

PA-40 Pennsylvania Personal Income Tax Return 2011

TAX RATE

The state income tax rate for 2011 is 3.07 percent (0.0307).

ELECTRONIC FILING

The department offers three easy ways to file your tax return electronically: over the telephone with TeleFile; over the Internet with padirectfile; and through tax preparers or computer software with Federal/State e-file. TeleFile and padirectfile are available free of charge. See Page 2 for more information.

Visit the Revenue e-Services Center at www.revenue.state.pa.us to file your tax return, make payments, check the status of your return and refund and update your address.

TAX FORGIVENESS

Depending on your income and family size, you may qualify for a refund or reduction of your Pennsylvania income tax liability with the state's Tax Forgiveness program. Read the instructions beginning on Page 34 to see if you qualify.

2011 STATE TAX CHANGES

What's New for 2011

Use Tax Line

Use tax – the counterpart of the 6 percent state sales tax (plus local tax, in Allegheny County and Philadelphia) that applies to taxable purchases and services where sales tax was not charged and collected by the seller – may now be remitted to the department using Line 25 of the PA-40 Pennsylvania Personal Income Tax return. See Page 21 for additional information.

Forms Changes

Line 15 of the Personal Income Tax return was revised to include an oval to indicate when Form REV-459B, Consent to Transfer, Adjust or Correct PA Estimated Personal Income Tax Account, is included with the return.

Taxpayer, spouse and joint ovals have been added on PA Schedules A, B and D to indicate ownership of the income or assets sold. See the instructions on Pages 30 and 31 for more information.

COMBAT ZONE AND HAZARDOUS DUTY SERVICE

Pennsylvanians serving in combat zones or qualified hazardous duty areas have the same additional time to file their state income tax returns and make payments as they have for federal income tax purposes. The due date is automatically extended for 180 days from the last day of service or the last day of continuous hospitalization for injuries incurred in one of these areas. See Page 38 for more information.

1099-G PRINTING AND MAILING COST REDUCTIONS

In order to reduce printing and mailing costs associated with Form 1099-G – which details government payments, most commonly state tax refunds – beginning in 2013 the Department of Revenue will no longer mail 1099-Gs to any taxpayer who does not specifically request a paper copy. In 2013, 1099-Gs will be available on the department's website for all taxpayers who received refunds of state taxes during the prior tax year and claimed itemized deductions on federal 1040 tax returns for the tax year for which the refund was issued. The process by which taxpayers will be able to request in writing paper copies of 1099-G forms in 2013 will be finalized and communicated in the coming year.



pennsylvania
DEPARTMENT OF REVENUE
BUREAU OF INDIVIDUAL TAXES
HARRISBURG PA 17129-0002
www.revenue.state.pa.us

PRSRT STD
U.S. POSTAGE
PAID
COMMONWEALTH
OF
PENNSYLVANIA
DEPARTMENT OF
REVENUE

ELECTRONIC FILING OPTIONS

File your personal income tax return electronically using one of three methods offered by the PA Department of Revenue. TeleFile and padirectfile are available free of charge.



TELEPHONE

If you filed a tax return last year, your Social Security number (SSN) and ZIP code are all you need to file over the telephone. To find out if you can use TeleFile, visit the department's website at www.revenue.state.pa.us or order a 2011 PA

Fast File booklet from one of the Forms Ordering Services on Page 3.



INTERNET

Complete your personal income tax return over the Internet and transmit the return directly to the department. With padirectfile, you can report most types

of income and claim dependent children for Tax Forgiveness. To file using padirectfile, you will need your SSN and one of the following: last year's tax liability or PA Driver's License/Identification Card number. Visit the Revenue e-Services Center at www.revenue.state.pa.us to file.



TAX PREPARER OR APPROVED SOFTWARE

Federal/State e-file allows you to file federal and state income tax returns together or separately. It is available

through tax preparers or computer software. If you meet certain qualifications, you can also obtain free software to file your tax returns. Federal/State e-file allows direct deposit of your refund, and the option to pay your PA tax due by electronic funds withdrawal or with a credit card. Visit the department's website at www.revenue.state.pa.us for more information.

BENEFITS OF ELECTRONICALLY FILING YOUR RETURN

SAFE: Regardless of the option you choose, the department protects your information with the latest security safeguards.

EASY: The systems perform math calculations for you.

FAST: The department processes refunds in half of the time compared to a paper return.

DIRECT DEPOSIT: You can have your refund deposited directly into your checking or savings account. Direct deposit is not available with a paper PA tax return.

CONFIRMATION: Upon filing with *padirectfile* or *TeleFile*, the department immediately gives you a confirmation number as proof that you filed. When filing Federal/State e-file, the department sends an acknowledgement directly to you, your tax professional or Electronic Return Originator (ERO).

REMEMBER: When you use one of the electronic filing options, do not mail a paper copy of your tax return—keep it for your records.

You may need to submit other information such as copies of military orders (if on active duty outside Pennsylvania), Forms W-2 (if your employer withheld additional PA income tax), and tax returns you filed in other states (when requesting a PA Resident Credit). Read and follow the instructions. The department reserves the right to request an explanation or supporting information for any amount that a taxpayer reports on a Pennsylvania tax return.

MAILING ADDRESSES

(For more information, see Page 24.)

If you do not have the department-provided envelope, send your return to the address that applies to you.

If you have an amount on Line 28:

**PA DEPT OF REVENUE
PAYMENT ENCLOSED
1 REVENUE PLACE
HARRISBURG PA 17129-0001**

If you have an amount on Line 29:

**PA DEPT OF REVENUE
REFUND OR CREDIT REQUESTED
3 REVENUE PLACE
HARRISBURG PA 17129-0003**

If Lines 28 and 29 are zero:

**PA DEPT OF REVENUE
NO PAYMENT OR NO REFUND
2 REVENUE PLACE
HARRISBURG PA 17129-0002**



IMPORTANT: Do not use the above addresses to send other correspondence to the department.

TAXPAYER SERVICES AND ASSISTANCE

ONLINE SERVICES

Revenue e-Services Center at www.revenue.state.pa.us

- This is the location for all the department's electronic filing services. Through this website you can: file returns using *padirectfile*; request an extension of time to file; make payments, including estimated payments; check the status of your return and refund; update your address; calculate penalty and interest; pay tax due by electronic funds withdrawal for PA personal income taxes; and find a link to pay by credit/debit card.

Online Customer Service Center at www.revenue.state.pa.us

- If you have Internet access, you can find answers to commonly asked questions by using the department's Online Customer Service Center. Use the *Find an Answer* feature to search the database of commonly asked questions. If you do not find your answer in this area, you can submit your question to a customer service representative.

PA Personal Income Tax Guide (PA PIT Guide)

- The department's PA PIT Guide has information that explains Pennsylvania's income tax and its differences from federal rules. You can only access the PA PIT Guide at the department's website. You can open specific chapters of the PA PIT Guide and use the search features of Adobe Acrobat Reader™ to find additional information on PA personal income tax rules. The department offers a link for free download of the Adobe Acrobat Reader™.

TELEPHONE SERVICES

Taxpayer Service and Information Center

- Call 717-787-8201 for PA personal income tax help during normal business hours, 7:30 a.m. to 5 p.m.

1-888-PATAXES

Touch-tone service is required for this automated 24-hour toll-free line. Call to order forms or check the status of a personal income tax account, corporation tax account or property tax/rent rebate.

Harrisburg area residents may call 717-425-2533.

FORMS ORDERING SERVICES

To obtain forms not available in this booklet, visit a Revenue district office or use one of the following services:

Internet: www.revenue.state.pa.us

Pennsylvania income tax forms, schedules, brochures, electronic filing options, and other information are available on the department's website. If you do not have Internet access, visit your local public library.

E-mail Requests for Forms: ra-forms@pa.gov

Automated 24-hour Forms Ordering Message Service: 1-800-362-2050.

- This line serves taxpayers without touch-tone telephone service.

Written Requests: PA DEPARTMENT OF REVENUE
TAX FORMS SERVICE UNIT
711 GIBSON BLVD
HARRISBURG PA 17104-3218

OTHER SERVICES

Services for Taxpayers with Special Hearing and/or Speaking Needs: 1-800-447-3020 (TTY)

Free Income Tax Preparation Assistance

- You can receive free assistance in preparing uncomplicated, non-business federal, state, and local income tax returns through the Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs. Visit the department's website, contact the department's nearest district office, or call the Internal Revenue Service's toll-free number (1-800-829-1040) for the location of assistance sites. Taxpayers with modest incomes and older residents are urged to take advantage of these services.

Language Services

- Non-English-speaking taxpayers can receive assistance from the department through an interpretation service.

Español

- El Departamento de Impuestos puede ayudar los contribuyentes que no hablan inglés por medio de un servicio de traducción durante el periodo de pago de impuestos.

Federal Tax Assistance

- Federal tax account or technical information and problem solving are available by calling: 1-800-829-1040.
- Recorded Tele-Tax Service on federal tax topics or tax refund information is available by calling: 1-800-829-4477.
- Federal tax forms and publications are available by calling: 1-800-829-FORM (3676).

TAXPAYERS' RIGHTS ADVOCATE

The Pennsylvania Department of Revenue has a Taxpayers' Rights Advocate who assists taxpayers with PA personal income tax and PA inheritance tax problems and concerns that have not been resolved through normal administrative procedures. It is the Advocate's responsibility to ensure that the department provides equitable treatment with dignity and respect. For more information concerning taxpayers' rights, visit the department's website at www.revenue.state.pa.us, or request the department's Taxpayers' Rights Advocate brochure (REV-527) from one of the Forms Ordering Services above.

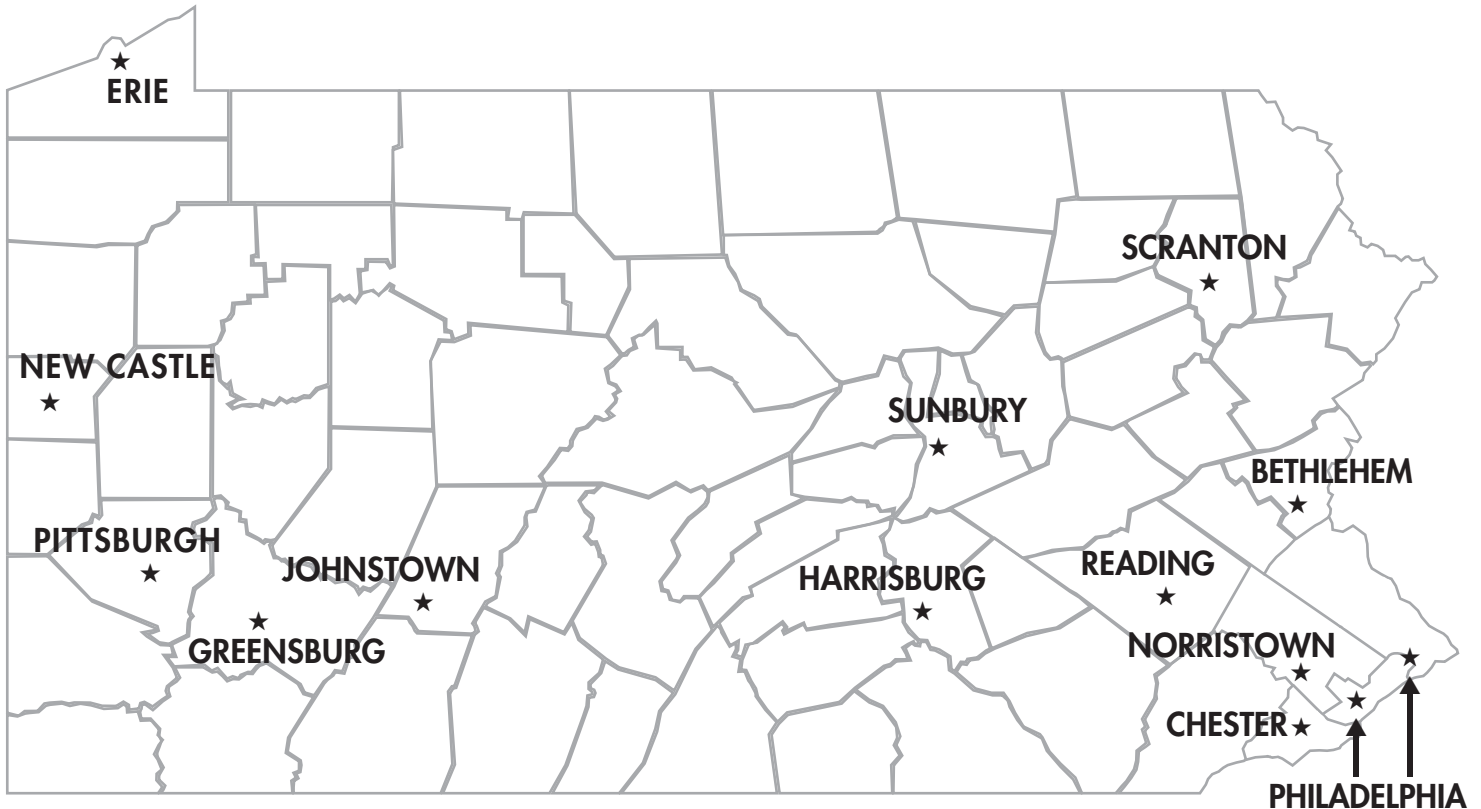
To contact the Taxpayers' Rights Advocate:

- Send e-mail to: pataxadvocate@pa.gov
- Call: 717-772-9347

• Write: PA DEPARTMENT OF REVENUE
TAXPAYERS RIGHTS ADVOCATE
LOBBY STRAWBERRY SQUARE
PO BOX 280101
HARRISBURG PA 17128-0101

PA DEPARTMENT OF REVENUE DISTRICT OFFICES

NOTE: Please call ahead to verify a district office's address and its services or visit the department's website at www.revenue.state.pa.us for information. Taxpayer assistance hours are 9 a.m. to noon and from 1 to 4 p.m.



BETHLEHEM

44 E BROAD ST
BETHLEHEM PA 18018-5998
610-861-2000

CHESTER

6TH FL STE 602
419 AVENUE OF THE STATES
CHESTER PA 19013-4451
610-619-8018

ERIE

448 W 11TH ST
ERIE PA 16501-1501
814-871-4491

GREENSBURG

SECOND FL
15 W THIRD ST
GREENSBURG PA 15601-3003
724-832-5283

HARRISBURG

LOBBY
STRAWBERRY SQ
HARRISBURG PA 17128-0101
717-783-1405

JOHNSTOWN

425 MAIN ST
JOHNSTOWN PA 15901-1808
814-533-2495

NEW CASTLE

103 S MERCER ST
NEW CASTLE PA 16101-3849
724-656-3203

NORRISTOWN

SECOND FL
STONY CREEK OFFICE CENTER
151 W MARSHALL ST
NORRISTOWN PA 19401-4739
610-270-1780

PHILADELPHIA

STE 204A
110 N 8TH ST
PHILADELPHIA PA 19107-2412
215-560-2056

PHILADELPHIA

ACDMY PLZ SHPG CTR
3240 RED LION RD
PHILADELPHIA PA 19114-1109
215-821-1860

PITTSBURGH

411 7TH AVE - ROOM 420
PITTSBURGH PA 15219-1905
412-565-7540

READING

STE 239
625 CHERRY ST
READING PA 19602-1186
610-378-4401

SCRANTON

RM 200
SAMTERS BLDG
101 PENN AVE
SCRANTON PA 18503-1970
570-963-4585

SUNBURY

535 CHESTNUT ST
SUNBURY PA 17801-2834
570-988-5520

BEFORE YOU BEGIN

Filing Due Date

You must file before midnight, Tuesday, April 17, 2012. The U.S. Postal Service postmark date on your envelope is proof of timely filing. You must report all taxable income received or accrued from Jan. 1, 2011, through Dec. 31, 2011.

If you cannot file by the due date, request an extension of time to file. Read the instructions on Page 38. If you do not file your return by the due date, the department imposes late filing penalties and interest charges.

Who Must File a PA Tax Return?

If you are a PA resident, nonresident or a part-year PA resident, you must file a 2011 PA tax return if:

- You received total PA gross taxable income in excess of \$33 during 2011, even if no tax is due with your PA return; and/or
- You incurred a loss from any transaction as an individual, sole proprietor, partner in a partnership or PA S corporation shareholder.

Minors. PA law does not exempt a minor from the above requirements to file a PA tax return even if claimed as a dependent on a federal return.

Decedents. The executor, administrator, or other person responsible for the affairs of a decedent must file a PA tax return if the decedent met the above requirements.

Persons Not Required to File Federal Income Tax Returns. If you are not required to file a federal income tax return, you may still be required to file a PA personal income tax return because the requirements for filing a return in Pennsylvania are different than federal requirements. You must file a return in Pennsylvania if you have any of the situations described above. See Chapter 4, "Who Must File a PA Tax Return" of the PA PIT Guide found on the department's website, for more information.

REMINDERS FOR FILING YOUR 2011 PA-40

Supporting Schedules

An acceptable return has not been filed until all schedules required by the department have been filed. Failing to provide required schedules may not only delay the processing of your return, but also subject you to late-filing penalties.

In some instances, the department will accept federal schedules – see the Schedule Instructions beginning on Page 24.

Assembling Your PA-40

Arrange your documents in the following order when submitting your 2011 PA tax return:

- **Original PA-40.** Do not mail a photocopy of your PA-40 or a copy of your electronic PA tax return.
- **PA Schedule G-R.** If you are claiming a resident credit for taxes paid to other states or countries, you must include this schedule immediately after the PA-40. DO NOT include any extension forms, W-2 forms or any other schedules or statements before this schedule when it is required. Otherwise, your credit may not be granted.
- **PA Schedule W-2S,** or photocopies of your Form(s) W-2 (be sure the information is legible), or your actual Form(s) W-2. Use Part B of this schedule to list and total your other taxable compensation. You must submit photocopies of your Form(s) 1099-R and other statements that show other compensation and any PA tax withheld. **NOTE:** Do not include copies of Form(s) 1099-DIV, and 1099-INT, unless the forms show PA income tax withheld.
- **PA Schedule OC,** and the required supporting documents when claiming any of the restricted tax credits that PA law allows.
- **PA Schedule(s) RK-1, PA Schedule(s) NRK-1.** If you did not receive PA schedules, then submit Federal Schedule(s) K-1. See Partnership, Limited Liability Company and PA S Corporation Partners, Members and Shareholders on Page 15.

- **All other required PA schedules and forms,** including any additional sheets you prepared.



IMPORTANT: Please include your name(s), Social Security number(s), tax year, and a brief line reference to the PA-40 or PA-40 Schedule for any additional sheets you include with your return.

- **All other required documents,** including federal schedules (where the instructions allow the use of federal schedules), that explain the information you entered.
- **Your PA Payment Voucher (Form PA-V) and payment.** See Page 23 for instructions and payment.



IMPORTANT: Do not staple your check or money order to your Form PA-V or your PA-40 form. If you do not have a Form PA-V, see Page 24.

Entering Information

- **Social Security Number(s)**
Carefully write your SSN, and your spouse's SSN if married, in the boxes provided on your PA-40 form. You must enter your SSN, even if using your label. Please double-check your SSN.
- **Rounding Numbers**
On the PA-40 form and schedules, show money amounts in whole-dollars. Eliminate any amount less than \$0.50 and increase any amount that is \$0.50 or more to the next highest dollar.
- **Your Address**
Use your label if it is correct. If your label is not correct, or if you do not have a label, fill in the oval on the PA-40 form indicating an Identification Label Change. Print your name and address on the form.

NOTE: If you are using a military address, please use your APO or FPO address. **EXAMPLES:**

KEVIN TAXPAYER
UNIT 2050 BOX 4190
APO AP 96278-2050

JOSEPH TAXPAYER
USCGC HAMILTON
FPO AP 96667-3931

Foreign Address Instructions

If you live outside of the U.S., it is important that you write your foreign address on your PA-40 according to U.S. Postal Service standards. Failure to use these standards may delay any refunds you request or correspondence necessary to complete the processing of your return. To comply with the foreign address standards, use the following rules when completing the address portion of your PA-40 form: write your name(s) in the spaces provided; write the house number with street, apartment number and street or postal delivery location in the spaces provided for the First Line of Address on your PA-40 form; write the name of the city, city and province, and/or foreign postal number (ZIP code equivalent) in the spaces provided for the Second Line of Address on your PA-40 form; write only the name of the country in the spaces provided for the City or Post Office on your PA-40 form; and **DO NOT** include any entries in the state or ZIP code spaces on your PA-40 form. To the right are two examples of properly completed foreign addresses as provided by the U.S. Postal Service. Providing your address in this format will better ensure that the department is able to contact you

in the event we need additional information, or to send you your refund on a timely basis.

HELEN SAUNDERS
1010 CLEAR ST
OTTAWA ON K1A 0B1
CANADA

INGE DIETRIC-FISCHER
HARTMANNSTRASSE 7
5300 BONN 1
GERMANY

Privacy Notification

By law (42 U.S.C. §405(c)(2)(C)(i); 61 Pa. Code §117.16), the Pennsylvania Department of Revenue has the authority to use the SSN to administer the Pennsylvania personal income tax and other Commonwealth of Pennsylvania tax laws. The department uses the SSN to identify individual taxpayers and verify their incomes. The department also uses the SSN to administer tax-offset and child-support programs required by federal and Pennsylvania laws. The Commonwealth may also use the SSN in exchange-of-tax-information agreements with governmental authorities. Pennsylvania law prohibits the Commonwealth from disclosing information that individuals provide on income tax returns, including the SSNs, except for official purposes.

WHEN ENTERING INFORMATION

DO:

- Print in black ink
- Use UPPER CASE (CAPITAL) letters
- Print one number or letter in each box
- Leave a blank box between whole words
- Print your name – last, first, middle initial, and suffix on the correct lines
- Print your correct street address
- Print your apartment number, suite number, room number, rural route, floor, etc. on the first line
- Print your PO Box on the second line
- Fill in all appropriate ovals completely
- Prepare a copy before submitting your return

DO NOT:

- Use red pen or pencil
- Use lower case letters or script
- Leave a blank box or use a punctuation mark if your name, address, or city has Mc, Van, O, etc.
- Use dashes or other punctuation in boxes
- Print a PO number if the post office delivers to your home
- Use a PO Box on any line of your address except the line directly above your city and state
- Use an X or check mark (✓) in an oval
- Erase or use correction fluid

GENERAL INSTRUCTIONS

PA-40 Tax Form

If you do not electronically file your tax return, use the PA-40 form. Please read the instructions.

