA.com to find your rate.
- LINE 10: EARNED INCOME TAX WITHHELD:** You may claim credit for local tax withheld as shown on your W-2 form, but only up to the rate of tax printed on line 9 of the tax return. Do not claim entire amount of tax withheld if it is greater than the tax rate for your resident taxing jurisdiction, unless it also exceeds the non-resident tax rate where you work.
- LINE 11: QUARTERLY ESTIMATED PAYMENTS/CREDITS FROM PREVIOUS TAX YEAR:** List any quarterly estimated payments made to date for appropriate filing year. Do not include any penalty and interest amounts that may have been made with the quarterly payments. Also, include tax credit from the previous tax year.

LINE 12: MISCELLANEOUS CREDITS

General Rules Applicable to All Line 12 Credits:

- (1) Credits for income taxes paid to other states must first be used against your Pennsylvania state income tax liability; any credit remaining thereafter may be used against your local earned income tax liability.
- (2) Credits for income taxes paid to political subdivisions located outside of Pennsylvania or for wage taxes paid to Philadelphia may be taken directly against your local earned income tax liability.
- (3) In calculating your credit for income taxes paid to another state or to a political subdivision, note that the same items of income must be subject to both your local earned income tax and the out-of state tax.
- (4) **No credit for income taxes paid to another state or political subdivision may exceed your total local earned income tax liability.**

Credit for Taxes Paid to Other States: You may take a credit based upon the gross earnings taxed both in another state and in Pennsylvania that is in excess of Pennsylvania state personal income tax rate. **THIS CREDIT WILL BE DISALLOWED IF THE NON-RESIDENT OR FOREIGN US STATE RETURN AND YOUR W-2 FORM SHOWING STATE INCOME TAX WITHHELD IS NOT PROVIDED.**

No credits are given for state income taxes paid to states that reciprocate with the Commonwealth of Pennsylvania. These states are: Maryland, New Jersey, Ohio, Virginia, West Virginia and Indiana.

Example: Taxpayer earned wages of \$10,000.00 in Delaware and paid an income tax liability to that state of \$317.00. Assuming the current Pennsylvania state tax rate is 3.07% for the tax year in question, since the \$317.00 exceeds 3.07% (PA Tax) amount of \$307.00 by \$10.00, the \$10.00 may be credited against your local income tax.

Gross Income	(1)	\$10,000.00
Local Tax 1% x .01		<u>x.01</u>
	(2)	100.00
Tax paid to Delaware	(3)	317.00
PA Income Tax (3.07% x \$10,000.00)	(4)	307.00
Credit to be used against Local Tax (Line 3 minus Line 4)		
On Line 12 of the tax return, enter this amount	(5)	10.00
or the amount on Line 2 of worksheet, whichever is less		

If all your wages or gross earnings are subject to Delaware State Income Tax (not PA), use the above example to calculate your tax obligation. If you had earned income NOT taxed by Delaware, this income would be subject to the earned income tax effective where you live and must be shown separately on the Local Earned Income Tax Return.

Credit for Taxes Paid to Political Subdivisions Outside of Pennsylvania: You may take a credit based upon the gross earnings taxed in both another political subdivision and where you live in Pennsylvania. **THIS CREDIT WILL BE DISALLOWED IF THE FOREIGN CITY RETURN AND OR YOUR W-2 FORM SHOWING CITY INCOME TAX WITHHELD IS NOT PROVIDED.**

Credit for Taxes to Philadelphia: You may use any wage tax paid to Philadelphia as a credit toward your local earned income tax liability. You must complete the Local Earned Income Tax Return. **A COPY OF YOUR W-2 AND/OR VERIFICATION OF TAXES PAID MUST BE ENCLOSED WITH THE FORM OR CREDIT WILL BE DISALLOWED.** No refunds or credits will be allowed for any overpayment made to Philadelphia. On line 12 of the tax return, enter the amount of Philadelphia wage tax paid.

LINE 13: TOTAL PAYMENTS AND CREDITS: Enter the sum of lines 10, 11 & 12.

LINE 14: REFUND: If tax (line 9) is less than your credits (line 13), enter amount of refund. If you have an overpayment of taxes in excess of \$1.00, you may elect to receive a refund or take same as credit against the next year's tax liability. A 1099 will be issued to the Federal Government for any credit or refund in excess of \$10.00.

LINE 15: CREDIT: If tax (line 9) is less than your credits (line 13) enter amount of credit and check the applicable box for credit to spouse or credit to next year. A 1099 will be issued to the Federal Government for any credit or refund in excess of \$10.00.

LINE 16: AMOUNT OF TAX DUE: If tax (line 9) is larger than your credits (line 13), enter amount of tax due, if less than \$1.00, ENTER ZERO.

LINE 17 & 18: INTEREST AND PENALTIES: If for any reason the tax is not paid when due, interest and penalty of the unpaid tax for each month shall be added and collected. Returns received after the due date may be charged additional costs of collection.

LINE 19: TOTAL AMOUNT DUE: The sum of lines 16, 17 & 18. OMIT IF LESS THAN \$1.00.