Keep Your Records

The department has the statutory authority to verify and audit all of the amounts you report on your return and accompanying schedules. Maintain your books and records for at least four years after filing, as evidence of the information you reported on your PA return. Basis documentation for any item reported or potentially reportable on current or future tax returns must be kept indefinitely or until such time as the asset is sold, exchanged or disposed of by a taxpayer. For example, books and records used to calculate basis for retirement plans, stocks, bonds, mutual funds, business assets, business interests, tuition account programs, principal residence, etc. must be kept indefinitely.

Daytime Telephone Number

Enter the area code and telephone number where the department can call you between 8:30 a.m. and 4 p.m.

School Code and School District Name

You must enter the five-digit code and name of the school district where you lived on Dec. 31, 2011, even if you moved

after Dec. 31, 2011. Do not enter the school district where you work. Using an incorrect code may affect your school district's funding. The lists of school district names and codes are on Pages 42 and 43. **NOTE:** If you do not know the name of the school district where you resided on Dec. 31, 2011, you can obtain this information from the Online Customer Service Center at www.revenue.state.pa.us.

Some examples of what to consider when entering the school district code on a return are as follows:

- Military personnel should use the school district code for the domicile of their spouse (if the spouse lives in Pennsylvania), their parents (if entering the military while they are domiciled in Pennsylvania), or the code for the school district in which they live while on federal active military duty while stationed in Pennsylvania (if a PA resident).
- Persons residing in a nursing home or other care facility who are planning to return to their principal residence after a temporary stay in such facilities should enter the school district code for the physical address of their principal residence and not the nursing home or care facility.

- Persons who reside in a nursing home or care facility on a permanent basis and have made the decision to do so (who are or were mentally capable of making this decision) should use the school district code for the physical address of the nursing home or care facility.
- The residence of a person in a nursing home, long-term care facility or similar facility is presumed to be the person's residence prior to becoming a patient in the home or facility, unless there is substantial evidence that the person is legally competent and does not intend to return to his/her previous home.
- PA residents who are students attending college inside or outside of Pennsylvania should use the school district code for the physical address of the domicile or principal residence of their parents.
- Nonresidents or part-year residents who did not reside in the state as of Dec. 31, 2011, should enter 99999 in the school district code field.
- Part-year residents who resided in Pennsylvania as of Dec. 31, 2011, should enter the school district code of the physical address of their domicile or principal residence.
- Persons who use a mailing address other than the physical address of the domicile or principal residence should enter the school district code for the physical address of their domicile or principal residence.
- Persons who work outside of Pennsylvania, but maintain a permanent place of abode inside Pennsylvania during their absence from Pennsylvania or persons who plan to return to Pennsylvania after a temporary relocation to another state or country who are still considered PA residents should use the school district code for the physical address of their permanent place of abode or the school district code of their physical address prior to moving out of Pennsylvania.

Extension of Time to File Your 2011 Tax Return

Fill in this oval if you have an extension to file your 2011 PA income tax return. Read the instructions on Page 38.

Amended Return

Fill in this oval only when you are amending your 2011 PA tax return. Please read the instructions beginning on Page 38.

Residency Status

• (R) Resident

If you were a resident of Pennsylvania for all of 2011, fill in this oval. You must report all income (losses) regardless of the source from which you earned, received, or realized the income (loss).

Nonresidents and Part-Year Residents

Please read the instructions on Page 40. Nonresidents and part-year residents use the same PA-40 form as PA residents.

• (N) Nonresident

If you were a nonresident of Pennsylvania for all of 2011, fill in this oval. PA law taxes nonresidents on the income earned, received, or realized from Pennsylvania sources during 2011. See Page 40 of the instructions for more information.

• (P) Part-Year Resident

If you moved into Pennsylvania during 2011, fill in this oval even though you were a PA resident at the end of 2011. If you moved from Pennsylvania during 2011, fill in this oval even though you were not a PA resident at the end of 2011.

PA law taxes part-year residents on all income from all sources while a PA resident, and all income (loss) earned, received, and realized from PA sources when not a resident of Pennsylvania. See Page 40 of the instructions for more information.

See Chapter 4, "Who Must File a PA Tax Return," of the PA PIT Guide found on the department's website for more information. You may also request the Determining Residency for PA Personal Income Tax Purposes brochure (REV-611) from the department's website, or one of the Forms Ordering Services on Page 3.

Students

If you are a PA resident college student attending school outside Pennsylvania or a nonresident college student attending school within Pennsylvania, request the brochure PA Personal Income Taxes for College Students (REV-758) for more information.

Filing Status

Fill in the oval that describes your status on Dec. 31, 2011. You do not have to file a PA tax return if you do not individually meet the requirements described under *Who Must File a PA Tax Return?* on Page 5. If you do not live in Pennsylvania and do not have any income (loss) from PA sources, you do not have to file a PA tax return, even if married to someone who must file a PA tax return. If you are a PA resident who does not have any PA income (loss) to report, you do not have to file a PA tax return, even if married to a person who must file a PA tax return.

(S) Single

You must file as single if on Dec. 31, 2011:

1. You were not married; or
2. During 2011, you divorced or became a widow or widower and did not remarry.

(J) Married, Filing Jointly

You and your spouse, even if living apart, can file a joint return for convenience. To file jointly, you must meet ALL of the following conditions:

1. Your taxable years end on the same date; and
2. You and your spouse elect to have the same residency period (earliest starting date if you moved into Pennsylvania and latest ending date if you moved out of Pennsylvania) if you are part-year residents; and
3. Neither of you is individually claiming one or more of the credits on PA Schedule OC, (see Page 20); and
4. Your spouse is still living; and
5. Neither of you is individually liable for the payment of child or spousal support, or another liability to the PA Department of Public Welfare.



FILING TIP: If you and your spouse made separate estimated payments, you should file separate tax returns, each claiming only your own payments. If you and your spouse made your estimated payments jointly, you should file a joint tax return. However, if you and your spouse made estimated payments jointly and because of PA guidelines you must file separate tax returns, you must allocate the payments by completing Form REV-459B, Consent to Transfer, Adjust or Correct PA Estimated Personal Income Tax Account. The form must be completed in its entirety, showing the total number of payments made for the year and the amount of the payments to be transferred to the spouse.

Both individuals must sign the form. This form can be sent to the address shown on the form prior to filing the return or a copy of the form can be submitted with both returns when filing. This avoids processing delays and correspondence from the department.

Joint Income - Joint Returns

Married taxpayers can file a joint tax return for convenience only. If you and your spouse jointly own income-producing property, you must each report your share of the income (loss). Income-producing property includes savings accounts, businesses, securities, and real estate. Spouses usually equally divide income from jointly owned property.

CAUTION: On a joint return, you and your spouse are each separately liable for the entire amount of PA tax due, even if only one of you had taxable income, and even if one of you paid your own PA tax through withholding or estimated payments. The income and losses of a taxpayer and spouse must be determined separately. You may not offset the income of the taxpayer with a loss from the spouse and vice versa. See REPORTING NET INCOME, GAINS, AND LOSSES ON LINES 4, 5, AND 6 beginning on Page 14 and the requirements for the schedules reporting the income and losses for each class of income for additional information and reporting requirements.

(M) Married, Filing Separately

You and your spouse have the option to file separate returns. However, you and your spouse must file separate returns if:

1. Your taxable years end on different dates; or
2. Your taxable years begin on different dates for part-year residents; or
3. Either of you is claiming one or more of the credits on PA Schedule OC; or
4. Either of you is individually liable for the payment of spousal/child support, or another liability to the PA Department of Public Welfare; or
5. One of you is a PA resident and the other is not. However, you can file jointly if you both elect to file as PA residents and meet all other requirements for filing jointly. See Married, Filing Jointly on the previous page.

(F) Final Return

Use this filing status if you lived in Pennsylvania during 2011, but permanently moved away or if for any other reason, you will not have any PA-taxable income (or loss) in 2012. You will not receive a 2012 booklet. Provide the reason, such as you moved to another state.

REMEMBER: Even after you move from Pennsylvania, you must report any PA-taxable income you earned, received, or realized from PA sources.

(D) Deceased

Use this status if the taxpayer died in 2011. Enter the date of death. The department will not send a 2012 tax booklet in the name of the decedent.

The surviving spouse, the executor, or other person responsible for the affairs of the decedent uses this filing status to complete, sign, and file a separate return for the decedent. The return must report all the decedent's 2011 income, payments, and credits. The person signing the decedent's return must indicate his or her relationship to the decedent (surviving spouse, executor or person responsible for the affairs of the decedent).

Surviving Spouse

If the decedent was married, the surviving spouse should file a separate return, and use the Single (S) filing status. If the decedent made PA estimated payments, the surviving spouse may request Form REV-459B to reconcile the estimated payments to the separate PA tax returns. Request this form from the department's website, or one of the Forms Ordering Services on Page 3.

Taxpayer Died After the End of 2011

If a taxpayer died after Dec. 31, 2011, but before filing his or her 2011 PA tax return, the surviving spouse, executor, or other person responsible for the affairs of the decedent has the option to file the 2011 return as:

- Single, for a single taxpayer. The department will mail a 2012 PA tax booklet in the name of the decedent. The responsible person will then have to file a 2012 PA tax return for the decedent using the Deceased (D) filing status and report any income that the decedent earned, received, or realized in 2012.
- Married, Filing Jointly for a married taxpayer. The department will send a 2012 tax booklet in the names of the decedent and surviving spouse. For 2012, the surviving spouse or other responsible person must file a separate 2012 tax return for the decedent as Deceased, reporting any income that the decedent earned, received, or realized in 2012.
- Married, Filing Separately for a married taxpayer. The department will send a 2012 PA tax booklet in the name of the decedent and a separate 2012 PA tax booklet to the surviving spouse. On the 2012 return, the surviving spouse or other responsible person must file a signed separate return for the decedent as Deceased, reporting any income that the decedent earned, received, or realized in 2012.
- Final, for a taxpayer that died after Dec. 31, 2011, and had no PA-taxable income (loss) in 2012.

Identification Label Change

Fill in this oval if any of the information on your label is wrong, or if you did not file a PA income tax return last year.

Farmers


Fill in this oval if you derived at least two-thirds of your 2011 gross income from farming.

PA INCOME CLASSES

You must report your income (loss) by applicable class, whether it is received directly, through an estate or trust or as a distributive share of the income of a partnership or PA S corporation. Read the instructions for each income class.

- Line 1. Compensation – Page 10
- Line 2. Interest – Page 13
- Line 3. Dividends and Capital Gains Distributions – Page 14
- Line 4. Net Income or Loss from the Operation of a Business, Profession, or Farm – Page 15
- Line 5. Net Gain or Loss from the Sale, Exchange, or Disposition of Property – Page 16
- Line 6. Net Income or Loss from Rents, Royalties, Patents, or Copyrights – Page 17
- Line 7. Estate or Trust Income – Page 18
- Line 8. Gambling and Lottery Winnings – Page 18

Federal income classifications are disregarded to the extent they are inconsistent with PA classifications.

 **FILING TIP:** Generally, other or miscellaneous income is either compensation on Line 1a, (see Page 10), or business income on Line 4, (see Page 15). If you cannot determine the income class, contact the department for assistance.

TAXABLE INCOME FOR PA PIT PURPOSES:

The PA-40 line number on which to report the income follows each item. Classify means report the income in the appropriate PA income class based on all facts and circumstances. See PA PIT Guide for more information.

- Employer provided fringe benefits, unless excludable (Line 1a)
- Sick pay and disability benefits that represent regular wages, such as sick leave pay (Line 1a)
- Allowances and reimbursements in excess of allowable employee business expenses (Line 1a)
- The value of property received as payment for services (Line 1a)
- Delay damages received in connection with a court judgment or settlement to the extent that the payments represent back wages (Line 1a)
- Honoraria (Line 1a)
- Compensation as fees for performing services as an executor or an administrator of an estate or a director of a corporation (Line 1a)
- Severance pay (Line 1a)
- Incentive payments received for terminating employment before reaching normal retirement age (Line 1a)
- Awards and gifts given in recognition for, or given as a transfer of cash or property, in payment for past, present, or future service as an inducement to perform future services (Line 1a)
- Jury fees (Line 1a)
- Expert witness fees (Line 1a)
- Cash reimbursements for personal expenses, such as commuting and day care (Line 1a)
- A discharge of indebtedness, unless specifically excludable from taxable income (Classify)
- Damage awards and settlements to the extent that the payments represent back wages or another uncollected entitlement to PA-taxable income (Classify)
- Covenants not to compete, or for refraining from the performance of services (Classify)
- Other income described in the PA income classes (Classify)
- Income for performing services as an executor or director when such services are undertaken as part of your business or profession (Line 4)

INCOME NOT TAXABLE FOR PA PIT PURPOSES:

- Social Security benefits and/or Railroad Retirement benefits
- Commonly recognized pension, old age, or retirement benefits paid after becoming eligible to retire, and retiring
- United Mine Workers Pension
- Military pension benefits
- Civil Service Annuity
- Unemployment compensation and public assistance

- Payments received under federal trade assistance, trade adjustment allowances and alternative adjustment assistance.
- Payments received under workers' compensation acts, occupational disease acts, or similar legislation; including Heart and Lung Pension
- Payments for injuries received while working, and damages received, whether by suit or otherwise, for personal injuries
- Sick pay and disability benefits, including payments by third party insurers for sickness or disability (does not include amounts paid as sick leave)

NOTE: If your employer includes your payments for sickness, disability, and/or on-the-job injuries in Box 16 of your Form W-2, provide a statement from your employer verifying the amount of these payments.

- Employer-paid group term life insurance premiums
- Damage awards and settlements from physical injury or sickness such as pain and suffering or emotional distress
- Child support
- Alimony
- Inheritances, death benefits, and income in respect of a decedent (IRD) as defined for federal income tax purposes
- Active-duty pay received as a member of the U.S. Armed Forces from the U.S. government for service outside Pennsylvania (see Page 38)
- Awards and gifts made from detached or disinterested generosity
- Personal use of an employer's owned or leased property and/or services, at no cost or at a reduced cost
- Federally taxable punitive damages received for personal physical injury or physical sickness, whether received by suit or by settlement
- Income from contracts of insurance for long-term care that do not have accumulated refundable reserves payable upon lapse or surrender

DIFFERENCES BETWEEN PA PIT AND IRS

For more information on differences between Pennsylvania and the IRS, refer to the PA PIT Guide and the specific chapters related to the income class for which you have a question. The differences described below are the result of recent Pennsylvania and federal legislation.

Other Federal Legislation

Federal legislation signed into law late in 2010 – including the Small Business Jobs Act and the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act – contained no provisions applicable for or that may be used in calculating PA personal income tax liabilities. Any provisions provided in the aforementioned acts to defer income or accelerate deductions must be reversed for PA personal income tax purposes.

Depreciation - PA Limitations

- **Bonus Depreciation**
PA PIT law does not follow the federal allowances for additional depreciation expenses. You may not use any of the bonus depreciation elections enacted for federal purposes.
- **ACRS and MACRS and IRC Section 179**
Pennsylvania allows ACRS and MACRS and limited IRC Section 179 to the extent allowable under the version of


the Internal Revenue Code in effect at the time the property was placed in service, or under Section 179 of the IRC of 1986, as amended to Jan. 1, 1997, whichever is earlier, but not any other accelerated method. 72 PS § 7303(a.3)(Act 89 of 2002.)

- **Limited IRC Section 179**

The maximum deduction that PA income tax law permits using IRC Section 179 is \$25,000. If you have income (loss) from more than one business, profession, or farm, you may not deduct more than a total of \$25,000 of IRC Section 179 expenses for all activities. The PA Section 179 expense is phased out for purchases in excess of \$200,000.

- **Other Differences**

You must adjust your federal expense for the difference between your federal depreciation and your depreciation for PA PIT purposes, when you elect a different generally accepted method that you consistently use.

 **IMPORTANT:** The basis for property (where bonus depreciation or IRC Section 179 in excess of \$25,000 has been taken for federal income tax purposes) will be different for federal and state tax purposes. As a result, PA law requires straight-line depreciation to be taken on these assets.

PA-40 LINE INSTRUCTIONS

Deductions

PA law does not allow standard deductions, deductions for personal exemptions, itemized deductions or deductions for personal expenses.

CAUTION: PA-taxable interest income (Line 2), dividend income (Line 3) and gambling and lottery winnings (Line 8) are gross taxable income classes. You may not deduct *any* expenses in computing these classes of income. In computing compensation, only certain expenses are deductible; see the special instructions beginning on Page 26. The remaining classes of income are net taxable - you may deduct ordinary and necessary expenses paid or accrued during the taxable year in their production. See the reporting instructions for each class of income.

Cost Recovery

PA law does not permit deductions or exemptions for contributions to retirement plans, investments in annuities, mutual funds, money market funds, and other personal contributions, even when deducted or exempt for federal purposes. Therefore, Pennsylvania will not tax your distributions or the payments you receive until you have recovered an amount equal to your contributions. Maintain your records of your contributions. If you receive an early taxable distribution from a retirement plan, and you do not have records of your contributions, consult your plan administrator.

Education Savings Accounts - Qualified Tuition Programs under IRC Section 529

Contributions to a Pennsylvania 529 College Savings Program, account and other IRC Section 529-qualified tuition program accounts are deductible. For additional information, see the instructions for Line 10, Other Deductions, on Page 19 and the instructions for PA Schedule O, Other Deductions, beginning on Page 31.

NOTE: Certain withdrawals and distributions not used for educational purposes are taxable. See the instructions for PA Schedule A on Page 30 for additional information.

LINE 1a. GROSS COMPENSATION

Overview: PA-taxable compensation includes, but is not limited to: salaries; wages; tips; gratuities; commissions; bonuses; incentive payments; vacation and holiday pay; employer student loan payments; student loan debt forgiveness for entering certain fields or professions; distributions from nonqualified deferred compensation plans; certain early

distributions from retirement plans; and termination pay. The amount your employer reports in Box 16 of your Form W-2 shows your PA-taxable compensation. If you receive Forms 1099 or other statements, your PA-taxable compensation is the gross amount that you received for performing services.

The amount in Box 16 of your Form W-2 may be different from the amount in Box 1. PA law requires your employer to follow PA income tax rules to determine Box 16. If you have any questions, contact your employer.

Form W-2 Wage and Tax Statement

When reporting PA-taxable compensation, you may or may not have to submit Form(s) W-2 with your tax return. If you do not have to submit your Form(s) W-2 as shown below in When to Submit Form(s) W-2, you have these options:

- Complete PA Schedule W-2S, Summary of PA-Taxable Employee, Miscellaneous, and Non-employee Compensation. See the instructions on Page 25 and When to Submit Form(s) W-2 below; or
- Submit photocopies of your state copy of each Form W-2 on 8-1/2 X 11-inch paper. You may photocopy more than one Form W-2 on each sheet, but the form must be legible; or
- Submit your actual state copy of Form(s) W-2.

Report your PA compensation and withholding from each 2011 Form W-2 from each employer. Enter your PA-taxable compensation from Box 16 of your 2011 Form(s) W-2. Do not use Box 1, Federal Wages. Report your PA income tax withheld from Box 17 of each Form W-2 on Line 13 of your PA-40. Do not report federal income tax withheld, or income tax withheld or paid to another state or country, or income tax withheld and paid to any local tax authority.

When to Submit Form(s) W-2

Submit an actual state copy or a legible photocopy of each state copy of Form W-2 (keep the original for your records) and a written explanation if:

1. The PA compensation you enter on Line 1a of your PA-40 is not the same as Box 16 on your Form W-2 (you believe that the PA compensation or withholding is incorrect).
2. Your employer gave you a handwritten Form W-2.
3. Your employer reported an incorrect amount on your Form W-2. You must also submit a written statement from your employer.
4. Your employer withheld PA income tax from your wages at a rate that is more than the 2011 tax rate of 3.07 percent.

5. You are a resident of a reciprocal compensation agreement state and your employer withheld PA income tax.
6. The Medicare wages in Box 5 on your Form W-2 are greater than your PA wages in Box 16. In this case, complete and include with your return the PA-40 W-2 Reconciliation Worksheet. To obtain the worksheet, use one of the Forms Ordering Services on Page 3.
7. You are a PA resident working in another state or country and did not have PA income tax withheld by your employer.
8. You have a distribution from a nonqualified deferred compensation plan included in Box 1 of your Form W-2.
9. Your Form W-2 shows income earned or tax withheld for another state.

NOTE: If you do not have a Form W-2 or a federal substitute W-2, Form 4852, you must submit evidence of your PA compensation and tax withheld by providing pay stubs and a statement identifying your employer and the reason you do not have a Form W-2. Please submit legible photocopies. Keep your original documents.

 **FILING TIPS:**

1. Complete and submit a PA Schedule W-2S unless the original Form W-2 is required to be included with your return as described above.
2. Some original Form W-2 documents cannot be processed by the department's imaging equipment (onion skin paper printed in blue ink, for example) and could delay the processing of a return. If possible, submit a photocopy of the Form W-2 on standard size paper instead of the actual Form W-2.
3. If the PA-taxable wages you are reporting are less than the amount reported on your Form W-2, please include a brief explanation of the difference with your return and/or a letter from your employer documenting the difference in taxable amounts.
4. If your employer withholds excess PA personal income tax at your request, include with your return a statement from your employer verifying the rate and amount of tax withheld for the tax year.
5. If you worked outside of Pennsylvania and your employer did not withhold PA personal income tax, your PA wages may be higher or lower than the state wages reported on your Form W-2 in Box 16. Amounts paid to you as retirement plan contributions, personal use of company automobile and/or group term life insurance may require additional adjustments to the amount reported to the other state or country. See the PIT Guide, Chapter 7 for additional information.


CAUTION: If you receive distributions of previously taxed contributions from a nonqualified deferred compensation plan, you should complete and include with your return the PA-40 W-2 Reconciliation Worksheet. To obtain the worksheet, use one of the Forms Ordering Services on Page 3.


Reciprocal Compensation Agreement States

Pennsylvania has agreements with Indiana, Maryland, New Jersey, Ohio, Virginia, and West Virginia. Generally, under these agreements, one state will not tax a resident of the other state on compensation that is subject to employer withholding. These agreements apply to most types of W-2

compensation earned while a resident of the reciprocal compensation agreement state. It does not apply to miscellaneous and non-employee compensation, compensation earned while a PA resident and received while a resident of the reciprocal compensation agreement state or compensation paid to Ohio resident shareholder-employees with a 20 percent or greater interest in a PA S corporation who worked or performed services in Pennsylvania in 2011.

If you are a PA resident working in one of these states, and your employer withheld the other state's income tax, you must file for a refund from that state.

 **FILING TIP:** File early so you will have your refund before the due date for paying your PA tax liability.

 **IMPORTANT:** If you earn at least \$8,000 in the other state, and your employer doesn't withhold PA income tax, under PA law you may have to make estimated payments. Please read the information on Page 37. If this is your situation, you are liable for Estimated Underpayment Penalty. See the instructions for Line 27 on Page 22.

Resident of a Reciprocal State Filing for a Refund

If you are a resident of a reciprocal state working in Pennsylvania and your employer withheld PA income tax, you may request a refund of the PA tax. You report zero taxable compensation on Line 1a, and the PA tax withheld on Line 13. Submit a legible photocopy of your Form W-2, a copy of the resident income tax return that you filed with your resident state (without the supporting forms and schedules), and a statement explaining that you are a resident of a reciprocal state.

Reimbursable Expenses/Cash Reimbursements for Personal Employee Expenses

PA allowable employee expenses are not always the same as allowable federal business expenses. Read the instructions beginning on Page 26. You must be able to substantiate travel expenses as to time, place and business purpose.

Report all reimbursements and allowances paid by your employer as compensation unless you meet all three of the following requirements:

1. The expenses are PA-allowable employee business expenses; and
2. You must, and do, account for these expenses to your employer; and
3. Your employer reimburses you in the exact amount of the allowable business expenses.

If you receive a fixed-mileage allowance or a per diem living expense allowance that does not exceed applicable federal limits, you meet these requirements. Do not report these expenses on PA Schedule UE.

Retirement, Pensions, and Deferred Compensation

• **Eligible Employer-Sponsored Retirement Plans**

Pennsylvania does not impose income tax on payments you receive that are commonly recognized retirement benefits distributed from eligible employer-sponsored retirement plans. Eligible employer-sponsored retirement plans can, but do not necessarily, include employer-sponsored deferred compensation plans; pension or profit sharing plans; 401(k) plans; thrift plans; thrift savings plans; and employee welfare plans. Ask your employer or plan administrator if your employer's retirement plan

is an eligible plan for PA income tax purposes. Eligible non-employer-sponsored retirement plans can, but do not necessarily, include Individual Retirement Accounts (IRAs) and Roth IRAs.

- **Contributions**

The contributions you make to your employer's sponsored retirement plan are PA-taxable compensation, even if your contributions are not taxable for federal purposes or included in the state wages shown on your W-2.

- **Distributions from Employer-Sponsored Qualified Retirement or Deferred Compensation Programs**

All amounts you receive from your employer's PA qualifying retirement or old age benefit plan are taxable in the year you receive the payments, except:

1. Payments you receive after you qualify for retirement and retire.
2. Payments you receive that you rollover into another deferred payment program or retirement IRA, but only when the transferred amounts are not taxable income for federal purposes.
3. Distributions from an employer-sponsored deferred compensation plan that represent your previous contributions.
4. Payments paid to the estate or designated beneficiary upon an employee's death are not PA-taxable income on the employee's final PA-40 or on the decedent's estate or trust PA-41, PA Fiduciary Income Tax Return or on the beneficiary's PA-40.
5. All distributions (regardless of the distribution code reported in Box 7 of the 1099-R) from the State Employees' Retirement System, the Pennsylvania School Employees' Retirement System, the Pennsylvania Municipal Employees' Retirement System, and the U.S. Civil Service Commission Retirement Disability Plan.
6. Retired or retainer pay of a member or former member of a uniform service computed under Chapter 71 of Title 10, U.S. Code as amended.

Individual Retirement Accounts

- **Contributions**

PA law does not allow you to deduct your contributions to any IRA.

- **Undistributed Income**

You do not report the undistributed interest and other earnings on the assets held in your IRA.

- **Withdrawals**

Distributions from an IRA, including a federal Roth IRA, are taxable to the extent the distribution exceeds your previous contributions. Distributions you receive after retiring but before age 59½ are taxable even if you receive substantially equal payments, and you do not pay the federal penalty for an early withdrawal. PA law does not have any exceptions similar to the federal exceptions for withdrawal before age 59½. However, distributions from an IRA are not taxable if the payments are:

1. Received, including lump sum distributions, on or after reaching the age of 59½.
2. Paid to the estate, or designated beneficiary, of the participant because of the participant's death.

- **Roth IRA Rollover**

You do not have to pay PA tax on the difference between the amount distributed from your traditional IRA and your previous contributions:

1. If you rolled over the entire withdrawal directly (trustee to trustee) from the traditional IRA to the Roth IRA, or
2. If you withdrew from the traditional IRA and within 60 days invested the entire (100 percent) amount you received into a Roth IRA.



IMPORTANT: For detailed information on Pennsylvania taxation of distributions from IRAs, please review Tax Bulletin 2008-01 on the department's website, www.revenue.state.pa.us.

Early Retirement Incentive Plans

Payments you receive as an inducement to retire early are taxable compensation. Such payments are not part of a PA qualifying retirement program. Your employer includes these incentive payments on your Form W-2 and withholds PA tax. Even when you move out of Pennsylvania, these incentive payments remain taxable to Pennsylvania.

- **Distributions**

If you withdrew from your retirement or pension plan, and received a Form 1099-R, you may have PA-taxable compensation if:

1. Your retirement plan is not an eligible Pennsylvania retirement plan; or
2. If you have not reached the retirement age or years of service requirements under such eligible Pennsylvania retirement plan.

Non-Qualified Deferred Compensation Programs


With certain exceptions, Pennsylvania's constructive receipt rules are the same as the federal constructive receipt rules to determine when compensation is received by a cash basis taxpayer. Following the federal constructive receipt rule, deferrals to nonqualified deferred compensation plans are not included in compensation. However, compensation includes distributions from nonqualified deferred compensation plans attributable to an elective deferral of income, regardless of whether the distributions are paid during employment or retirement. Also, distributions of previously taxed contributions are not taxable. If you receive distributions of previously taxed contributions, complete and include with your return the PA-40 W-2 Reconciliation Worksheet. To obtain the worksheet, use one of the Forms Ordering Services on Page 3.

Federal Form 1099-R (Qualified Plans and IRAs)

The PA PIT Guide contains a table which cross-references the information on the Form 1099-R with its corresponding PA income tax treatment. PA law does not follow federal law concerning early retirement options for Individual Retirement Accounts, IRC Section 401 plans, 403 plans, and other federally qualified plans. To determine if the amount you received is taxable in Pennsylvania, review Boxes 1 through 3 (the amount you received or your distributions) and the PA tax treatment of Box 7 (the codes that will help determine the taxability of your distribution). The Federal Codes contained in Box 7 of Form 1099-R include:

- **Code 1 & 2 Early Distribution**

This distribution is taxable for PA purposes, unless: (1) your pension or retirement plan was an eligible plan for PA tax purposes, and (2) you retired after meeting the age conditions of the plan or years of service conditions of the plan. If your plan was not an eligible plan, or if you have not attained the age or years of service required under the plan to retire, you must determine the PA-taxable amount of your distribution. You must use the cost recovery method to determine this amount. See Page 10 for additional information.

 **IMPORTANT:** If you are not sure whether your plan was an eligible retirement plan under PA tax law, ask your plan administrator.

- **Code 3 or 4 Death/Disability Distribution**

This is a distribution due to death and/or disability. A distribution due to death is not taxable for PA purposes. A distribution due to disability generally is not taxable for PA purposes.

- **Code 7 Normal Distribution**

This distribution from an eligible Pennsylvania retirement plan is not taxable if you met the plan requirements (the age and/or years of service required by the plan) for retirement, and retired after meeting those requirements.

CAUTION: Distributions from a commercial insurance or mutual company annuity purchased as a retirement annuity are not distributions from an eligible Pennsylvania retirement plan and are taxable as interest income to the extent they are included in federal gross taxable income. See Annuities, Life Insurance or Endowment Contracts on Page 14 and the instructions for PA Schedule W-2S beginning on Page 25 for additional information.

- **Code G or H Rollover**

This is a rollover from one qualified fund to another and is not taxable for PA purposes. See IRA Distributions below.

- **Boxes 8 or 9b**


Distributions listed in these boxes are distributions from an insurance policy or annuity purchased for your retirement. Such distributions are not taxable if: (1) your insurance policy or annuity was from an eligible plan for PA tax purposes; and (2) you retired after meeting the age or years of service conditions of such eligible plan. If you do not meet these requirements, the taxation of your distributions must be determined under the cost recovery method. See Page 10 for additional information. This distribution is taxable as interest on PA Schedule A, not as compensation on Line 1a.

- **Boxes 10 and 11**

If there is state withholding noted in Box 10 of the 1099-R and the state indicated in Box 11 is PA, report the amount of PA tax withheld on PA Schedule W-2S in Part B.


IRA Distributions (60-day rollover rule)

If you received a distribution from an IRA (before age 59½ and retiring) and rolled the entire distribution (100 percent) into a Roth IRA directly, or within 60 days, the distribution is not taxable income for PA purposes. If you did not roll the entire distribution into another IRA, you must report PA-taxable income to the extent the distribution exceeds your contributions that is apportionable thereto.

 **IMPORTANT:** If you retired, but did not reach age 59½, you must report your distributions on a cost recovery basis until you reach age 59½.


Annuities

If you received a distribution from an annuity that is not an employer-sponsored retirement plan, see Annuities, Life Insurance, or Endowment Contracts on Page 14.

 **FILING TIP:** If you receive a distribution from a retirement plan, IRA or any other plan reported on Federal Form 1099-R, you must complete Part B of PA Schedule W-2S regardless of whether the distribution is taxable or tax-exempt. Withholding on distributions is also reported on this schedule. See the instructions for PA Schedule W-2S, beginning on Page 25.

LINE 1b. UNREIMBURSED EMPLOYEE BUSINESS EXPENSES

Review the instructions beginning on Page 26 to determine if you can deduct expenses from your PA-taxable compensation. Follow the instructions. PA law does not follow federal law for allowable employee business expenses. **EXAMPLE:** You may deduct 100 percent of your PA allowable expenses on the PA Schedule UE. If claiming expenses on PA Schedule UE, briefly describe your occupation or job in the space provided. If your spouse also has expenses, describe his or her occupation or job on a separate PA Schedule UE.

 **IMPORTANT:** The department has the legal authority to request evidence that your expenses are allowable for PA purposes.

LINE 1c. NET COMPENSATION

Subtract Line 1b from Line 1a.

LINE 2. INTEREST INCOME

Report all PA-taxable interest income received or credited during the year. Generally, Forms 1099-INT and similar statements from financial institutions show the interest amount. You do not have to submit these forms and statements. Include interest income from personal savings and checking accounts, insurance contracts, obligations of other states (not Pennsylvania), and investments. If your total interest income (taxpayer, spouse and/or joint) is more than \$2,500, complete and submit PA Schedule A. See the instructions on Page 30.

Do not report interest income from direct obligations of the U.S. government, the Commonwealth of Pennsylvania, and political subdivisions of Pennsylvania. For a list of exempt obligations, obtain Tax Exempt Obligations for Pennsylvania Personal Income Tax Purposes (Form REV-1643) from one of the Forms Ordering Services on Page 3.

How to Classify Interest Income

You must classify interest, regardless of how you report the income for federal purposes. Report personal interest on Line 2. Otherwise, include interest:

- From business accounts, working capital interest, and accounts receivable in determining profit (loss) on a PA business schedule;
- From installment sales on PA Schedule D-1; and
- From rental security deposits in determining income (loss) on PA Schedule E.

Money Market Funds, Mutual Funds, and Other Investment Companies

Include the earnings distributed to you (other than withdrawals of your previously PA-taxed contributions) as dividend income on Line 3.

Annuities, Life Insurance, or Endowment Contracts

If you invested in an annuity, including a retirement annuity that is not part of an employer-sponsored retirement program, you may have PA-taxable income when you begin receiving annuity payments. If you are required to report an amount from an annuity for federal income tax purposes, you are required to report the amount as interest income for PA PIT purposes. Also, if you are required to report an amount from a life insurance and endowment contract for federal income tax purposes, you are required to report the amount as interest income for PA personal income tax purposes.

Charitable Gift Annuities

If you established a gift annuity to a charitable organization from which you are receiving periodic payments, you have PA-taxable income. Charitable gift annuities report their income as interest income on Line 4 of PA Schedule A using the amounts reported or included in gross income for federal income tax purposes (ordinary income and capital gains income) regardless of when they began reporting the income from that charitable gift annuity. In the event that a charitable gift annuity is exchanged or sold in the future, the PA basis in a charitable gift annuity will be different from the federal basis for charitable gift annuities from which payments began prior to Jan. 1, 2005. Income from the sale or exchange of a charitable gift annuity is reported on PA Schedule D.

Forfeited Interest Penalty

You may offset the penalty for premature redemption or withdrawal of a time savings account or certificate of deposit, only against the interest income you received in the same taxable year from that account or certificate. You cannot offset this penalty against other interest income. If your total penalty exceeds the related interest income, you may report the excess as a loss on PA Schedule D.

LINE 3. DIVIDENDS AND CAPITAL GAINS DISTRIBUTIONS FROM MUTUAL FUNDS

Report all dividend income received or credited during 2011. You do not have to submit your Forms 1099-DIV and other statements. If your total dividend income (taxpayer, spouse and/or joint) is more than \$2,500, you must complete and submit PA Schedule B. See instructions for this schedule beginning on Page 30. You cannot substitute a Federal Schedule B for PA Schedule B.

Capital Gains Distributions

Report capital gains distributions from your mutual funds from Box 2a of your 1099-DIV as PA-taxable dividend income, even though you report such distributions as capital gains on Federal Schedule D.

How to Classify Dividend Income

You must classify dividend income, regardless of how you report the income for federal purposes. Report personal dividends on Line 3. Otherwise, include dividend income from business accounts and working capital dividend income in determining profit (loss) on your PA business schedule.

PA Resident Shareholders in Another State's S Corporation that is not also a PA S Corporation

If you are a shareholder in another state's Subchapter S corporation, and that corporation elected not to be treated as a PA S corporation, include the cash or property you actually received out of the corporation's earnings and profits as dividend income on Line 3. If you received distributions in excess of the corporation's earnings and profits, report these distributions on PA Schedule D. Do not report the amount of your distributable income, and do not submit the Federal Schedule K-1. A shareholder may not claim a credit for income tax paid to another state by an S corporation that elected not to be treated as a PA S corporation.



FILING TIP: You must include nontaxable interest and dividends as Eligibility Income on PA Schedule SP.

REPORTING NET INCOME, GAINS, AND LOSSES ON LINES 4, 5, AND 6 ONLY

Under PA law, losses may only be reported on Lines 4, 5, and 6. If entering a loss, fill in the oval next to the line.

REMEMBER: You may not offset income in one PA income class with a loss in any other PA income class. You cannot carry forward or carry back gains or losses to other tax years.

Spouses, whether filing jointly or separately, may not use each other's expenses to reduce income or offset each other's income and losses.

If you are married, you and your spouse may file a joint tax return for convenience only. PA law does not provide any advantage when filing a joint return. PA law does not allow spouses to offset income and losses with each other, even when both have activity in the same income class. You must follow these rules:

1. If each realizes a net profit, gain, or income, add the net income amounts together and report that total on the appropriate line.
2. If each realizes a net loss, add the net losses and report that total on the appropriate line. Fill in the oval next to that line.
3. If one spouse has a net profit, income or gain and the other spouse has a net loss, report only the net income on the appropriate line. Do not take into account the spouse's loss.

EXAMPLES:

Line 4. Mary and Ben file a joint tax return. Mary owned a flower shop, and realized a net profit of \$5,000. Ben was a shareholder in a PA S corporation, and received a PA Schedule RK-1 reporting \$35,000 of business income. They jointly owned a small retail store and realized a loss of \$8,000. They report \$32,000 on Line 4 from Mary's net income of \$1,000 (\$5,000 less her half of the \$8,000 loss), plus Ben's net income of \$31,000 (\$35,000 less his half of the \$8,000 loss).

Line 5. They sold the retail store for a \$6,000 loss. Mary sold stock that she owned individually for a \$9,000 gain. Ben sold stock that he individually owned for a \$3,000 loss. On Line 5, they report a gain of \$6,000. Mary's net gain is \$6,000 (\$9,000 less her half of the \$6,000 loss). Ben's net loss is \$6,000 (his \$3,000 stock sale loss and his half of the \$6,000 loss on the sale of the store). Since Ben's separate loss may not reduce Mary's gain, they report a gain of \$6,000 on Line 5.

Line 6. They jointly owned a rental property and realized a loss of \$2,000. Mary was a partner in a rental partnership and her share of the partnership's loss was \$1,000. Ben's PA S corporation realized a loss from its rental operations. His share of the loss was \$4,000. Mary's total loss was \$2,000 and Ben's total loss was \$5,000. On Line 6, they report the total loss of \$7,000 (and fill in the oval) since they each individually realized a total net loss.

PA-Taxable Income. On their jointly filed 2011 tax return, they report total taxable income of \$38,000: Line 4 of \$32,000 and Line 5 of \$6,000, not taking into consideration their Line 6 loss of \$7,000.

PA AND FEDERAL SCHEDULES

Submit the required Pennsylvania or allowable federal schedule for each amount you report on Lines 4 through 8. Read the instructions for each income class carefully.

CAUTION: If you do not provide the required schedules, the department will need to request the missing information. Failing to provide schedules that the department requires will delay the processing of your tax return and therefore delay the initial date your return is considered to be complete.

PARTNERSHIP, LIMITED LIABILITY COMPANY AND PA S CORPORATION PARTNERS, MEMBERS AND SHAREHOLDERS

PA Schedules RK-1 and NRK-1

These schedules show your share of income (loss) for each PA income class. If you received any guaranteed payments, add those payments to your share of income (loss) as shown on your Pennsylvania schedules. The partnership, limited liability company or PA S corporation deducts all allowable expenses and other allowable adjustments. If your partnership, limited liability company or PA S corporation requires that you incur direct business expenses, and the expenses are allowable unreimbursed expenses for PA purposes, you must itemize them on a separate statement. The department may require, at a later date, a copy of the partnership or limited liability company agreement or articles of incorporation that require the partner, member or shareholder to pay expenses out of his or her personal assets. You cannot deduct any personal expenses or expenses that you incur for your own convenience.

Copies of PA Schedules RK-1 or NRK-1 must be submitted for each S corporation, partnership or limited liability company in which you are a shareholder, partner or member. Copies of PA Schedules RK-1 and NRK-1 must be submitted with all paper returns filed. Electronically filed returns do not require the separate submission of these schedules as they are electronically submitted with the electronic return. In cases where a PA Schedule RK-1 or NRK-1 is not made available, federal Schedule K-1 should be provided. Federal Schedules K-1 cannot be used to prepare electronically filed returns as they cannot be electronically submitted to the department.

PA Resident Shareholder and/or Partner of an S Corporation or Partnership from Another State

If you are a PA resident shareholder of an S corporation or a PA resident partner in a partnership that does business entirely within another state, the entity is also required to file

a PA-20S/PA-65, PA S Corporation/Partnership Information Return as a result of having a PA resident shareholder or partner. You should receive a PA Schedule RK-1 from that entity which you must submit with your PA-40 return to report your share of the income (loss) whether distributed or not, as shown on your PA Schedule(s). All the shareholders may also elect to not be taxed as a PA S Corporation by filing Form REV-976, Election Not To Be Taxed As A Pennsylvania S Corporation. You or the S corporation can obtain this form by using one of the Forms Ordering Services on Page 3.

PA Resident Partner and/or Shareholder

If you are a partner in a partnership or a shareholder of a PA S corporation, you should receive a PA Schedule RK-1. You must submit a copy of each PA Schedule RK-1 and report your share of income whether distributed or not as shown on your PA Schedule(s). If the partnership does not provide a PA Schedule RK-1, you still must report and classify the income (loss) from the Federal Schedule K-1 according to the instructions for each PA income class. You must also submit a copy of your Federal Schedule K-1 and related supporting schedules where applicable that provide information as to the classification of the income from the Federal Schedule K-1.

Nonresident Partner and/or Shareholder

If you are not a resident of Pennsylvania, but are a partner in a PA partnership or a shareholder of a PA S corporation, you should receive a PA Schedule NRK-1. You must submit a copy of each PA Schedule NRK-1 and report your share of PA-taxable income (loss) whether distributed or not as shown on your PA schedule(s). If the partnership does not provide a PA Schedule NRK-1, and the partnership has income (loss) from PA sources, you still must report and classify the income (loss) from your Federal Schedule K-1 according to the instructions for each PA income class. You must also submit a copy of your Federal Schedule K-1 and related supporting schedules where applicable that provide information as to the classification of the income from the Federal Schedule K-1. If the income (loss) is being reported to PA from a Federal Schedule K-1 and the income (loss) is not 100 percent of the amount from the Federal Schedule K-1, a schedule or written explanation should be submitted along with the Federal Schedule K-1 explaining how the amount reported was determined.

LINE 4. NET INCOME OR LOSS FROM THE OPERATION OF A BUSINESS, PROFESSION, OR FARM

Report all income (loss) from business, farm, and business activity from partnership and PA S corporation schedules. You may offset your own income in this class against your own loss or losses from other business activities. If reporting a total net loss, fill in the oval next to Line 4 on your PA-40.