Note: All accounts are subject to audit and review. Local or city copy of W-2 and/or supporting schedules must be enclosed with tax return.

(Legible photocopies of W-2s and schedules are accepted).



TAXPAYER ANNUAL LOCAL EARNED INCOME TAX RETURN

You are entitled to receive a written explanation of your rights with regard to the audit, appeal, enforcement, refund and collection of local taxes. Contact your Tax Officer.

**If you have relocated during the tax year, please supply additional information.*

Tax Year

DATES LIVING AT EACH ADDRESS	STREET ADDRESS (No PO Box, RD or RR)	CITY OR POST OFFICE	STATE	ZIP
/ / TO / /				
/ / TO / /				

***If you need additional space - please see back of form.*

LAST NAME, FIRST NAME, MIDDLE INITIAL		SPOUSE'S LAST NAME, FIRST NAME, MIDDLE INITIAL		
STREET ADDRESS (No PO Box, RD or RR)				
SECOND LINE OF ADDRESS				
CITY		STATE	ZIP CODE	
DAYTIME PHONE NUMBER	RESIDENT PSD CODE <div style="border: 1px solid black; width: 40px; height: 20px; margin: 2px;"></div>	EXTENSION <input type="checkbox"/>	AMENDED RETURN <input type="checkbox"/>	NON-RESIDENT <input type="checkbox"/>

<p>The calculations reported in the first column MUST pertain to the name printed in the column, regardless of whether the husband or wife appears first. Combining income is NOT permitted.</p> <p>ONLY USE BLACK OR BLUE INK TO COMPLETE THIS FORM</p> <p><input type="checkbox"/> Single <input type="checkbox"/> Married, Filing Jointly <input type="checkbox"/> Married, Filing Separately <input type="checkbox"/> Final Return*</p>	<p style="text-align: center;">Social Security #</p> <div style="border: 1px solid black; width: 100%; height: 20px; margin: 2px;"></div> <p style="text-align: center;">If you had NO EARNED INCOME, check the reason why:</p> <p><input type="checkbox"/> disabled <input type="checkbox"/> student <input type="checkbox"/> deceased <input type="checkbox"/> military <input type="checkbox"/> homemaker <input type="checkbox"/> retired <input type="checkbox"/> unemployed</p>	<p style="text-align: center;">Spouse's Social Security #</p> <div style="border: 1px solid black; width: 100%; height: 20px; margin: 2px;"></div> <p style="text-align: center;">If you had NO EARNED INCOME, check the reason why:</p> <p><input type="checkbox"/> disabled <input type="checkbox"/> student <input type="checkbox"/> deceased <input type="checkbox"/> military <input type="checkbox"/> homemaker <input type="checkbox"/> retired <input type="checkbox"/> unemployed</p>
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1. Gross Compensation as Reported on W-2(s). (Enclose W-2s)00	.00
2. Unreimbursed Employee Business Expenses. (Enclose PA Schedule UE)00	.00
3. Other Taxable Earned Income * . . . . .	.00	.00
4. Total Taxable Earned Income (Subtract Line 2 from Line 1 and add Line 3) . . . . .	.00	.00
5. Net Profit (Enclose PA Schedules*) NON-TAXABLE S-Corp earnings check this box: <input type="checkbox"/>	.00	.00
6. Net Loss (Enclose PA Schedules*) . . . . .	.00	.00
7. Total Taxable Net Profit (Subtract Line 6 from Line 5. If less than zero, enter zero) . . . . .	.00	.00
8. Total Taxable Earned Income and Net Profit (Add Lines 4 and 7) . . . . .	.00	.00
9. Total Tax Liability (Line 8 multiplied by ) . . . . .	.00	.00
10. Total Local Earned Income Tax Withheld as Reported on W-2(s) . . . . .	.00	.00
11. Quarterly Estimated Payments/Credit From Previous Tax Year . . . . .	.00	.00
12. Miscellaneous Tax Credits . . . . .	.00	.00
13. TOTAL PAYMENTS and CREDITS (Add Lines 10 through 12) . . . . .	.00	.00
14. Refund IF MORE THAN \$1.00, enter amount (or select option in 15) . . . . .	.00	.00
15. Credit Taxpayer/Spouse (Amount of Line 13 you want as a credit to your account) <input type="checkbox"/> Credit to next year <input type="checkbox"/> Credit to spouse	.00	.00
16. EARNED INCOME TAX BALANCE DUE (Line 9 minus Line 13) . . . . .	.00	.00
17. Penalty after April 15* (multiply Line 16 by ) . . . . .	.00	.00
18. Interest after April 15* (multiply Line 16 by ) . . . . .	.00	.00
19. TOTAL PAYMENT DUE (Add Lines 16, 17, and 18) . . . . .	.00	.00

***See Instructions**

Under penalties of perjury, I (we) declare that I (we) have examined this information, including all accompanying schedules and statements and to the best of my (our) belief, they are true, correct and complete.		
YOUR SIGNATURE	SPOUSE'S SIGNATURE (If Filing Jointly)	DATE (MM/DD/YYYY)
PREPARER'S PRINTED NAME & SIGNATURE		PHONE NUMBER