For PA purposes, determine net income (loss) under accepted principles and practices of the accounting profession. Report your net income (loss) from an unincorporated business or profession on PA Schedule C. File a PA Schedule C or a PA Schedule F using your separate books and records for PA purposes. You may be able to submit a PA Schedule C-EZ, if you file a Federal Schedule C-EZ.

NOTE: These PA schedules are not in this booklet. You can obtain the schedule(s) you need from one of the Forms Ordering Services on Page 3.

If you do not maintain separate books and records for Pennsylvania, you may submit your federal schedule with your PA-40, only if you do not have to adjust your federal amounts to comply with the specific differences between federal law and PA law.

Generally, you must adjust your federal amounts for PA tax purposes. These adjustments can increase or decrease your PA-taxable income (loss). You must maintain appropriate records of such adjustments.

Additional information regarding income and expenses required to be adjusted is available within the instructions for PA Schedules C and F and in the PA PIT Guide. You may also visit the department's website at www.revenue.state.pa.us to obtain detailed information about federal and Pennsylvania differences and adjustments.

Reporting Rental Income (Loss) as Business Activity on Line 4 or as Rents on Line 6

Rental activity may be a business activity if meeting the conditions described below. If in business, you report your net profit (loss) on a PA Schedule C. If not in the business of rents, you report your rental activity on a PA Schedule E on Line 6. You report rental business when:

1. You offer the use of your property with the intention of realizing a profit; and
2. The leasing of your property is characterized by regularity and continuity of activities; and
3. You offer the use of your property on a commercial basis to others in a marketplace and at least one of the following applies:
 - The average period of customer use is 30 days or less; or
 - The property is customarily made available for use only during defined business hours; or
 - In addition to the property, the taxpayer also provides significant services (see explanation below) to the lessee; or
 - The taxpayer incurs significant operating expenses in making the property available for lease; or
 - The leasing activity is incidental to a real estate sales business.


Significant Services

Providing housekeeping service, room service, valet parking, decorating assistance, delivery services, transportation services, and concierge services are significant services.

However, providing heat, lighting, electric service, elevators, cleaning public access and exit areas, collecting trash, and maintaining the property in a usable rental condition are not usually significant services.

LINE 5. NET GAIN OR LOSS FROM THE SALE, EXCHANGE, OR DISPOSITION OF PROPERTY

Report your gain (loss) from each sale, exchange, or disposition of any kind of intangible property and any real or tangible property. Report your share of the gains (losses) from a partnership or PA S corporation in which you are a member. Report your total net gains (losses) on PA Schedule D.

 **IMPORTANT:** PA law does not distinguish between long-term and short-term gains (losses) or have provisions relating to casualty losses, sales to related parties, and

nonrecognition of gains (losses) under IRC Section 1031 (like-kind exchanges). PA law does not allow the installment sale method of reporting for the sale of intangible property, such as stock.

You may offset your own net gains against your own losses in determining this line. If married and you both have income (losses) in this class, see REPORTING INCOME, GAINS, AND LOSSES ON LINES 4, 5, AND 6 beginning on Page 14. If you realize an overall net loss, fill in the oval next to Line 5 on your PA-40.

On PA Schedule D, report gains (losses) from selling:

- Land and buildings
- Properties held for investment, including rental properties
- Stocks and bonds
- Ownership interests in partnerships and business enterprises
- A business asset in a transaction that is not an ordinary or recurring business transaction
- Obligations of other states and countries

Also, include the following on PA Schedule D:

- Amounts from PA Schedules D-1, D-71, RK-1 and NRK-1.
- Amounts from PA Worksheets REV-998 and REV-999.
- Proceeds from an insurance company demutualization.
- Sales of inherited property. The basis of inherited property is its fair market value at the date of death.
- A distribution from a C corporation (other than a dividend) that exceeds your adjusted basis in that corporation. Please see the instructions for Line 4 of PA Schedule D beginning on Page 31.
- A nonqualifying sale of your principal residence - obtain PA Schedule 19, Sale of a Principal Residence.
- A distribution from a partnership or PA S corporation (other than dividends) that represents a return of your investment in that entity. You must determine if such a distribution results in a taxable gain by completing worksheets REV-998 or REV-999. These worksheets are available on the department's website.
- Gains or losses from the IRC Sections 988, 1256, and 475 or from straddles, hedges, options or other derivatives.

Loss on the Disposition of Property

PA law recognizes a loss only on a transaction entered into for profit, and only in the year in which an identifiable event closed and completed the transaction and fixed the amount of the loss so there is no possibility of any eventual recovery. Do not report a loss on the sale of property that you did not acquire for profit, such as a personal car, furniture, or a qualifying sale of your principal residence.

Capital Gains Distributions

Report capital gains distributions received from mutual funds as PA-taxable dividend income, even though you report such distributions as capital gains on Federal Schedule D. See Page 14 for more information.

Exchange of Insurance Contracts

Do not report the gain (loss) on the sale, exchange, or disposition of any insurance contracts that are tax-exempt for federal income tax purposes under IRC Section 1035. Tax-exempt exchanges of insurance contracts include:

LINE 6. NET INCOME OR LOSS FROM RENTS, ROYALTIES, PATENTS, OR COPYRIGHTS

- An exchange of a life insurance contract for another life insurance contract, an endowment contract or an annuity contract;
- An exchange of an annuity contract for another annuity contract;
- An exchange of an endowment contract for an annuity contract; and
- An exchange of one endowment contract for another endowment contract if the dates for payments begin on or before the original contract's payment dates.

If the exchange of contracts has the effect of transferring property to a non-U.S. citizen, the gain or loss is not tax-exempt. If you receive cash or other boot in an exchange of contracts, see the PA PIT Guide.


Charitable Gift Annuities

See Page 14 for additional information on where to report income from charitable gift annuities.

Exempt Obligations Originally Issued before Feb. 1, 1994


Do not report the gain (loss) realized on the sale, exchange, or disposition of the following obligations, if the original issue date was before Feb. 1, 1994, regardless of the date you acquired the obligation:

- Direct obligations of the U.S. government, such as federal treasury bills and treasury notes;
- Obligations of certain agencies, instrumentalities, and territories of the U.S. government; and
- Direct obligations of the Commonwealth of Pennsylvania and its political subdivisions.

 **IMPORTANT:** You may not use any loss realized on the disposition of the above obligations to offset other gains.

Exempt Obligations Originally Issued on or after Feb. 1, 1994

Report the gain (loss) realized on the sale, exchange, or disposition of the above obligations, if the original issue date was on or after Feb. 1, 1994.

 **IMPORTANT:** You must report all such gains and can use any losses to offset other gains.

Sale of Your Principal Residence

If you sold your principal residence in 2011 and meet the requirements for the 100 percent gain exclusion, do not report the sale on your tax return. This exclusion is not identical to the federal exclusion. Generally, if during the five years preceding the sale of your home, you owned it for at least two years, and used it as your principal residence for at least two years, you are eligible for this exclusion.

If you used a portion of your principal residence for business purposes during your ownership, you may have gain or loss to report on the sale. For more information, request the brochure Sale of Your Principal Residence (REV-625) and PA Schedule 19, Sale of a Principal Residence. Also see the PA Schedule D instructions beginning on Page 31.

CAUTION: If you sold your principal residence, but you do not qualify for the exclusion, report your gain or enter zero if you realized a loss on PA Schedule D.

Rental income includes the amounts you receive for the use of, or the right to use, your real or personal property.

Royalty income includes the amounts you receive for the extraction of coal, oil, gas, or other minerals in place, and the amounts that you receive for the use of your patents, copyrights, secret processes, formulas, goodwill, trademarks, trade brands, franchises, and similar property.


If in the business of renting your property, you report your net profit (loss) on a PA Schedule C. Please see Page 16, Reporting Rental Income (Loss) as Business Activity on Line 4 or as Rents on Line 6.

Gross rents and royalties include all items of gross receipts as described above except:

1. Receipts from the sale, exchange, or other disposition of rental, royalty, and similar property; and
2. Receipts from operating an oil, gas, or mineral interest as a business, profession, or farm, or otherwise derived in the ordinary course of, and from the operation of, a business.

Report the total income (loss) from all PA Schedules E and all PA Schedules RK-1 or NRK-1. Generally, you must use PA Schedule E. You may use Federal Schedule E, if using only Part I, and with the following adjustments:

- Report passive rental/royalty loss in full, rather than carry it over to future years.
- Add any capital gains and distributions that you report on other federal schedules.
- Do not take any depreciation expense on sales tax that you elected to currently expense for PA personal income tax purposes.
- Optional: Deduct sales tax on acquired property as an expense currently rather than add it to the basis of the property as required for federal purposes.

 **IMPORTANT:** If you currently expense such sales tax, the basis of that property will differ from the federal basis, and you must adjust your depreciation expense accordingly. You cannot expense sales tax and still take depreciation on the sales tax. If you do not expense sales tax, you may add such sales tax to the cost basis of the property and depreciate the aggregate cost plus sales tax.

- You must separately show your share of any rental or royalty gain (loss) that you realize as a partner, a shareholder of a PA S corporation, or other entity.

You may only offset your own net income and losses in determining the amount to report on this line. If married and you both have income (losses) in this class, see REPORTING NET INCOME, GAINS AND LOSSES ON LINES 4, 5, AND 6 only beginning on Page 14. If you realize a total net loss, fill in the oval next to Line 6 on your PA-40.

CAUTION: Generally, PA law follows IRC Section 280A if you rent or lease your property, but do not intend to realize a profit. Therefore, your rental expenses are limited to your rental income, and you may not use a loss. If you rent or lease your property to realize a profit, read the description of

Reporting Rental Income (Loss) as Business Activity on Line 4 or as Rents on Line 6 on Page 16 to determine if you have a business activity that you should report on PA Schedule C.

Rental and Royalty Allowable Expenses

You deduct those expenses that you paid or incurred during the taxable year that are ordinary and necessary for:

1. The production of, or collection of, rents and royalties; or
2. The management, conservation, or maintenance of rents, royalties, patents, copyrights, and similar property.

See the PA Schedule E instructions beginning on Page 32 for the allowable expenses. You may not deduct expenses for your own labor, capital investment, or capital improvements.

You recover costs associated with capital improvements through depreciation deductions. You may not deduct personal expenses or that part of any expense that is personal.

Rental Income (Loss) on Line 6 or Net Gain (Loss) on Line 5

• Lease with an Option to Buy

A lease with an option to buy may be a purchase contract under accepted accounting principles and practices. If it is, the payments you received under the contract are payments of the purchase price and are not includable as rental income. Report such income on PA Schedule D.


• Selling Mineral Interests, Patents, or Copyrights

If you gave up all rights to mineral interests, patents, or copyrights, the amounts you received are considered payments for the sale or exchange of property. Report such income on PA Schedule D.

LINE 7. ESTATE OR TRUST INCOME

As a beneficiary of an estate or trust, you report the total PA-taxable income that the estate or trust must distribute, pay, or credit to you on PA Schedule J. You cannot report a loss as a beneficiary for PA purposes.

CAUTION: You should receive a PA Schedule RK-1 and/or NRK-1 from the estate or trust. If you received a Federal Schedule K-1, you must report only the total income, not taking into account any losses, shown on the Federal Schedule K-1. Add the total of income reported on Federal Schedule K-1 as interest, dividends, long-term and short-term gains, annuities, royalties, trade or business income, rental income, etc. If you included any of these amounts on a PA schedule, other than PA Schedule J, adjust your PA schedule(s) accordingly. Include a photocopy of the Federal Schedule K-1 with your return for each nonresident estate or trust and/or each estate or trust for which you fail to receive a PA Schedule RK-1 and/or NRK-1.

 **FILING TIP:** Cash and property you acquire from an estate or trust by gift, bequest, devise, or inheritance is not taxable. You must report any PA-taxable income that you subsequently earn or receive from that cash or property.

Revocable Trusts

The person (settlor) who establishes a revocable trust (including grantor trusts that are revocable) does not file a PA-41 if, under the governing instrument, he/she retains authority to:

1. Completely revoke the trust without the declaration of new uses or the consent of any other party; and

2. Revest in himself/herself the legal title to the corpus of the trust, without the consent of any other party.

If you establish a revocable trust, report the income (loss) that the trust earns, receives, and realizes in the appropriate PA income class on your PA-40 personal income tax return. Do not report the amounts on PA Schedule J.

When submitting supporting schedules and statements showing the name of the trust, write REVOCABLE clearly on the schedule.

Grantor Trust


A grantor trust generally files a PA-41. The beneficiaries of the trust, including the grantor, if he/she receives income from the trust, report the income as beneficiaries on their PA Schedules J.

LINE 8. GAMBLING AND LOTTERY WINNINGS

PA law imposes its income tax on PA residents on all gambling and lottery winnings from any source, except prizes from playing the Pennsylvania Lottery. As a PA resident, you must include lottery winnings from other states and countries.

PA law imposes its income tax on nonresidents on all gambling and lottery winnings from PA sources, except prizes from playing the Pennsylvania Lottery.

Gambling and lottery winnings include cash, the value of property (automobiles, jewelry, electronic devices, appliances, clothes, etc.), the value of the use of property (trips, vacations, airline tickets, cruises, etc.), and other items of value. You may only deduct your costs of gambling, wagering, betting, and playing lotteries from your winnings. You may not deduct any expenses (programs, tip sheets, travel, meals, lodging, etc.) that you incurred to take part in gambling, wagering, betting, and lottery activities.

 **IMPORTANT:** You may not deduct the cost of Pennsylvania Lottery tickets from other PA-taxable gambling and lottery winnings.

Powerball and Mega Millions

If you purchase a Powerball or Mega Millions ticket in Pennsylvania, whether a PA resident or not, any prize you win is not taxable for PA PIT purposes. If you are a PA resident and purchase a Powerball or Mega Millions ticket in another state, any prize you win is PA-taxable income.

Report your PA-taxable winnings on PA Schedule T. Spouses must report their winnings separately. The payers of prizes provide the department with copies of the Federal Forms W-2G that they submit to the IRS.

Documenting Gambling and Lottery Winnings and Losses

Taxpayers claiming gambling winnings and losses must be able to document their winnings and losses. This documentation should not be included with your return, but may be requested at a future date by the department. You should keep an accurate diary or similar record of winnings and losses. In addition to a diary, you should have other documentation to support the entries within the diary. Some but not all of the documents that can be used to support gambling winnings and losses include: Federal Form W-2G, Certain Gambling Winnings; Federal Form 5754, Statement by Person(s) Receiving Gambling Winnings; wagering tickets; canceled

checks; substitute checks; credit records; bank withdrawals; and statements of actual winnings or payment slips provided by the gambling establishment.


Some examples of the record keeping for slot or electronic gaming machines may include a record of the machine number and all winnings by date and time the machine was played as well as statements of actual winnings, payment slips, or other documentation provided by the gambling establishment. Record keeping for harness or horse racing includes a record of the races, amounts of wagers, amounts collected on winning tickets and amounts wagered on losing tickets as well as the tickets themselves. For more information regarding other forms of gambling and the record keeping and documentation to support gambling winnings and losses, please see IRS Publication 529, Miscellaneous Deductions.

PA Withholding on Gambling and Lottery Winnings

Many of the new casinos in Pennsylvania offer voluntary withholding of PA personal income tax. If you elected to have tax withheld from your winnings, report withholding on Line 7 of your PA Schedule T. You must also include a copy of your Federal Form(s) W-2G with your return. See the instructions for Line 13 on this page for additional information.

LINE 9. TOTAL PA TAXABLE INCOME

Add only the positive income amounts from Lines 1c through 8. Do not add, subtract, or take losses into consideration.

 **IMPORTANT:** You cannot use a loss that you report in one income class on your tax return to reduce income in any other class.

LINE 10. OTHER DEDUCTIONS

PA law allows three deductions against income. Deductions are allowed for: Medical Savings Account contributions; Health Savings Account contributions; and IRC Section 529 Qualified Tuition Program contributions. If you are claiming a deduction for any of these contributions you made, you must enter a code for the type of deduction you are claiming in the block provided next to the line description. Descriptions of the four codes that can be entered in that block are as follows:

- M** – Medical Savings Account contribution deduction;
- H** – Health Savings Account contribution deduction;
- T** – Tuition Account Program contribution deduction; or
- C** – Combined deduction from two or all three contribution deductions.

You must also complete PA Schedule O and/or include the information required for each contribution as discussed in the specific instructions below. The total deductions you claim cannot reduce your taxable income below zero.

Medical Savings Account and Health Savings Account Contributions

Pennsylvania follows federal rules for these deductions. If you can take these deductions on your federal return and you wish to claim them for PA purposes, you must complete PA Schedule O and include a copy of page one of your Federal Form 1040 with your PA income tax return. You may not claim these deductions if you cannot claim them for federal income tax purposes. Please refer to the PA PIT Guide for additional information. The amount you report as deductions cannot exceed the federal limits.

IRC Section 529 Qualified Tuition Program Contributions

Pennsylvania allows a maximum deduction of \$13,000 per beneficiary, per taxpayer for IRC Section 529 Qualified Tuition Program contributions for 2011. A taxpayer and spouse each may deduct \$13,000 per beneficiary. For additional information on deductions and limitations, see the instructions for PA Schedule O on Page 31.

NOTE: You may not claim a deduction for a rollover of an account from one IRC Section 529 plan into another IRC Section 529 plan. You also may not claim a deduction for the changing of beneficiaries within an account for an IRC Section 529 plan.

CAUTION: The amount you report on Line 10 cannot exceed the Total PA Taxable Income reported on Line 9. The amount reported on Line 10 on a joint tax return also cannot exceed the Total PA Taxable Income included in Line 9 for a taxpayer or spouse that would be calculated had the taxpayer or spouse filed separately.

CAUTION: Do not report any medical insurance premiums or itemized medical expenses from Federal Schedule A on this line.

LINE 11. ADJUSTED PA TAXABLE INCOME

Subtract Line 10 from Line 9.


LINE 12. PA TAX LIABILITY

Multiply Line 11 by 3.07 percent (0.0307).

PAYMENTS AND CREDITS


LINE 13. TOTAL PA TAX WITHHELD

Enter your total PA tax withheld from your PA Schedule W-2S or from Box 17 of your Federal Form(s) W-2. Include the PA tax withheld from PA Schedule T or from Box 14 of your Federal Form(s) W-2G. Also include any PA tax withheld from Box 10 of your Federal Form(s) 1099-R.

 **IMPORTANT:** If your PA tax withheld is more than 3.07 percent, you must submit your Form W-2, or a legible photocopy, and a written explanation why your employer

withheld at a higher rate. The department may also request an explanation from your employer.

Estimated Payments and Credits


 **FILING TIP:** Visit the Revenue e-Services Center at www.revenue.state.pa.us or call the department's FACT and Information Line at 1-888-PATAXES (728-2937) and verify your 2011 PA estimated payments and carryover credit before completing Lines 14, 15, and 16.

If filing separately with a joint estimated account, the department may delay one return until the other processes. If your

estimated payments are not properly posted to your account, request and file Form REV-459B. Both spouses must sign this form. The department will apply your estimated payments according to your written request.

LINE 14. CREDIT FROM YOUR 2010 PA INCOME TAX RETURN

Enter your credit from your 2010 PA tax return.

 **IMPORTANT:** Do not claim the credit if you originally requested the credit be carried over to your 2011 PA estimated account and you subsequently requested a refund, or if you received a refund of your carryover credit from the department. Also, if your account was adjusted by the department or the department assessed you for a previous year's underpayment, do not claim the credit.

LINE 15. 2011 ESTIMATED INSTALLMENT PAYMENTS

Enter your total 2011 estimated payments. Include your spouse's 2011 estimated payments if filing jointly. Do not include any payment of tax due made with a PA tax return.

If you are including Form REV-459B, Consent to Transfer, Adjust or Correct PA Estimated Personal Income Tax Account, fill in the oval on Line 15 of the PA-40.

LINE 16. 2011 EXTENSION PAYMENT

Enter the payment you made with your 2011 extension request.

LINE 17. NONRESIDENT TAX WITHHELD FOR NONRESIDENT PARTNERS AND SHAREHOLDERS OF PA S CORPORATIONS

Enter the PA tax withheld by your partnership or PA S corporation. You must submit your PA Schedule(s) NRK-1.

LINE 18. TOTAL ESTIMATED PAYMENTS AND CREDITS

Add only Lines 14, 15, 16, and 17.

Tax Forgiveness Credit

Transfer the amounts for Lines 19, 20 and 21 from the PA Schedule SP that you submit with your PA tax return.

LINE 19a. FILING STATUS

Enter the status from Part A of your PA Schedule SP. To determine if you are eligible to include PA Schedule SP with your return, please refer to the instructions beginning on Page 34.

LINE 19b. DEPENDENT CHILDREN


Enter the number of dependent children you are claiming from Part B, Line 2 of PA Schedule SP.

LINE 20. TOTAL ELIGIBILITY INCOME

Enter your total eligibility income from Part C, Line 11 of your PA Schedule SP.

LINE 21. TAX FORGIVENESS CREDIT

Enter your credit from Part D, Line 16 of your PA Schedule SP.

 **FILING TIP:** If you claim a credit for Tax Forgiveness on Line 21, you must complete and include PA Schedule SP. See the instructions beginning on Page 34 for additional information.

LINE 22. RESIDENT CREDIT

Enter your total allowable PA credit for personal income tax that you paid to another state(s) or country. You must:


- Submit a PA Schedule G-R and PA Schedule G-S or PA Schedule G-L and a photocopy of each tax return that you filed in another state or country. PA Schedules G-R, G-S and G-L and their instructions are not included with this booklet and may be obtained by using one of the Forms Ordering Services on Page 3.
- If you are a shareholder or partner, please also submit a PA Schedule G-R and completed PA Schedule G-L for each state or country along with your PA Schedule(s) RK-1. Your partnership or PA S corporation submits the other state's return with its PA-20S/PA-65 Information Return.

PA Resident Shareholders in a Subchapter S Corporation that is not also a PA S Corporation

PA law does not permit a Resident Credit if you are a shareholder in a subchapter S corporation if that corporation elected not to be taxed as a PA S corporation. See Page 15. See the instructions for PA Schedule G-L for additional information. PA Schedule G-L is not included with this booklet and may be obtained by using one of the Forms Ordering Services on Page 3.

LINE 23. TOTAL OTHER CREDITS

Enter the total of the allowable credits you can claim on PA Schedule OC. PA Schedule OC is not included with this booklet and may be obtained by using one of the Forms Ordering Services on Page 3.

 **FILING TIP:** Taxpayers claiming any credit on PA Schedule OC may not file a joint return and are required to file separate returns.

The credits listed on PA Schedule OC are restricted credits meaning taxpayers or entities must obtain special documentation authorizing the use of the credits. Additional information on restricted credits is available in Chapter 17 of the PA PIT Guide found on the department's website at www.revenue.state.pa.us.

LINE 24. TOTAL PAYMENTS AND CREDITS

Add Lines 13, 18, 21, 22, and 23.

LINE 25. USE TAX

Use tax is the counterpart of sales tax and applies to taxable purchases made over the Internet, through toll-free numbers, from mail order catalogs and from out-of-state locations, or any other occasion where sales tax was not charged and collected by the seller. The use tax rate is the same as the sales tax rate: 6 percent state tax, plus an additional 1 percent local tax for items purchased or used in Allegheny County and 2 percent local tax for Philadelphia.

If you purchase items or services subject to sales tax for which the seller does not charge and collect sales tax on the invoice or receipt, you are personally responsible for remitting the use tax directly to the PA Department of Revenue.

Examples of taxable items include the following: antiques, paintings, appliances, books, stationery, computers, exercise equipment, sports equipment, formal clothing, furniture, furnishings, jewelry, luggage, handbags, musical instruments, office equipment, souvenirs, televisions, radios, stereo equipment, video equipment and camera equipment.

Examples of taxable services include lawn care, pest control, self-storage, building cleaning and maintenance services such as housekeeping services. See the Retailer's Information Guide (REV-717) for an extensive, though not comprehensive, list of taxable items and services.

This method of reporting and paying use tax may not be used for purchases of motor vehicles, watercraft, boats, ATVs, snowmobiles or cigarettes.

If you have receipts or purchase records for items or services subject to use tax, use the worksheet below to calculate your use tax liability. Taxpayers are encouraged to review purchase histories made available online by popular Internet sellers and use that information to calculate the tax due.

Note that this worksheet must be used to calculate use tax due on individual purchases over \$1,000.

If you paid some sales tax on items – for example, sales tax at a lower rate paid to another state or sales tax paid to Pennsylvania but not Philadelphia – you may offset your use tax liability by the sales tax already paid using this worksheet.

Use Tax Worksheet	
	Amount
1. Purchases of taxable items subject to Pennsylvania use tax, including shipping & handling	
2. Purchases of taxable services subject to Pennsylvania use tax	
3. Total taxable purchases	
4. Tax rate (0.07 Allegheny County, 0.08 Philadelphia or 0.06 state)	0. __ __
5. Use tax: Multiply Line 3 by Line 4	
6. Additional estimated use tax from Table 1	
7. Sales tax previously paid on any amount included on Lines 1 and 2 (up to 0.07 per item for Allegheny County, 0.08 for Philadelphia or 0.06 state)	
8. Total use tax liability. Add Lines 5 and 6, then subtract Line 7 and enter the amount here and on Line 25 of your PA-40, Pennsylvania personal income tax return	

If you have incomplete or inaccurate receipts to calculate use tax on purchases less than \$1,000, you may use Table 1 to estimate your use tax liability based on taxable income.

Table 1 – Estimated Use Tax Due			
PA-40 Line 9, Total PA-Taxable Income	City of Philadelphia	Allegheny County	Remainder of PA
\$15,000 and less	\$8	\$7	\$6
\$15,001 - \$30,000	\$17	\$14	\$12
\$30,001 - \$50,000	\$22	\$19	\$17
\$50,001 - \$75,000	\$30	\$26	\$23
\$75,001 - \$100,000	\$43	\$37	\$32
\$100,001 - \$150,000	\$59	\$52	\$44
\$150,001 - \$200,000	\$76	\$66	\$57
> \$200,000	.03% (0.0003) of PA-40 Line 9, Total PA-Taxable Income, or \$94 (Philadelphia), \$83 (Allegheny) or \$71 (PA), whichever amount is smaller		

IMPORTANT: If you do not have a use tax liability or used form PA-1 to report and pay use tax, you must enter zero on Line 25.

The department reserves the right to assess additional use tax due if and when it discovers evidence that the total purchase amount reported on the PA-40 is less than the actual purchase amount.

Individuals and businesses with Pennsylvania sales tax licenses should report use tax on their sales tax returns.

For detailed information on use tax reporting responsibilities and options, visit www.revenue.state.pa.us/usetax.

LINE 26. TAX DUE


If the total of Line 12 and Line 25 is more than Line 24, enter the tax you owe. You must pay the tax due, in full, on or before April 17, 2012. See the instructions for payment options beginning on Page 23.

LINE 27. PENALTIES AND INTEREST INCLUDING ESTIMATED UNDERPAYMENT PENALTY

Enter on this line all the penalties and interest you owe from filing your return late and/or failing to pay your tax by the due date. If including Form REV-1630, Underpayment of Estimated Tax by Individuals, or Form REV-1630A, Underpayment of Estimated Tax by Individual Farmers, fill in the oval on Line 27 of the PA-40. Enter the appropriate code in the block provided:

Descriptions of the code that can be entered in the block are as follows:

- L If Late Payment Penalty and Interest, Failure to File Penalty and Interest or Late Filing Penalty and Interest is included in Line 27;
- E If only the Estimated Underpayment Penalty is included in Line 27;
- B If both Late Payment Penalty and Interest and Estimated Underpayment Penalty are included in Line 27;
- X Indicates there is no Estimated Underpayment Penalty due to Exception 2 or the Special Exception rules as indicated on the completed and included REV-1630 or the exception for farmers on the completed and included REV-1630A.

 **IMPORTANT:** If you do not owe any penalty or interest, do not complete the amount blocks for Line 27 – leave them blank. If there is no amount included on Line 27 of the return, no code should be entered in the block provided for the code on this line unless an REV-1630 is included with the return that indicates there is no Estimated Underpayment Penalty due to Exception 2 or the Special Exception rules as indicated on the completed and included REV-1630 or REV-1630A is included with the return indicating the individual meets the exceptions for farmers. All returns with amounts listed on Line 27 should have a code listed in the block provided for the code on this line. See the description of the codes listed above for the proper code to enter when an REV-1630 or REV-1630A is included.

You can determine your penalty and interest by visiting the department's e-Services Center at www.revenue.state.pa.us. Forms REV-1630 and REV-1630A are also available on the department's website or by utilizing one of the Forms Ordering Services on Page 3 of the instructions.

The department will send you a notice if you do not include an amount on Line 27, and we determine you owe late filing and/or underpayment penalty and interest.

Include on Line 27 any penalty for failing to make estimated PA income tax payments, or making your payments late, or underpaying your estimated taxes.

Estimated Underpayment Penalty

You are subject to this penalty if:

1. You received more than \$8,000 of taxable income that was not subject to PA withholding;
2. Your credits from Lines 17, 21, 22 and 23 do not offset the tax due on the income from 1 above, and
3. You failed to make timely estimated tax installment payments to cover the difference between 1 and 2 above, if any.

If you are subject to the penalty, the penalty will not be imposed if:

1. Each estimated tax installment payment due and paid is equal to the installment payment you should have paid based upon the income from last year's full year return, or based upon the income as if you were a full year resident, based upon this year's tax rate; or
2. Each estimated tax installment due and paid is equal to 90 percent of the installment payment due for each quarter based upon the income you received during the months in each installment period.


You can calculate this penalty on Form REV-1630 or Form REV-1630A that you submit with your return. Submit the appropriate form with your return if you owe the penalty.

The department will send you a notice if we determine you owe this penalty. If you disagree with the department's notice, you must submit Form REV-1630 or REV-1630A to support your own calculation or claim for an exception.

LINE 28. TOTAL PAYMENT DUE

Add Lines 26 and 27. Or, if the total of Line 12 plus Lines 25 and 27 is more than Line 24, add Lines 12, 25 and 27 and subtract Line 24. You must pay the total due, in full, on or before April 17, 2012. See the instructions for payment options beginning on Page 23.

REMINDER: If you owe \$1 or less, you do not have to submit a payment with your return.

 **FILING TIPS:** If you overpaid your 2011 PA income tax, but owe estimated underpayment penalty, you must subtract your estimated underpayment penalty from your overpayment.

If you file your return by April 17, 2012 and are unable to make full payment of the taxes due, the department will bill you for the remainder of any tax, penalties and interest due. It is better to file your return when it is due and have a 5 percent penalty plus interest added to the amount you owe than to not file and not pay and have up to a 25 percent penalty plus interest added to the amount you owe.

LINE 29. OVERPAYMENT

Subtract Line 12 (and subtract Lines 25 and 27, if you entered amounts on these lines) from Line 24, and enter the difference here.

REMINDER: The department will not issue a refund for less than \$1.

Refund Offsets

- **PA PIT Liability.** The department will apply your overpayment to any outstanding PA personal income tax liability from a previous tax year.
- **Delinquent Spousal/Child Support.** Federal law requires Pennsylvania to establish a child-support offset program. The Department of Revenue, in cooperation

with the Department of Public Welfare (DPW), intercepts PA income tax refunds of taxpayers that are delinquent in spousal/child support, and provides the offsets to the PA Child Support Enforcement System.

! **IMPORTANT:** A married person who is liable for spousal/child support must file a separate PA tax return (Married, Filing Separately). If a married person who is liable for support files jointly with his or her spouse, the department will delay the refund until the taxpayers authorize the department to pay over the refund to DPW, or the spouses file separate returns. If the taxpayers do not reply to the department's notice, the department will process the return as Married, Filing Jointly.

- **Treasury Offset Program for Delinquent PA Income Taxes.** The Internal Revenue Service (IRS) will intercept federal income tax refunds for delinquent PA income tax liabilities. The Department of Revenue will notify delinquent taxpayers about its intention to intercept their federal refund and allow them 60 days to pay their liabilities.
- **State Income Tax Levy Program for Delinquent Federal Income Taxes.** The PA Department of Revenue will intercept PA income tax refunds for delinquent federal income tax liabilities. The Department of Revenue will provide a notice of the refund offset. The department's only responsibility in this levy process is sending your refund to the IRS. Therefore, all correspondence and inquiries regarding such offsets must be with the IRS.

LINES 30 THROUGH 36. APPLICATION OF OVERPAYMENT

If you do not enter amounts on Lines 30 through 36, or the total of these lines does not equal Line 29, you will receive a refund check. If you overpaid, you may apply all or part of your overpayment as follows:

- LINE 30.** Enter the amount of Line 29 that you want as a refund check.
- LINE 31.** Enter the amount of Line 29 that you want as a credit to your 2011 PA Estimated Tax account.

DONATIONS

- LINE 32.** Enter the amount of Line 29 that you want to donate to the Wild Resource Conservation Fund.
- LINE 33.** Enter the amount of Line 29 that you want to donate to the Military Family Relief Assistance Program.
- LINE 34.** Enter the amount of Line 29 that you want to donate to the Governor Robert P. Casey Memorial Organ and Tissue Donation Awareness Trust Fund.
- LINE 35.** Enter the amount of Line 29 that you want to donate to the Juvenile (Type 1) Diabetes Cure Research Fund.
- LINE 36.** Enter the amount of Line 29 that you want to donate to the PA Breast Cancer Coalition's Refunds for Breast and Cervical Cancer Research fund.

The total of Lines 30 through 36 must equal Line 29. For additional information about these donation lines, see Page 41.

Review Your Return

Before you sign your return, did you:

- Enter your Social Security number(s)?
- Verify that your name(s) and address are correct?
- Report all your PA-taxable income and claim all your allowable PA credits?
- Check all the entries from Form(s) W-2 and schedules?
- Round income, loss, deductions and credit amounts to the nearest dollar?
- Check your math?
- Enclose all required supporting forms and schedules and assemble the return according to Page 5?
- Make a copy of your PA tax return for your records?

Your Signature(s) and Date

Read the oath before you sign and date your return. If Married, Filing Jointly, a spouse must also sign and date the return. If you are responsible for the affairs of a minor, disabled person, or a decedent who could not prepare his or her own PA tax return, you must sign to file a valid tax return.

E-File Opt Out

A paid preparer must fill in this oval if the taxpayer requested to file a paper copy of the return instead of electronically transmitting the return. If you are preparing your return yourself, do not fill in this oval.

Preparer/Company Name, Telephone Number, PTIN and Firm FEIN

If you paid someone to prepare your tax return, the preparer should enter his or her name or business name, telephone number, PTIN and the company's EIN in the spaces provided on the return.

How to Pay

You must submit your payment on or before midnight, Tuesday, April 17, 2012. Select your payment option.

PAYMENT OPTIONS

PA Payment Voucher (Form PA-V)

Use your personalized Form PA-V with your payment if you owe tax with your 2011 PA tax return. Do not use this voucher for any other purpose. Follow the instructions below.

REMEMBER: You also have the option to pay using a credit/debit card or through electronic funds transfer.

Paying With Form PA-V

- Social Security number(s) - print your SSN and your spouse's SSN on your Form PA-V in the same order as they appear on your tax return.
- Name(s) - verify that your name is correct on the Form PA-V. If the name on your Form PA-V is not correct, you may use your Form PA-V. The department will obtain your correct name from your PA tax return.
- Address - if the address on your Form PA-V is not correct, you may use your Form PA-V. The department will obtain your correct address from your PA tax return.
- Payment - Carefully enter the amount of your payment. Make the check or money order payable to: PA DEPT OF REVENUE. Do not send cash.
- Mailing your payment - Please write (1) the last four digits of your SSN, (2) "2011 PA-V", and (3) daytime telephone

number on your check or money order. The department will need the last four digits of your SSN if your check becomes separated from your Form PA-V. Carefully detach your Form PA-V from the insert. Do not staple your check or money order to the Form PA-V. Please place your Form PA-V and payment in the envelope with your PA-40 tax return using the "Payment Enclosed" label.

If you filed using Federal/State e-file, TeleFile, or padirectfile, mail only your Form PA-V and payment. Use the envelope and "Payment Enclosed" label provided in the booklet.

Paying Without a Form PA-V

- If you do not have a Form PA-V make your check or money order payable to: PA DEPT OF REVENUE.
- Write (1) the last four digits of your SSN, (2) "2011 PA-V", and (3) daytime telephone number on your check or money order. If you are filing a joint return, enter the last four digits of the SSN shown first on your return. The department will need the last four digits of your SSN to accurately apply your payment.
- Use the correct label (Payment Enclosed) from the envelope the department provided.
- If you do not have a preprinted envelope, mail your payment to:

**PA DEPT OF REVENUE
PAYMENT ENCLOSED
1 REVENUE PLACE
HARRISBURG PA 17129-0001**

Credit/Debit Card

You can pay your PA taxes with a major credit card or a debit card (debit cards are only acceptable when paying online). The service provider charges a small convenience fee for processing the transaction. The minimum fee is \$1 for credit card transactions and \$3.95 for debit card transactions. American Express, Discover, Visa and MasterCard are accepted credit cards. Select one of these options to pay using your credit/debit card:

1. **Internet.** Go to the Revenue e-Services Center at www.revenue.state.pa.us.
2. **Telephone.** Call 1-800-2PAYTAX (1-800-272-9829).

Electronic Funds Transfer

You may also pay your 2011 PA tax due using electronic funds transfer by accessing the Revenue e-Services Center at www.revenue.state.pa.us. You will be prompted for your bank account information and the payment will be deducted from your account on the date you specify. There is no charge for using this option.

ORIGINAL AND AMENDED RETURN MAILING INSTRUCTIONS

The U.S. Postal Service returns envelopes without sufficient postage. If your tax return is more than five pages or in an oversized envelope, you may need additional postage. Check with your local Post Office. Please write your complete return address in the upper left corner of the envelope.

If using the envelope the department provided in the booklet, follow these instructions for mailing your PA tax return:

1. Remove the labels from the envelope flap.
2. Choose the correct label that applies to your return.
3. Affix only the correct label on the front of the envelope. If you do not have a department-provided envelope, send your return to the address that applies to you.

If you owe tax—You have an amount on Line 28:

**PA DEPT OF REVENUE
PAYMENT ENCLOSED
1 REVENUE PLACE
HARRISBURG PA 17129-0001**

If you overpaid—You have an amount on Line 29:

**PA DEPT OF REVENUE
REFUND OR CREDIT REQUESTED
3 REVENUE PLACE
HARRISBURG PA 17129-0003**

If you neither owe nor overpaid—You have zeros on Lines 28 and 29:

**PA DEPT OF REVENUE
NO PAYMENT OR NO REFUND
2 REVENUE PLACE
HARRISBURG PA 17129-0002**



IMPORTANT: Do not use these mailing labels to send other correspondence to the department.

SCHEDULE INSTRUCTIONS

For all schedules, enter the complete name and SSN of the taxpayer reporting the income or claiming the expenses. If filing a schedule jointly, enter the complete name and SSN of the taxpayer listed first. Each taxpayer must submit a separate schedule for each separately owned business, profession or farm. You and your spouse may file these schedules jointly:

PA Schedules A, B and J - these schedules do not show any losses or expenses.

- You may no longer submit Federal Schedule B even if you do not have any Capital Gains Distributions and your amounts are exactly the same for Pennsylvania.

You must use PA Schedules A and B. Spouses must submit separate PA Schedules A and B unless all the income is joint income.

- You cannot submit a Federal Schedule K-1 in lieu of PA Schedule J.

PA Schedule SP – see the instructions beginning on Page 34 for when to include this schedule.

PA Schedule O – see the instructions on Page 31 for when to include this schedule.



FILING TIP: If a joint return including IRC Section 529 Qualified Tuition Program deductions for both taxpayers is filed, schedules reporting the income on a separate basis for each taxpayer should be included, so that the department may calculate the income limitations.

You and your spouse must file these schedules separately, each reporting only your own income, expenses and net income (losses):

PA Schedule UE – a separate schedule for each employer or job.

- You may only submit a Federal Schedule 2106 when your unreimbursed travel expenses are the same for Pennsylvania and you do not have any miscellaneous expenses and/or are not using federal per-diem amounts for any overnight, meals or incidental expenses.

PA Schedules C, C-EZ and F – separate schedules for each commercial activity, unless both own each of the businesses or farms jointly.

PA Schedules D – must submit a separate PA Schedule D for you and your spouse reporting income unless all the gains and losses are joint.

PA Schedules D-1 and D-71 – separate schedules for each taxpayer.

PA Schedule E – follow the instructions on the schedule.

PA Schedules G-R (with G-S/G-L) and T – separate schedules for each taxpayer.

PA Schedule OC – a taxpayer and spouse must file separate PA-40 tax returns if one or both are claiming any credits on this schedule.

Reproducing PA Returns and Schedules

You may not prepare your own facsimile schedules as replacements for PA schedules. Also, if using the forms within the booklet, do not submit a photocopy of your PA-40 form.

Multiple Schedules

If you have multiple Schedules A, B, D, E, or J due to entries beyond the capacity of the forms, include the total income for that form on one form only.

PA SCHEDULE W-2S, WAGE STATEMENT SUMMARY (LINE 1a)

PART A

Use **Part A** of this schedule to report your PA-taxable compensation from your Form(s) W-2.

You must submit a legible photocopy of the Form W-2 with a written explanation per the instructions for “When to Submit Form(s) W-2” beginning on Page 10. Please see the filing tips and cautions in the same section for additional information.

Otherwise, do not submit your Form(s) W-2. However, the department has the statutory authority to require your actual Form(s) W-2.

PART B

Use **Part B** of this schedule to list all the sources of non-employee and other compensation as well as all distributions from eligible Pennsylvania retirement plans, all distributions from IRAs, all distributions from qualified deferred compensation plans, all distributions from annuities purchased from commercial insurance or mutual companies, all distributions from employee stock ownership plans (ESOP), all distributions from endowment contracts and all distributions from charitable gift annuities. Report your PA-taxable and nontaxable compensation and any PA tax withheld from that income. You must include Forms 1099-R, 1099-MISC, and other documents reporting the income shown on this schedule. Do not include Forms 1099-MISC for income reported elsewhere on PA Schedule C. Include PA

taxable and nontaxable amounts from your Forms 1099 that show pensions, retirement plan distributions, executor fees, jury duty pay, and other miscellaneous compensation.

Column A. Taxpayer or Spouse – Enter a T if the payment or distribution was to the primary taxpayer shown first on the PA-40 or S if the payment or distribution was to the spouse.

Column B. Type – Enter the letter designation for the type of payment from the list of Payment Types shown at the bottom of the PA Schedule W-2S, Wage Statement Summary. If you do not know the type of payment listed on Form 1099-R, you may need to contact the payer for more information regarding the distribution to properly report the type of payment. For distributions from an IRA, the box next to Box 7 on the 1099-R will have an X entered to indicate a distribution from a traditional IRA, SEP IRA or SIMPLE IRA. Distributions from Roth IRAs will have either code J or T included in Box 7 of the 1099-R. Distributions from qualified deferred compensation plans should be listed on Forms W-2 or W-2P.

Column C. Payer name – Enter the payer’s name.

Column D. 1099-R code – If the payment being reported is from a Federal Form 1099-R, enter the distribution code listed in Box 7 of the 1099-R.

Column E. Total federal amount – Enter the total amount of the payment from a Federal Form 1099-MISC or from another document and/or any distribution from Federal Form 1099-R Box 1. If the payment is from a Federal Form 1099-MISC or from another document other than a 1099-R, enter the same amount in Column G.


Column F. Adjusted plan basis – If the distribution code in Column D is 1, 2, J, L, S or U from the 1099-R, enter the amount of the adjusted basis in the plan. The adjusted basis in the plan or IRA is generally equal to the sum of the contributions to the plan or IRA minus the sum of prior distributions which were previously treated as nontaxable as a recovery of such contributions.

Column G. PA compensation – If you entered a 1099-R code 1, 2, 8, 9, J, L, S or U from a 1099-R in Column D, subtract the amount in Column F from Column E and enter the resulting amount (but not less than zero) here. If you entered any other 1099-R code in Column D, enter a zero in Column G (you have no PA-taxable compensation from these codes). If the distribution code in Column D is a 7 and the payment type listed in Column B is K or L, these types of payments are not taxable as compensation, but are taxable as interest income to the extent there is income included in federal gross income. Although not taxable as compensation, they must be included to allow for reconciliation with amounts reported for federal income tax purposes. See the PA PIT Guide Chapter 7 and the instructions on Pages 11, 12, 13 and 14 for additional information regarding 1099-R codes and their taxability.

If you entered a payment from a 1099-MISC or from another document other than a 1099-R, enter the amount from Column E.

CAUTION: Although you may not have income taxable as compensation due to the code reported in Box 7 of the 1099-R, you may have taxable income from distributions reported on 1099-R Forms bearing code 6 or F which are reported on PA Schedule D. See the PA PIT Guide Chapter 12 and the instructions for PA Schedule D found on Pages 31 and 32 for additional information.

Column H. PA tax withheld – If the payer withheld PA state income tax from the distribution or payment to you, enter the amount withheld from that distribution or payment.

 **IMPORTANT:** You must submit legible photocopies of the Form(s) 1099, Form(s) 1099-R and other statements showing the income that you listed in Part B. Do not submit copies of Form(s) 1099-MISC for income reported elsewhere on PA Schedule C.

 **FILING TIPS:**

1. A taxpayer with a distribution code 2 on Form(s) 1099-R must determine if he/she received the distribution from a pension or retirement plan eligible for PA tax purposes. Additionally, the taxpayer must have been eligible by meeting the age or service conditions of the plan. If these conditions are met, the taxpayer should input the same amount in Column F as was reported in Column E. Otherwise, the cost or adjusted basis of the plan must be included.
2. A taxpayer with distribution code 1 or 2 on Form(s) 1099-R from a retirement plan from the State Employees' Retirement System, the Pennsylvania School Employees' Retirement System, the Pennsylvania Municipal Employees' Retirement System or the U.S. Civil Service Commission Retirement Disability Plan should input the same amount in Column F as was reported in Column E.
3. A taxpayer with a conversion of a traditional IRA to a Roth IRA with distribution code 1 in Box 7 of the 1099-R may be eligible to report the amount as nontaxable income when a direct transfer from trustee to trustee occurs and/or the when the entire distribution from the traditional IRA (including taxes withheld) is paid into the Roth IRA within 60 days of the date of the distribution. In such cases, input the same amount in Column F as reported in Column E. If the distribution is not a direct transfer from trustee to trustee, or the entire distribution is not paid into the Roth IRA, only the amount of taxpayer contributions into the traditional IRA should be reported as the adjusted basis and the cost recovery method should be used to determine if any of the distributions are taxable.
4. A taxpayer with distributions from an annuity purchased from a commercial insurance or mutual company, an endowment contract or a charitable gift annuity having a distribution code 7 in Box 7 of the 1099-R must record the distributions on PA Schedule W-2S and also report the amount of income taxable for federal income tax purposes as PA-taxable interest income. When recording the distribution on PA Schedule W-2S, input the same amount in Column F as reported in Column E. Report the federal taxable amount of any annuities or endowments on Line 3 of PA Schedule A. Report the federal taxable amount of any charitable gift annuities on Line 4 of PA Schedule A.
5. A taxpayer with a distribution from an Employee Stock Ownership Plan (ESOP) should enter the amount of the distribution in Column G if the stock in the ESOP has not been allocated to the participants. Use payment type H in Column B and the description "Non-Allocated ESOP Stock Dividend" in the space to describe the payment. If the stock has been allocated to the participants, input the

same amount in Column F as reported in Column E and enter payment type H in Column B and the description "Allocated ESOP Stock Dividend" to describe the payment. Allocated ESOP stock dividends are taxable as dividend income for PA purposes. Enter the name of the company and amount of the distribution on Line 1 of PA Schedule B.

6. A taxpayer with distributions of excess contributions and earnings on the excess contributions (distribution code 8 in Box 7 of the 1099-R) must determine if the contributions being returned are from taxpayer contributions/deferrals or employer contributions. In cases where the excess contributions being returned are taxpayer contributions/deferrals, only the amount of excess contributions should be entered in Column F. Earnings on the excess contributions should not be included in the adjusted basis of previously taxed contributions. In cases where the excess contributions and earnings being returned are employer contributions, no entry should be made in Column F. In either case, a letter from the employer/plan administrator is required to provide whether or not the contributions being returned are taxpayer contributions/deferrals and a breakdown between the excess contributions and the earnings on the excess contributions when the excess contributions and earnings are from employee contributions/deferrals.


Enter the total amounts from Part A and Part B for PA compensation and PA tax withheld on the PA-40 Lines 1a and 13, respectively.

PA SCHEDULE UE (LINE 1b)

Allowable employee business expenses for PA purposes are similar to, but not the same as, expenses for federal purposes. PA law only permits expenses required to perform the duties of a job or profession.

Allowable Pennsylvania Employee Business Expenses Must Be:

1. Ordinary, customary, and accepted in the industry or occupation in which you work;
2. Actually paid while performing the duties of your employment;
3. Reasonable in amount and not excessive;
4. Necessary to enable you to properly perform the duties of your employment; and
5. Directly related to performing the duties of your occupation or employment.

 **IMPORTANT:** You may deduct 100 percent of your PA allowable unreimbursed employee business expenses. PA law does not have federal expense and percentage accounting limitations and thresholds.

CAUTION: You may not deduct expenses based upon federal per-diem allowances. You may only deduct those expenses actually paid while performing the duties of your employment.

You did not incur an allowable business expense during the year if you:

- Received a fixed mileage allowance or a per diem allowance for the allowable business expense, and

neither you, nor your employer, included the allowance in your compensation; or

- Accounted for your allowable expenses to your employer and your employer reimbursed you in the exact amount of your expenses.

Do not include such reimbursements in gross compensation. Do not claim such expenses on a PA Schedule UE.

If your employer does not reimburse you, you may reduce your compensation by your allowable expenses. If your reimbursement is more than your allowable expenses, you must report the excess as taxable compensation on Line 1a.

EXAMPLE: Dave earned compensation of \$30,000. He incurred allowable vehicle and travel employee business expenses of \$3,000, and was reimbursed \$3,500. He must complete a PA Schedule UE. He includes the excess \$500 as compensation. His total net taxable compensation is \$30,500.

Sole proprietors, partners, shareholders, or other self-employed individuals should not use PA Schedule UE to claim expenses.

CAUTION: Nonresidents must use PA Schedule NRH to apportion expenses for PA personal income tax purposes. A copy of PA Schedule NRH may be obtained by using one of the Forms Ordering Services listed on Page 3. Part-year residents may only claim 100 percent of unreimbursed business expenses or use form 2106 to report the expenses if expenses were incurred only while providing services in Pennsylvania or while a PA resident. Include a statement indicating the method used to determine the expenses for the period of residency (PA Schedule NRH may also be used for this purpose).

Pennsylvania Does Not Allow The Following Business Expenses, Even If Allowed for Federal Purposes:

- Personal, living, or family expenses
- Dues to fraternal organizations, professional societies, Chambers of Commerce, or recreational club memberships
- Dues and subscriptions to publications, including trade and professional publications
- Political candidate or campaign contributions
- Charitable contributions
- Commuting expenses
- Cost of meals while working late, unless while traveling away from home overnight on business
- Childcare or elderly care expenses
- Life, disability income and health insurance premiums
- Contributions to deferred compensation plans or other pension plans
- Legal fees (except to recover back wages), fines, penalties and bad debts
- Bribes, kickbacks, or other illegal payments
- Job hunting or other pursuit of employment expenses
- Malpractice insurance premiums, except when allowed in Part A
- Moving expenses, except when allowed in Part E
- Educational expenses, except as allowed in Part F

- Capital expenditures
- Expenses calculated at federal per-diem rates.



FILING TIP: You must file a separate PA Schedule UE for each employer. Spouses may not report joint expenses on a PA Schedule UE, even if filing jointly. An incomplete schedule may result in delays in the processing of your return and/or denial of the expenses.

General Instructions

Enter the name of the taxpayer claiming the expenses and the SSN shown first on the return. Enter all the employer information, and briefly describe the job or position for which you incurred the expenses you are claiming. Enter only the expenses incurred for the employer listed on this schedule.

Keep Your Records

The department has the legal authority to require evidence that the expenses you claim on a PA Schedule UE are allowable for PA purposes. Keep your necessary documents, receipts, vouchers and other records for at least four years.

PA Schedule UE - Side 1

Side 1 of this schedule is for the most common expenses claimed on PA income tax returns.

Part A. Direct Employee Business Expenses

You pay these expenses directly or through a withholding arrangement with your employer. These expenses are necessary to perform or maintain your job. Itemize the nature and amount of the expenses you are claiming in Part A.

1. **Union Dues.** Union dues, assessments, and initiation fees are allowable business expenses if:
 - Such payments are a condition of continued membership in the union, and membership is related directly to your present job; or
 - Such payments are a required wage deduction under an agency shop agreement.
2. **Work Clothes and Uniforms.** The costs of purchasing and maintaining uniforms and work clothing to protect you from bodily injury are allowable business expenses if the uniforms and clothing are both:
 - Of a type specifically required by the employer to be purchased as a condition of continued employment; and
 - Not adaptable to general usage.
3. **Small Tools and Supplies.** Expenditures for small tools and supplies that your employer does not provide, but you must have to perform the duties of your job, are allowable business expenses. Depreciation is the annual deduction you must take to recover the cost of business property having a useful life beyond the taxable year. If any of these tools or supplies has a useful life of more than one year, you depreciate or amortize the cost in Part G. See the Depreciation – PA Limitations instructions beginning on Page 9 for more information.
4. **Professional License Fees, Malpractice Insurance, and Fidelity Bond Premiums.** Trade, professional, or occupational licenses or fees required as a condition of employment are allowable business expenses. Include malpractice insurance and fidelity bond premiums where required by law or by your employer.

5. **Total Direct Employee Business Expenses.** Add Lines 1 through 4.

Part B. Business Travel Expenses

6. **Vehicle Expenses: Standard Mileage Rate.** Enter the amount from your Federal Form 2106 or Federal Form 2106-EZ. Otherwise, enter your business miles and the federal mileage allowance. Then, calculate your allowable business mileage expense.

Commuting Expenses. You cannot deduct the costs of public transportation or driving a car between your home and your main place of work. These are personal commuting expenses. You cannot deduct commuting expenses no matter how far your home is from your regular place of work. Commuting costs between different jobs for different employers are also not allowable.

CAUTION: If you cannot or do not file a Federal Form 2106 or Federal Form 2106-EZ, you may follow the federal rules for determining your allowable expenses except as previously noted. If using one of the Federal Forms 2106, you must itemize Line 4, "Business Expenses" from these forms in Part C of PA Schedule UE.


Vehicle Expenses - Actual. Pennsylvania does not follow the federal floor limitations on allowable expenses. You may always claim your allowable actual expenses for PA purposes. Start with your federal form and adjust for PA purposes.

7. Enter your actual expenses from your Federal Form 2106.
8. Add back the "Inclusion Amount" since this rule does not apply for PA purposes.
9. **Depreciation.** You may use any generally accepted depreciation method except either of the bonus depreciation elections enacted for federal purposes in 2002 and 2003. See DIFFERENCES BETWEEN PA PIT AND IRS on Page 9. If using a different method for PA purposes, enter the method you used and the adjusted expense here.
10. **Actual Travel and Mileage Expenses.** Add Lines 7, 8, and 9.

Other Business Travel Expenses

Enter the actual amount of these expenses that you incurred, or the amount from your Federal Form 2106 or Federal Form 2106-EZ.

11. **Parking fees, tolls, and transportation**
12. **Travel expenses while away from home overnight**
13. **Meals and entertainment expenses**

 **IMPORTANT:** Meals and entertainment expenses are 100 percent allowable. However, meals while not in overnight traveling status (e.g. meals while working late) and federal per-diem rates for meals and incidental expenses are not allowable. See the PA PIT Guide for additional information.

14. **Total Business Travel Expenses.** Add Lines 6 or 10, and Lines 11, 12, and 13.

Part C. Miscellaneous Expenses


Include the PA allowable expenses that you report on your Federal Form 2106 in the space provided. You must include a separate statement that itemizes and describes in detail these expenses. Additional examples of expenses that you may claim include:

- Breakage fees or cash shortages you must pay to your employer;

- Fees or income included in your PA-taxable compensation on your Form W-2 that you are required to pay to your employer as a condition of employment;
- Costs incurred by blind employees to pay readers who assist them in performing their job duties;
- Business gifts must be ordinary, necessary, reasonable, and actually incurred for business purposes. Pennsylvania does not follow federal percentage limits on such expenses.

CAUTION: You may be a statutory employee for federal purposes. However, PA law does not have a similar provision. As a statutory employee, you may have to claim your income as compensation and your expenses on PA Schedule UE. For more information on statutory employees see Chapter 7 of the PA PIT Guide found on the department's website. As an employee, you must claim your expenses on PA Schedule UE. If you are self-employed, you must report your business activity on Line 4 of your PA-40 and enclose the necessary PA Schedule C.

15. **Total Miscellaneous Expenses.** Enter the total of the miscellaneous expenses you listed.

 **FILING TIP:** If you do not have expenses for your office or work area (Part D), moving (Part E), education (Part F), or depreciation (Part G), complete Side 1, and include your allowable unreimbursed employee business expenses on Line 1b of your PA-40.

Total Allowable PA Employee Business Expenses

Lines A through G. Enter the amounts of your allowable expenses from each part of PA Schedule UE that you completed.

Line H. Total Expenses. Add the expenses you are claiming from each Part of PA Schedule UE.

CAUTION: If you are a nonresident or part-year resident who earned income and incurred expenses within and outside Pennsylvania, you must complete PA Schedule NRH.

Line I. Reimbursements. If your employer included your reimbursement in PA-taxable compensation on your Form W-2, do not enter that reimbursement here. If your employer did not include your reimbursement on your Form W-2, enter the amount you received from your employer.

Line J. Net Expense or Reimbursement.

- If Line H is more than Line I, include your unreimbursed expenses on Line 1b of your PA-40.
- If Line I is more than Line H, include your excess reimbursements on Line 1a of your PA-40.

PA Schedule UE - Side 2

Part D. Office or Work Area Expenses

You may claim these expenses when your employer does not provide you with a suitable work area and you can answer YES to each of these questions:

- D1. Does your employer require you, as a condition of employment, to maintain a suitable work area away from the employer's premises?
- D2. Is this work area the principal place where you perform the duties of your employment?
- D3. Do you use this work area regularly to perform the duties of your employment?

If your employer provides a suitable work area, or you answer one or more of the above questions NO, you cannot claim any office or work area expenses.

Actual Office or Work Area Expenses.

Lines a to h. Enter the actual expenses you incurred if you are claiming office or work area expenses on this schedule. Include statements detailing property maintenance and other apportionable expenses from Lines f and g.

Line i. Add Lines a through h.

Line j. Calculate the percentage of your property that you use for business.

Line k. **Apportioned Expenses.** Multiply Line i by Line j.

Line l. **Total Office Supplies.** Enter the actual cost of supplies that you use exclusively for business purposes.

16. **Total Office or Work Area Expenses.** Add Lines k and l.

Part E. Moving Expenses

You may deduct moving expenses incurred to retain employment. You may also deduct moving expenses to report to a new location after obtaining employment. However, you must meet the Distance Test described below.


You may deduct allowable expenses you incur in moving yourself, your immediate family, your household goods, and your personal belongings, including the cost of transportation to your new home, using your actual out-of-pocket costs or the federal mileage allowance. You may deduct expenses for storing household goods, for meals and lodging on the way, including such costs on the day you arrive, and parking fees and tolls.

You may not deduct expenses for:

- selling or purchasing a house;
- breaking a lease; house hunting;
- securing lodging prior to moving;
- seeking new employment;
- moving for your own convenience;
- relocating to a new job or workplace less than 35 miles farther than your old commute to work; or
- moving anywhere other than within or into Pennsylvania.

Distance Test. Your new workplace must be at least 35 miles farther from your old residence than your old workplace was.

EXAMPLE: If your old workplace was three miles from your old residence, your new workplace must be at least 38 miles from your old residence. Measure the distance using the shortest of the most commonly traveled routes. To determine if you meet this test, complete Lines E1, E2, and E3.

 **IMPORTANT:** If you are in the military, you do not have to meet the distance test if your move is a permanent change of duty station. If you, your spouse, and dependents are moving to the new duty station from different locations, you may claim all the allowable expenses.

17. Enter your actual allowable transportation expenses as described above.

18. Enter your actual qualifying expenses for travel, meals, and lodging, as described above.

19. **Total Moving Expenses.** Add Lines 17 and 18.

Part F. Education Expenses

The federal and PA rules for educational expenses are similar, but not exactly the same. For PA purposes, costs for education expenses that you pay or incur are allowable only if:

- The education is specifically required by law or by your employer to retain an established employment status or rate of compensation; and
- The education is not part of a program that would qualify you for a new occupation, trade, or business, even if you do not intend to enter that new occupation, trade, or business.

Unlike federal rules, you may not deduct education expenses that you incur to maintain or improve your skills.

EXAMPLE: Anthony is a licensed professional in a position that, by law, requires a specific number of continuing education credits every other year. If Anthony fails to obtain these credits, he will lose his license. Anthony also takes courses in using a computer to improve his job performance. Anthony may claim the cost of his continuing education courses. He may not claim the computer courses.

You must answer question F1. If you answer YES, continue. If you answer NO, you may not claim any education expenses. You must answer questions F2 and F3. If you answer NO to both questions, continue. If you answer YES to either question, you may not claim any education expenses.

Enter the name of the college, university, or educational institution you attend, and your specific course of study. Your education must meet the requirements described above.

20. Enter the amount of tuition or fees you actually paid.

21. Enter the costs of your books and other materials required for your courses.

22. Enter the cost of travel. Pennsylvania follows the federal rules for travel expenses for education.

CAUTION: You may not deduct costs of travel as educational expenses by claiming that the travel itself constitutes a form of education.

23. **Total Education Expenses.** Add Lines 20, 21, and 22.

Part G. Depreciation Expenses


Depreciation is the amount you can claim over the useful life of property you use in performing the duties of your employment. A depreciation expense is allowable if the property:

- Has a useful life exceeding one year; and
- Is required to be regularly and predominantly used to perform the duties of employment; and
- Is required and not provided or supplied by your employer.

PA law allows generally accepted depreciation methods and current expensing. PA law does not allow federal bonus depreciation. PA law limits IRC Section 179 expensing. See DIFFERENCES BETWEEN PA PIT AND IRS beginning on Page 9.

Once you have elected a depreciation method, you must consistently use it and may not change it without permission

from the PA Department of Revenue. For each asset, enter the depreciation method elected and the expense.

 **FILING TIP:** Do not use Part G to report all depreciation. Use Part B for vehicles, and Part D for office or work area depreciation.


24. Total Depreciation Expenses. Enter the total of columns E and F.

PA SCHEDULE A (LINE 2)

If your total PA-taxable interest income (taxpayer, spouse and/or joint) is \$2,500 or less, you must report your income on Line 2 of the PA-40, but you do not have to complete and submit a schedule. If your total PA-taxable interest income (taxpayer, spouse and/or joint) is more than \$2,500, you must complete PA Schedule A, with the name and PA-taxable interest of the payer from each Form 1099 or other statement. A taxpayer and spouse must complete separate schedules to report their income or if any amounts are reported on Lines 3 through 7. However, if all the income is earned on a joint basis, one schedule may be completed. Complete the oval to indicate whether the income included on the schedule is from the taxpayer, spouse or joint. When reporting the interest income from jointly owned accounts not reported on a joint Schedule A, the taxpayer and spouse must show their share of the interest income on their separate Schedule A.

PA-taxable income includes interest from:

- Savings and loan associations
- Credit unions, even if reported as dividends on your statement
- Bank deposits
- Bonds (except as exempted below)
- Certificates of deposit
- Interest-bearing personal checking accounts
- State, federal, and local tax refunds
- Other deposits, investments, and obligations
- GNMA and FNMA certificates and other obligations that are guaranteed by the U.S. government, but not direct obligations of the U.S. government
- Obligations of other states or countries
- Mutual savings banks and cooperative banks, even if reported as dividends

 **IMPORTANT:** Also report on PA Schedule A:

- Income on life insurance contracts, annuities, or endowments if reported for federal income tax purposes.
- Income from charitable gift annuities included in federal gross taxable income as ordinary or capital gain income.
- Any amount paid out of an Archer Medical Savings Account or Health Savings Account that is includable in the gross income of an account beneficiary for federal income tax purposes. Included in this category are distributions used for any purpose other than to pay qualified medical expenses, any amount considered to be excess contribution distributions not previously included in income, or any amount of the account's income attributable to excess contributions.

- Taxable amounts distributed from IRC Section 529 Qualified Tuition Programs for non-educational purposes. Please check our website at www.revenue.state.pa.us for more information on how to determine the taxable portion of any distributions for non-educational purposes.

PA-taxable income does not include interest from:

- Direct obligations of the U.S. government (U.S. Treasury Bonds, Notes, Bills, Certificates, and Savings Bonds)
- Direct obligations of the Commonwealth of Pennsylvania
- Direct obligations of political subdivisions of Pennsylvania

For a list of exempt obligations, request Tax Exempt Obligations for Pennsylvania Personal Income Tax Purposes (Form REV-1643).

NOTE: You must include PA tax-exempt interest in Eligibility Income for Tax Forgiveness purposes.

PA SCHEDULE B (LINE 3)

If your total PA-taxable dividend and capital gains distributions income (taxpayer, spouse and/or joint) is \$2,500 or less, you must report your income on Line 3 of the PA-40, but you do not have to complete and submit a schedule. If your total PA-taxable dividend income (taxpayer, spouse and/or joint) is more than \$2,500, you must complete PA Schedule B with the name of the payer and the PA-taxable dividend from each Form 1099 or other statement. A taxpayer and spouse must complete separate schedules to report their income or if any amounts are reported on Lines 3 and 4. However, if all the income is earned on a joint basis, one schedule may be completed. Complete the oval to indicate whether the income included on the schedule is from the taxpayer, spouse or joint. When reporting the dividend income from jointly owned stock not reported on a joint Schedule B, the taxpayer and spouse must show their share of the dividend income on their separate Schedule B.

Capital Gains Distributions

Capital gains distributions are taxable as dividend income on Line 3. Do not report capital gains distributions on PA Schedule D.

Stock Dividend Reinvestment Plans

Under a stock dividend reinvestment plan, you elect dividends in the form of stock, rather than cash or other property. You must include the stock's fair market value as dividend income as of the date paid.

PA-taxable dividend income does not include:

- Dividends distributed by a corporation to its stockholders as stock, if the distribution is not personal income for federal purposes.
- Distributions designated as return of capital by utility companies and other corporations that reduce the basis of your stock in the corporation. **NOTE:** Once such distributions reduce your basis to zero, further distributions are Taxable Distributions from C Corporations on PA Schedule D. See Page 32.
- Dividends from deposits or withdrawals from accounts paid by savings and loan associations, mutual savings banks, cooperative banks, and credit unions. Report these payments as PA-taxable interest income on Line 2 of your PA-40.

- Ordinary dividends paid by a mutual fund or a registered investment company that the fund/company statement designates as being exempt-interest dividends. Use the percentage of the total dividend income that is from exempt PA and exempt federal obligations to determine the tax-exempt portion of the dividend income.
- Dividends from PA tax-exempt obligations. Request Tax Exempt Obligations for Pennsylvania Personal Income Tax Purposes (Form REV-1643) for a list of exempt obligations.
- Dividends distributed under a charitable gift annuity are not taxable. However, after you recover the amount you donated, you must report further distributions as taxable gains on PA Schedule D.

NOTE: You must include PA tax-exempt dividend income in Eligibility Income for Tax Forgiveness purposes.

PA SCHEDULE O (LINE 10)

Taxpayers claiming deductions for IRC Section 529 Qualified Tuition Program contributions, Medical Savings Account contributions, or Health Savings Account contributions must complete PA Schedule O.

PART I - IRC Section 529 Qualified Tuition Program Contributions

- Line 1. Enter the name and Social Security number for each beneficiary for whom a contribution was made to an IRC Section 529 plan during tax year 2011. Enter the amount of the contribution made for each beneficiary. A taxpayer and spouse each may take a deduction for contributions up to a limit of \$13,000 per beneficiary. If you have more than 10 beneficiaries for which you are claiming a deduction, please include a statement showing each beneficiary's name, Social Security number, and the amount of deduction claimed for each of the beneficiaries by the taxpayer and/or spouse.
- Line 2. Add the amount of contributions made by the taxpayer and/or spouse and include the total in the appropriate columns.

PART II – Other Deductions and Limitations

- Line 3. Enter the amount of Medical Savings Account contributions allowed for federal income tax purposes included on Line 36 of your Federal Form 1040. If you claim this deduction, you must include a copy of the first page of your Federal Form 1040 with your PA-40 return.
- Line 4. Enter the amount of Health Savings Account contributions allowed for federal income tax purposes included on Line 25 of your Federal Form 1040. If you claim this deduction, you must include a copy of the first page of your Federal Form 1040 with your PA-40 return.
- Line 5. Add the amounts from Lines 2, 3, and 4 together for the taxpayer and/or spouse columns.
- Line 6. Enter the total income included in Line 9 of your PA-40, calculated for the taxpayer and spouse separately.

NOTE: When added together, the amounts reported separately for the taxpayer and/or spouse for Line 6 of PA Schedule O should equal Line 9 of the PA-40.

Line 7. Compare the amounts on Lines 5 and 6 for the taxpayer and spouse. Enter the lesser of the amounts for each column.

Line 8. Add the amounts from Line 7 for the taxpayer and spouse together. Enter the Total Other Deductions amount here and on Line 10 of your PA-40 return.

PA SCHEDULE D (LINE 5)

Do not submit a Federal Schedule D. A taxpayer and spouse must complete separate schedules to report their gains or losses or if any amounts are reported on Lines 3 through 10. However, if all the gains and losses were realized on a joint basis, one schedule may be completed. Complete the oval to indicate whether the gains and losses included on the schedule are from the taxpayer, spouse or joint.

IMPORTANT: One spouse may not use a loss to reduce the other spouse's gains. In the case where separate Schedule Ds are required and spouses must also report the sale of jointly owned property, each spouse must show his/her share of the sale on their separate PA Schedule D.

Report all sales, exchanges, and dispositions of property using PA income tax rules, and your PA income tax basis, in the year in which the transaction occurred. If a federal election allows a deferral to a different tax year or a deemed sale, you may not use that election for PA purposes.

Unless the specific instructions require a different Pennsylvania schedule, report each sale, exchange, or disposition of property on PA Schedule D.

1. Columns (a) through (f)

- List and describe the property sold or otherwise disposed of for cash or for other property.
- Enter the month, day, and year acquired. If you acquired properties over time, you may enter VARIOUS.
- Enter the month, day, and year sold.
- Enter the gross sales price or fair market value of cash and property received less the applicable expenses of sale.
- Enter the cost or adjusted basis of the property sold.
- Determine whether your property was either I or II, and follow the appropriate instructions:
 - If your property was income-producing property, such as stock, bonds, an ownership interest in a business, a rental property, a patent or copyright, or you held your property in connection with a business, profession, or occupation (but not inventory or an operational asset), then:
 - Subtract Column (e) from Column (d). Enter either the gain or the loss or zero in Column (f).
 - If your property was other than income-producing property (a personal automobile or furniture), then:
 - If the adjusted basis is less than or equal to Column (d), enter the gain or zero in Column (f).

- If the adjusted basis is greater than Column (d), enter zero in Column (f). You cannot report a loss on the sale of personal property.



IMPORTANT: You may only deduct losses from transactions you entered into for profit. Indicate a loss by filling in the oval.

CAUTION: For taxpayers reporting the sales of exempt obligations:

DO: Include the issue or DTD date of the exempt obligation in the description of the items sold.

DO NOT: Include the sales of any exempt obligations issued prior to Feb. 1, 1994. See Page 17 of the instructions for additional information regarding exempt obligations.

2. **Net Gain (Loss)** Total Column (f) and enter the net amount. You may offset gains (losses) for Line 2.
3. **Gain from Installment Sales.** Enter your taxable gain from each PA Schedule D-1, Form REV-1689, Computation of Installment Sale Income.

CAUTION: You may not elect the installment sales method for:

- Reporting gains from the sale of intangible personal property, such as stocks, bonds, partnership or other ownership interests; or
 - Reporting transactions where the object is the lending of money or the rendering of services.
4. **Taxable Distributions from C Corporations.** As a shareholder in a C corporation, you must report as taxable gain the excess of the fair market value of a distribution (other than a dividend) in excess of current or accumulated earnings and profits over your adjusted basis of your stock. You must decrease the basis of your stock or shares, but not below zero, by any distribution that is not taxable as a dividend on Line 3 of your PA-40. **EXAMPLE:** B Corp distributes from its capital account \$100,000 to Karen, the only stockholder. Her adjusted basis in her stock is \$75,000. The distribution is not from the C corporation's earnings and profits, so it is not a taxable dividend. Karen must reduce her basis from \$75,000 to zero. She reports \$100,000 on the *Enter total distribution* line, and \$75,000 on the *Minus adjusted basis* line. She reports the remaining \$25,000 as a gain on Line 4 of her PA Schedule D.
 5. **Net Gain (Loss) from the Sale of Property acquired before June 1, 1971.** Determine your gain (loss) on the sale of June 1, 1971 property on Form REV-1742, PA Schedule D-71.
 6. **Net Partnership and PA S Corporation Gain (Loss).** Report the taxable gain or loss from your PA Schedules RK-1 or NRK-1. If PA Schedules RK-1 or NRK-1 are not provided, enter the amount from the federal Schedule K-1. Include a statement providing the entity name and FEIN along with the gain (loss) by entity if gain (loss) from any pass-through entity is reported on this line.
 7. **Taxable Gain from the Sale of Your Principal Residence.** PA law excludes the qualifying gain from the sale of your principal residence. Generally, if you owned and used property as your principal residence for at least two of the five years preceding the sale, your gain is exempt. However, you must report a gain if you do not meet the requirements. For more information request the

Sale of Your Principal Residence brochure (REV-625). If you do not qualify to exclude the gain from the sale of your principal residence, report your taxable gain, if any, on this line. If you realized a loss from the sale of your principal residence, enter a zero. If you used any portion of your principal residence for business or rental purposes, you must complete and submit PA Schedule 19 with your return. Report the gain or loss on the business or rental portion of the sale of your principal residence on Line 1 of PA Schedule D.

8. **Taxable Distributions from Partnerships.** Report any gain you realize from other partnership distributions that exceed your ownership basis in the partnership. You must obtain, complete and submit REV-999, Partner PA Outside Tax Basis in a Partnership Worksheet.
9. **Taxable Distributions from PA S Corporations.** Report any gain you realize from other PA S corporation distributions that exceed your ownership basis in the PA S corporation. You must obtain, complete and submit REV-998, Shareholder Tax Basis in PA S Corporation Stock Worksheet.
10. **Taxable Gain from Exchange of Insurance Contracts.** If you have a sale, exchange, or disposition of an insurance contract that does not qualify as tax-exempt under IRC Section 1035, report the taxable exchange of any insurance contracts you reported for federal income tax purposes. If you have more than one taxable exchange of contracts, report the total gain you realized. See the instructions beginning on Page 16 for a description of the tax-exempt exchanges covered under IRC Section 1035.
11. **Total PA-Taxable Gain (Loss).** Add Lines 2 through 10.

PA SCHEDULE E (LINE 6)

Unless otherwise noted, PA rules generally do not follow the federal rules for determining the net income (loss) realized from the rental of property.



IMPORTANT: If you were in the real estate sales business, do not use PA Schedule E. You must report net income (loss) from rentals of real estate held for sale to customers in the ordinary course of your real estate sales, and/or from your business of renting other personal property on PA Schedule C. See Reporting Rental Income (Loss) as Business Activity on Line 4 or as Rents on Line 6 on Page 16 for additional information.

Part A. Property Description. For rental real estate, enter the street address, city or town, and state. Indicate whether the property is for profit property or not. PA law generally follows the IRC Section 280A when you rent or lease property, such as a vacation home, and do not intend to realize a profit. You may only deduct your rental expenses up to your rental income, and you may not use a loss to reduce other rental income. If you rent or lease your property to realize a profit, but do not operate the rental property as a business activity, you may offset losses against other rental or royalty income. For other tangible personal rental property, enter the type of property. Enter the source of the royalty, patent, copyright or similar property income.



IMPORTANT: If the property is located in another state or country, it is essential that at least the city and state

be entered in the address field in the event you are claiming a credit for taxes paid to another state or country on Schedule G-L for the income from the property.


Part B. Enter amounts under the corresponding initial of the property from Part A. Indicate the ownership of the property: (T) = Primary taxpayer shown first on the PA-40; (S) = Spouse; (J) = Joint ownership.

Income

- 1. Rent received.** Enter the gross rent from the rental of real estate or other tangible personal property (including personal property leased with real estate) you held for investment or speculation. Include income received for renting a room or other space. If you received services or property as rent, report the fair market value of such services or property as rental income.
- 2. Royalties received.** Enter the gross royalties from oil, gas, mineral properties, and other property.

Expenses

Enter your rental and royalty expenses for each property. You can deduct all ordinary and necessary expenses. Do not deduct the value of your own labor or amounts paid for capital investments or capital improvements other than through depreciation.

 **IMPORTANT: Renting Part of Your Home.** If you rent out only part of your home or other property, deduct only those expenses (or percentages of expenses) that apply to the rented part.

- 3. Advertising**
- 4. Automobile and travel.** Deduct ordinary and necessary auto and travel expenses related to your rental activities, including 100 percent of meal expenses incurred while traveling away from home. Pennsylvania differs from federal treatment on the meals and entertainment expense. You generally can either deduct your actual expenses or take the standard federal mileage rate.
- 5. Cleaning and maintenance**
- 6. Commissions**
- 7. Insurance**
- 8. Legal and professional fees**
- 9. Management fees**
- 10. Mortgage interest.** If you have a mortgage on your rental property, enter the amount of interest you paid for the current year to banks or other financial institutions.
- 11. Other interest.** Generally, to determine the interest expense allocable to your rental activities, you must have records to show how the proceeds of each debt were used. Pennsylvania does not follow federal rules regarding prepaid interest.
- 12. Repairs.** Deduct the cost of repairs made to keep your property in good working condition. Repairs (fixing a broken lock or painting a room) generally do not add significant value to the property or extend its life. Improvements that increase the value of the property or extend its life (such as replacing a roof or renovating a kitchen) must be capitalized. You cannot expense such costs in full in the year paid or incurred.

13. Supplies

14. Taxes. Deduct taxes directly related to the rental activity. Deduct the proportionate share of real estate taxes. You may not deduct taxes based on income. You may deduct gross receipts and business privilege taxes.

15. Utilities. Deduct the cost of ordinary and necessary telephone calls related to your rental activities or royalty income. However, the base rate (including taxes and other charges) for telephone service for the first telephone line into your residence is a personal expense and is not deductible.

16. Depreciation expense. See DIFFERENCES BETWEEN PA PIT AND IRS beginning on Page 9. You may use any other generally accepted depreciation method, but you must use it consistently.

17. Other expenses. Please itemize.

18. Total Expenses. Add Lines 3 through 17.

19. Income. Subtract Line 18 from Line 1 or 2.

20. Loss. Subtract Line 1 or 2 from Line 18, and fill in the oval. **NOTE:** PA law does not permit losses from property rented where there is no intent to realize a profit.

21. Net Income (Loss). Add the net income (loss) amounts from Lines 19 and 20 for each property. If a net loss, please fill in the oval. **NOTE:** Pennsylvania does not follow federal At-Risk Rules or Passive Activity Loss Rules.

22. Rent or Royalty Income (Loss) from PA S Corporations and Partnerships. For Line 22, enter the rent and royalty income (loss) amounts from your PA Schedule(s) RK-1 or NRK-1. If PA Schedules RK-1 or NRK-1 are not provided, enter the amount from the federal Schedule K-1. Include a statement providing the entity name and FEIN along with the income (loss) by entity if rent or royalty income (loss) from any pass-through entity is reported on this line.


23. Net Rent and Royalty Income (Loss). Add Lines 21 and 22. Include the total on Line 6 of your PA-40.

PA SCHEDULE J (LINE 7)

As a beneficiary of an estate or trust, you should receive a PA Schedule RK-1 and/or NRK-1. Report the total income that you received or that the estate or trust credited to you. For PA income tax purposes, an estate or trust cannot distribute a loss.

Enter the name, identification number, and amount of PA-taxable income from each PA Schedule RK-1 or NRK-1. Check the box on the schedule to indicate if the estate or trust income you are reporting is received from a PA resident estate or trust as reported on a PA Schedule RK-1 or NRK-1. Do not check this box if you use a Federal Schedule K-1 to report the income. If you only receive a Federal Schedule K-1, enter the total amount of positive income reported, whether the income is your income, your spouse's income, or your joint income. Include a photocopy of the Federal Schedule K-1 with your return for all nonresident estates or trusts and/or each estate or trust for which you fail to receive a PA Schedule RK-1 or NRK-1.

CAUTION: The federal amount may not be correct for PA purposes. You should contact the fiduciary of the estate or trust to verify the correct PA income.

 **IMPORTANT:** Grantor or irrevocable trusts do not distribute losses as trust income. Therefore, all amounts for PA Schedule J should be positive.

PA SCHEDULE T (LINE 8)

The instructions for PA Schedule T are on the schedule. Also, please see Page 18 LINE 8, GAMBLING AND LOTTERY WINNINGS for more information.

PA SCHEDULE SP (LINE 21)

What is Tax Forgiveness?

Tax Forgiveness is a credit that allows eligible taxpayers to reduce all or part of their PA tax liability. Tax Forgiveness:

- Gives a state tax refund to some taxpayers; and
- Forgives some taxpayers of their liabilities even if they have not paid their PA personal income tax.

Who is Eligible for Tax Forgiveness?

You, and your spouse if applicable, are eligible if:


1. You are subject to PA personal income tax. You and/or your spouse are liable for PA tax on your income (or would be liable if you earned, received, or realized PA- taxable income);
2. You are not a dependent on another person's federal tax return; and
3. You meet the eligibility requirements.

NOTE: A dependent child may be eligible if he or she is a dependent on the PA Schedule SP of his or her parents, grandparents, or foster parents. See Page 35.

How Do I Claim Tax Forgiveness?

To claim Tax Forgiveness, complete and submit a PA Schedule SP, and:

1. Determine your Eligibility Income. If married, whether filing jointly or separately, you must determine your total (your Eligibility Income plus your spouse's Eligibility Income) joint Eligibility Income in Part C.
2. Determine your Filing Status in Part A.
3. Calculate your Tax Forgiveness Credit, using the applicable Eligibility Income Table, in Part D.

 **IMPORTANT:** There is no advantage to filing separately because married claimants must report their Joint Eligibility Income on PA Schedule SP.

Claiming Dependents on Separate PA Schedules SP

It is possible that you and your spouse file jointly for federal purposes, but must file separately for PA purposes. If you qualify for Tax Forgiveness, you must each complete PA Schedule SP as if filing jointly. You each must report the same information including dependents and your joint eligibility income. You must fill in the Married and Filing Separate oval in Part A of each PA Schedule SP. You must each submit a copy of the PA Schedule SP with your PA tax return.

Part A. Filing Status

Fill in the oval that describes your status as of Dec. 31, 2011.

Unmarried means single, widowed, or divorced on Dec. 31, 2011.

Separated means:

- Separated and living apart at all times during the last six months of 2011; or
- Separated pursuant to a written separation agreement.

Married means:

- Married and lived together; or
- Separated and lived apart, but for less than the last six months of 2011; or
- Separated, but not by a written separation agreement.


Also, fill in the correct oval for your specific filing condition.

When claiming Tax Forgiveness together, one of you must meet the eligibility requirements, but you must use your Joint Eligibility Income and Eligibility Income Table 2.

When filing separately, the taxpayer and spouse must combine their eligibility incomes to determine if they meet the eligibility requirements. A married taxpayer cannot claim Tax Forgiveness independently of his or her spouse. Married claimants are not dependents of one another for Tax Forgiveness purposes, even when one spouse does not have any Eligibility Income. You each must use your Joint Eligibility Income and Eligibility Income Table 2, and fill in the oval and certify that you are using the same information for PA Schedule SP.

When one spouse is claimed as a dependent on another person's federal income tax return, otherwise qualifying married taxpayers must file separately. **EXAMPLE:** Scott is a dependent on his parents' federal income tax return and is not eligible for Tax Forgiveness. His wife, Paula, is not a dependent, and may complete PA Schedule SP. Paula may not claim Scott as a dependent, but must include his Eligibility Income when calculating her Total Eligibility Income. Additionally, if Scott's parents qualify for Tax Forgiveness, Scott may also qualify if he included Paula's income in his Total Eligibility Income.

Deceased means you are filing for a person who died during 2011. You must annualize the decedent's income before determining if he or she is eligible for Tax Forgiveness. **EXAMPLE:** You may base the eligibility income on the prior year's return if the individual was eligible for Tax Forgiveness and received approximately the same income during this taxable year. You may also calculate the eligibility income by using the income realized by the decedent during 2011 divided by the number of days or months the decedent lived and multiplied by 365 days or 12 months. If there were any transactions, such as the sale of stock or real property that were only one-time transactions, these amounts should not be considered when determining the daily or monthly income for the decedent when annualizing the income. The department will accept a reasonable calculation of the decedent's annual Eligibility Income. Report the difference between the total annualized taxable income and the taxable income reported on the return on PA Schedule SP on Line 2 of Part C.

 **IMPORTANT:** Do not include the surviving spouse's income (including one half of any joint income received prior to the decedent's date of death) in the calculation of the decedent's eligibility income. Likewise, surviving spouses

should not include any income in respect of a decedent, income that should be included on the estate tax return, or any income of the deceased taxpayer (including the decedent's half of any joint income received prior to the decedent's date of death) in the taxable income or in the calculation of the eligibility income of the surviving spouse.

Students

A full-time student who is a dependent on his/her parents' federal income tax return cannot claim this credit, regardless of his/her income, unless his/her parents are eligible for Tax Forgiveness. In this case, the student claimant must file his/her own tax return and PA Schedule SP.

Nonresidents and Part-Year Residents

Taxpayers who are nonresidents and part-year residents of Pennsylvania may claim Tax Forgiveness if meeting all the eligibility requirements. Such taxpayers must include in their eligibility income all income as described whether earned within or outside Pennsylvania. Nonresident and part-year resident taxpayers who file paper copies of the PA-40 must also include a copy of page one of their federal income tax return along with their completed PA Schedule SP.

CAUTION: If you are a resident of a reciprocal state and have PA-taxable income in classes other than compensation (see also Resident of a Reciprocal State Filing for a Refund on Page 11), you must include all your nontaxable income (including the compensation not taxable to Pennsylvania as a resident of a reciprocal state) earned outside Pennsylvania on Line 6 of PA Schedule SP.

Part B. Dependent Children

A dependent is a minor or adult child claimed as a dependent on a 2011 federal income tax return.

The Department of Revenue has a two-step test for a dependent child:

1. Is the individual a child of the claimant?

For PA income tax purposes, child includes the natural child, adopted child, or step-child of a parent. Child also includes a grandchild of a grandparent and a foster child of a foster parent. Therefore, you can claim a son or daughter, a grandchild, or a foster child as a dependent for PA Schedule SP if you can claim the child as a dependent on your federal income tax return.

However, an aunt, uncle, or unrelated person cannot claim a child as a dependent, as defined above, even if claiming the child as a dependent on a federal income tax return.

2. Can the claimant claim the child as a dependent for federal tax purposes?

The age, status as a full-time student, and gross income of a daughter, son, granddaughter, grandson, or foster child are factors only in determining whether the claimant can claim the child as a dependent for federal purposes. For example, parents that can claim a qualifying 30-year-old child for federal purposes can claim that child as a dependent for PA Schedule SP purposes.

You cannot claim a dependent child on PA Schedule SP if:

- The dependent is not your child, as defined above;
- You cannot claim the child on your federal tax return;
- You are unmarried for Tax Forgiveness purposes, and

your former spouse by agreement or court decree can claim your child as a dependent for federal and PA Schedule SP purposes; or

- Your child's other parent, by agreement or court decree, can claim your child as a dependent for federal tax and PA Tax Forgiveness purposes.

You cannot claim any other adult as a dependent, even if doing so on a federal tax return.

A dependent child with taxable income in excess of \$33 must file a PA tax return. If that child's parents qualify for Tax Forgiveness, that child is also eligible for this credit. The child must file a tax return and a PA Schedule SP. The child must also include any child support paid to his/her parent in his/her Eligibility Income.

Complete Lines 1 and 2.

1. Provide all the requested information for each child.
2. Enter the number of dependent children you are claiming.



FILING TIP: If you do not have any dependents, go to Part C.

CAUTION: If claiming an adult child, an adopted child, a foster child, or a child with a different last name than yours, the department may ask for a copy of page one of your 2011 federal income tax return.

Part C. Eligibility Income

Use Column A if unmarried or married filing jointly. Use the columns under Column B and C if married filing separately.

1. **PA Taxable Income.** Enter your total PA Taxable Income amount from Line 9 of your PA-40 form.

Nontaxable Income. On Lines 2 through 10, you must include income that you do not report as taxable on your PA return, but PA law requires you to report for Tax Forgiveness purposes. If you do not have an amount to report on Lines 2 through 10, enter zero. Annualized income from each of the sources for Lines 2 through 10 should also be reported for decedents on the respective lines.

2. **Nontaxable interest, dividends, and gains and/or annualized income.** Include income and gains from investments in direct obligations of the federal government, Pennsylvania, and political subdivisions of Pennsylvania. Include the nontaxable portion of gain from the sale of any property. Include nontaxable income received as a beneficiary of an estate or trust. For decedents only: in addition to any annualized income for nontaxable interest, dividends, and gains, include the difference between the total annualized taxable income and the PA-taxable income from Line 1 above.
3. **Alimony.** Enter the amount of federally taxable alimony that you receive.
4. **Insurance proceeds and inheritances.** This amount includes the total proceeds received from life or other insurance policies. Also, include inherited cash or the value of property received.
5. **Gifts, awards, and prizes.** Include the total amount of nontaxable cash or property received as gifts from others. Also, include awards received in recognition of civic and social achievements and prizes from all games of the Pennsylvania Lottery.
6. **Nonresident income.** Part-year residents and nonresidents must complete this line. Enter the total of all

ELIGIBILITY INCOME TABLE 1. Unmarried, Separated and Deceased Claimants

If your Eligibility Income from PA Schedule SP, Line 11, does not exceed:

YOU →	\$6,500	\$6,750	\$7,000	\$7,250	\$7,500	\$7,750	\$8,000	\$8,250	\$8,500	\$8,750
▼ DEPENDENT CHILDREN										
1	\$16,000	\$16,250	\$16,500	\$16,750	\$17,000	\$17,250	\$17,500	\$17,750	\$18,000	\$18,250
2	\$25,500	\$25,750	\$26,000	\$26,250	\$26,500	\$26,750	\$27,000	\$27,250	\$27,500	\$27,750
3	\$35,000	\$35,250	\$35,500	\$35,750	\$36,000	\$36,250	\$36,500	\$36,750	\$37,000	\$37,250
4	\$44,500	\$44,750	\$45,000	\$45,250	\$45,500	\$45,750	\$46,000	\$46,250	\$46,500	\$46,750
5	\$54,000	\$54,250	\$54,500	\$54,750	\$55,000	\$55,250	\$55,500	\$55,750	\$56,000	\$56,250
6	\$63,500	\$63,750	\$64,000	\$64,250	\$64,500	\$64,750	\$65,000	\$65,250	\$65,500	\$65,750
7	\$73,000	\$73,250	\$73,500	\$73,750	\$74,000	\$74,250	\$74,500	\$74,750	\$75,000	\$75,250
8	\$82,500	\$82,750	\$83,000	\$83,250	\$83,500	\$83,750	\$84,000	\$84,250	\$84,500	\$84,750
9	\$92,000	\$92,250	\$92,500	\$92,750	\$93,000	\$93,250	\$93,500	\$93,750	\$94,000	\$94,250

Then your Percentage of Tax Forgiveness and the Decimal Equivalent is:

100%	90%	80%	70%	60%	50%	40%	30%	20%	10%
1.0	.90	.80	.70	.60	.50	.40	.30	.20	.10

NOTE: If claiming more than nine (9) dependent children, go to the **PA PIT Guide** on the Department's website.

ELIGIBILITY INCOME TABLE 2. Married Claimants, even if filing separately

If your Eligibility Income from PA Schedule SP, Line 11, does not exceed:

YOU & → SPOUSE	\$13,000	\$13,250	\$13,500	\$13,750	\$14,000	\$14,250	\$14,500	\$14,750	\$15,000	\$15,250
▼ DEPENDENT CHILDREN										
1	\$22,500	\$22,750	\$23,000	\$23,250	\$23,500	\$23,750	\$24,000	\$24,250	\$24,500	\$24,750
2	\$32,000	\$32,250	\$32,500	\$32,750	\$33,000	\$33,250	\$33,500	\$33,750	\$34,000	\$34,250
3	\$41,500	\$41,750	\$42,000	\$42,250	\$42,500	\$42,750	\$43,000	\$43,250	\$43,500	\$43,750
4	\$51,000	\$51,250	\$51,500	\$51,750	\$52,000	\$52,250	\$52,500	\$52,750	\$53,000	\$53,250
5	\$60,500	\$60,750	\$61,000	\$61,250	\$61,500	\$61,750	\$62,000	\$62,250	\$62,500	\$62,750
6	\$70,000	\$70,250	\$70,500	\$70,750	\$71,000	\$71,250	\$71,500	\$71,750	\$72,000	\$72,250
7	\$79,500	\$79,750	\$80,000	\$80,250	\$80,500	\$80,750	\$81,000	\$81,250	\$81,500	\$81,750
8	\$89,000	\$89,250	\$89,500	\$89,750	\$90,000	\$90,250	\$90,500	\$90,750	\$91,000	\$91,250
9	\$98,500	\$98,750	\$99,000	\$99,250	\$99,500	\$99,750	\$100,000	\$100,250	\$100,500	\$100,750

Then your Percentage of Tax Forgiveness and the Decimal Equivalent is:

100%	90%	80%	70%	60%	50%	40%	30%	20%	10%
1.0	.90	.80	.70	.60	.50	.40	.30	.20	.10

income, not already reported on this schedule, that you (and your spouse, if applicable) earned, received, and realized while residing outside Pennsylvania. Include any amount exempted from taxation under the Military Spouses Residency Relief Act (see Page 37 for additional information). If you are a part-year resident or nonresident and you file a paper copy of your PA-40 return, you must also include a copy of page one of your federal income tax return.

7. Nontaxable military income. This amount represents the difference between the total military income you earned and the amount you report on your PA tax return. Do not include combat zone pay and hazardous duty pay.

8. Gain excluded from the sale of a residence. Enter your nontaxable gain.

9. Nontaxable educational assistance. Include the total value of all nontaxable scholarships, fellowships, and stipends as well as the amount of any federal and state educational grants received. Do not include student loans. Also, include the value of tuition reductions offered as part of your employer's benefit plan.

10. Cash received for personal use from outside your home. Include on Line 10 the following kinds of nontaxable income when determining your Eligibility Income:

- Support you receive from a spouse or former spouse who does not live in your household. Do not include

payments you receive for child support here – see the instructions for Part B.

- Any payments received from other persons outside your household, including nontaxable cash or property received for personal use, such as cash received from a parent to buy clothing, or gifts from grown children. Do not include monies paid pursuant to a cost-sharing arrangement.
- Nontaxable payments to your employer's cafeteria plan for hospitalization, sickness, disability, or death, supplemental unemployment, or strike benefits.
- Payments received as a foster parent for providing in-home care for foster children.



FILING TIP: If claiming a foster child in Part B, you must include the payments you received as a foster parent. However, if the foster care program did not place the child in your home, or you did not receive any payments for providing foster care, submit a written explanation that you do not have any income to report as a foster parent. Include an explanation of the child's relationship to you.

- The value of the personal use of employer-owned or leased property.

- The value of government education grants.

11. **Total Eligibility Income.** Add Lines 1 through 10, and enter the total. If using Columns B and C, add each column, and enter the total on Line 11. Eligibility Income is the total amount of your PA-taxable and nontaxable income that you use to determine your percentage of Tax Forgiveness.

Part D. Calculating Your Tax Forgiveness

12. **PA Tax Liability.** Enter the amount of your tax due from your PA-40, Line 12. If filing an amended return, you must use the amount from Line 12 of the amended PA-40.

13. **Less Resident Credit.** Enter your credit from your PA-40, Line 22.

14. **Net PA Tax Liability.** Subtract Line 13 from Line 12.

15. **Percentage of Tax Forgiveness.** Find your percentage using your dependents from Part B, Line 2, and your Eligibility Income from Part C, Line 11, and the appropriate Eligibility Income Table. Enter the percentage as a decimal on Line 15.

16. **Tax Forgiveness Credit.** Multiply Line 14 by the decimal on Line 15, and enter on your PA-40, Line 21.

APPENDIX

2012 PA Estimated Payment Requirements

If you expect to earn, receive, or realize \$8,000 of PA-taxable income (\$246 of PA tax) that is not subject to withholding by a Pennsylvania employer in 2012, you must make 2012 estimated tax payments.



IMPORTANT: If you are a PA resident working in a reciprocal-agreement state and your employer is not withholding PA tax, you must make PA estimated tax payments.

If you made 2011 estimated payments using department preprinted forms, the department will send you 2012 forms. If you do not receive your forms by April 17, 2012, contact the department. If you made your estimated payments using software produced forms or via the Revenue e-Services Center, the department will not send you 2012 forms.

To obtain the Form PA-40ESR, with the Form REV-413(I) (instructions) and Form REV-414(I) (worksheet) contact the district office nearest you, the department's website at www.revenue.state.pa.us or one of the Forms Ordering Services on Page 3.

Military Pay - Members of the Armed Forces

PA residents report military pay earned while in Pennsylvania or earned when not on active duty status as taxable compensation on Line 1a. Active duty military pay is not taxable for Pennsylvania purposes if earned by a PA resident serving on full-time active duty (or federal active duty for training) outside the state. In addition, Act 182 of 2006 expanded the definition of active duty military income to include income from the U.S. government or the Commonwealth of Pennsylvania for active state duty for emergency within or outside the Commonwealth. This addition includes duty ordered pursuant to 35 PA.C.S. Ch. 76 (relating to the Emergency Management Assistance Compact). However, other income is still taxable. Please see the information for Combat Zone and Hazardous Duty Service on Page 38.

Do not include qualifying active duty military pay earned outside of PA in taxable compensation. Submit legible copies of your Form(s) W-2, and your military orders assigning you to federal active duty outside Pennsylvania. While your Form W-2 may state active duty, it does not show where you performed your military service. Military personnel stationed abroad should use their APO or FPO addresses.

For more information, request the brochure Military Pay for Pennsylvania Personal Income Tax Purposes (REV-612).

CAUTION: PA residents serving in the Merchant Marines, U.S. Public Health Service, the National Oceanic and Atmospheric Administration, or the U. S. Foreign Service are subject to tax on compensation whether earned within or outside Pennsylvania. However, compensation earned by PA residents serving in the Merchant Marines or U.S. Public Health Service called to active duty in a Combat Zone or hazardous duty zone is not subject to tax in Pennsylvania. Copies of executive orders that make the active duty military active duty are required to be included with the return.

Military Spouses Residency Relief Act

The Military Spouses Residency Relief Act (MSRRA) affects the treatment of residency and income for spouses of military personnel for state tax purposes for tax years 2009 and after. If a Pennsylvania resident service member is serving outside Pennsylvania and their nonmilitary spouse earns income in that other state – and the spouse claims relief under the MSRRA – the spouse's income is only taxable to Pennsylvania. If a Pennsylvania nonresident service member is serving in Pennsylvania and their nonmilitary spouse earns income in Pennsylvania, the spouse's income is not taxable to Pennsylvania under MSRRA, when the service member and spouse are both residents or domiciliaries of the same other state, and if the spouse is in Pennsylvania solely to be with the service member. PA-source income, from a business, profession, farm, rental or royalty property, related to a business or property located in Pennsylvania remains taxable to PA

nonresident military personnel and their spouses and is not covered by the MSRRA. For detailed information on how MSRRA impacts state taxation of income earned by a service member's nonmilitary spouse, please review Tax Bulletin 2010-01 on the department's website, www.revenue.state.pa.us.

Combat Zone and Hazardous Duty Service

Pennsylvanians serving in combat zones or qualified hazardous duty areas designated by the President of the U.S. are given the same additional time to file and pay their PA income tax returns and make payments as allowed for federal income tax purposes. The deadline is automatically extended to 180 days from the last day of service or the last day of continuous hospitalization for injury incurred in one of these areas. Print COMBAT ZONE at the top of your return. Mail your return and military orders to:

**Regarding: COMBAT ZONE
PA DEPARTMENT OF REVENUE
BUREAU OF INDIVIDUAL TAXES
PO BOX 280600
HARRISBURG PA 17128-0600**

If you are filing your return electronically, you must still fax or mail copies of your orders. Print COMBAT ZONE at the top of your orders. Fax your orders to 717-772-4193 or mail your orders to:

**Regarding: COMBAT ZONE
PA DEPARTMENT OF REVENUE
ELECTRONIC FILING SECTION
PO BOX 280507
HARRISBURG PA 17128-0507**

Extension of Time to File

The department will grant up to a six-month extension of time for filing a PA income tax return. Unless you are outside the U.S., the department will not grant an extension for more than six months. An extension of time for filing will not extend the time for paying the tax.

Follow these procedures when applying for an extension of time to file:

1. If you owe income tax on your PA tax return, you must:
 - Pay by check with a timely Application for Extension of Time to File (PA Form REV-276); or
 - Pay by electronic funds transfer (EFT) to have your extension payment deducted from your bank account. Go to the Revenue e-Services Center at www.revenue.state.pa.us to arrange an EFT payment. You do not need to mail a PA Form REV-276; or
 - Pay by credit card. Visit the Revenue e-Services Center to pay by credit card over the Internet. You may also pay by credit card by calling 1-800-2PAYTAX (272-9829). You do not need to mail a PA Form REV-276. This option is not available if you have never filed a Pennsylvania personal income tax return or made an estimated payment prior to making the request for the extension and payment via this method.
2. If you have an approved extension for filing your federal income tax return, and you do not owe PA income tax on your 2011 tax return, the department will grant you the same extension for filing your PA tax return. You do not have to submit a PA Form REV-276 or Federal Form 4868 before the due date.
3. If you do not have an extension for filing your federal income tax return, request an extension on PA Form

REV-276, and file it in sufficient time for the department to consider and act upon it prior to the return due date.

Mail your Form REV-276, with or without a payment, to:

**PA DEPARTMENT OF REVENUE
BUREAU OF INDIVIDUAL TAXES
PO BOX 280504
HARRISBURG PA 17128-0504**

When filing your PA tax return:

- Fill in the extension request oval at the top of your PA-40.
- If you did not file a PA Form REV-276, submit a copy of the Federal Form 4868 with your PA tax return.
- If you electronically filed your federal extension, submit a statement with an explanation and the confirmation number you received.
- If you submitted PA Form REV-276, or electronically filed your PA extension and payment, you do not have to submit the extension paperwork with your PA tax return.

The department will impose:

- An underpayment penalty if you do not pay at least 90 percent of your 2011 tax due by April 17, 2012; and the remaining balance with your PA return by the extended due date; and
- Interest on the amount you do not pay by April 17, 2012.

Amended Returns

If you realize you made a mistake on your 2011 PA tax return, you must correct your return by filing a separate 2011 PA-40 return, marking the Amended Return oval on the return and completing and submitting Schedule PA-40X with your amended return. If you made a mistake on a 2010 or earlier tax year return, you must obtain a PA-40 PA Personal Income Tax Return booklet for the year you want to amend and use the Amended Returns instructions included therein.

You cannot amend your PA tax return using TeleFile. However, if you use software that supports the amended PA return, you can amend your 2010 or earlier year return using the Modernized e-File (MeF) platform for Federal/State e-file. If not using the MeF platform for filing Federal/State e-file returns, obtain a PA-40 PA Personal Income Tax Return booklet for the year you want to amend, and follow the Amended Returns instructions included therein.

For filing an amended return on a 2011 PA-40, complete the following steps:

1. Fill in the Amended Return oval, and write AMENDED RETURN at the top of the PA tax return.
2. Complete the Schedule PA-40X. Enter the amended amounts from Schedule PA-40X per the PA-40X instructions.
3. Calculate your Line 11 amended total PA-taxable income.
4. Calculate your Line 12 amended PA tax liability.
5. Enter your Line 24 amended total payments and credits.
6. Complete Line 27 to report any adjusted penalty and interest to be included on the return.
7. DO NOT complete Lines 28 and 29. The department will properly calculate your amended total payment due or overpayment.
8. Complete Lines 30 through 36 to notify the department how to disperse your overpayment.

The department will take your original refund or payment into account when reviewing the amended PA-40. Be sure to sign your amended return and mail it with all explanations and attachments using the Mailing Instructions for each type of return found on Page 24.

Refunds from Amended Returns

You can file an amended PA return and request a refund if you over-reported income or did not claim allowable credits or deductions. You must file your amended PA return within three years from the original due date.

Under PA law, a taxpayer must file a refund petition within three years following the date of payment. For a refund of tax shown on a timely filed PA tax return, the department may not accept an amended return unless the taxpayer files the amendment within three years of the due date.

Refund Limitation Period

An extension granted by the department does not extend the time for filing an amended return to obtain a refund. An amended return may only be filed within three years from the original due date.



Filing Tip: An amended return should not be filed requesting a refund within nine months of the close of the statute of limitations for a tax period (three years from the original due date of the return). A Petition Form (Form REV-65) should be filed for amendments requesting refunds during that time period to protect appeal rights in the event the request for refund is denied. An amended return requesting a refund that is filed close to end of the three-year period after the original due date may not be acted upon by the Board of Appeals if the refund is denied and the Petition Form is filed after the three-year period has ended.

CAUTION: You may not file an amended PA return after the department issued an assessment if your amendment relates to the same taxable year and item of income, gain, deduction, or loss that the department assessed. You must either file a timely petition for reassessment or pay the assessment and file a timely refund petition. Under PA law, you must submit a Petition Form (Form REV-65) no later than six months after the date shown on the assessment.

Underreported Income for Amended Returns

If you discover that you did not report taxable income or erroneously claimed credits or deductions, you must correct the error within 30 days. File an amended PA return and pay the additional tax, plus penalty and interest. Amended returns to pay additional tax can be filed at any time. There is no statute of limitations for filing a return when an error is discovered that results in additional tax due.

Penalty and Interest

- **Penalties for Not Filing or for Filing a Late Return**

PA law imposes a penalty if you do not file your return on or before the due date, or the approved extended due date. The penalty is 5 percent of the unpaid tax due for each month or fraction of a month. PA law imposes this penalty unless you show reasonable cause for late filing. The maximum penalty is 25 percent. The minimum penalty is \$5. The department may prosecute any person who attempts to evade or defeat his or her PA tax responsibility.

- **Penalties for Underpayment or for Late Payment**

If you do not pay the full amount of your tax due with your extension or your timely filed return, PA law imposes a 5 percent underpayment penalty.

If you do not report taxable income that is more than 25 percent of the taxable income shown on your return, PA law imposes an additional penalty. This penalty is 25 percent of the tax due on your unreported income.

You are liable for these penalties if your underpayment of tax is due to negligence or intentional disregard of rules and regulations, but without intent to defraud. The department may assess both late filing and underpayment penalties if you file your return after the due date, or extended due date, and do not pay your tax liability with your return.

CAUTION: If you filed late or did not pay your Pennsylvania income tax on time, the department will calculate your penalty and interest and issue a notice. If any part of any underpayment of the tax is due to fraud, PA law imposes a penalty of 50 percent of the underpayment.

- **Penalty for Uncollectible Funds**

PA tax law imposes an additional penalty on funds submitted via check and not paid on presentment or an electronic funds transfer (EFT) payment and not credited on transmission. The penalty is 10 percent of the face amount of the check or EFT payment. The penalty imposed cannot exceed \$1,000 nor be less than \$25.

- **Other Penalties**

PA law imposes a \$500 penalty on a taxpayer that files a frivolous return. A frivolous return is one that:

- Does not contain sufficient information for the department to determine the correct liability;
- Contains information indicating the liability is significantly incorrect; or
- Indicates that the taxpayer is filing in a manner to delay or impede the administration of the PA tax law.

PA law imposes a penalty on any person required to furnish an information return that does not file a required information return or files a false or fraudulent information return. The penalty is \$250 for each information return.

- **Interest for Nonpayment or Late Payment**

If you do not pay the tax due on or before the due date, PA law imposes interest from April 17, 2012, to the date of payment at the annual interest rate that the U.S. Secretary of the Treasury establishes as of January 1 of each calendar year.

Abatement of Penalties

Penalties may be abated only if the taxpayer can show reasonable cause for abatement in his/her petition for reassessment of the penalty. To be timely, the petition must be filed with the department's Board of Appeals within 90 days of the mailing date of the penalty assessment.

Reporting Income from PA Schedules RK-1 and NRK-1 and Federal Schedule K-1

The chart on the following page provides a comparison of where the income and credits reported on PA Schedules RK-1 and NRK-1 should be reported on the PA-40.

PA Schedule RK-1 Line #	PA Schedule NRK-1 Line #	PA-40 Reporting Line #	PA-40 Reporting Schedule and Line # (where applicable)
1.	1.	4.	-
2.	-	2.	Schedule A, Line 7
3.	-	3.	Schedule B, Line 4
4.	2.	5.	Schedule D, Line 6
5.	3.	6.	Schedule E, Line 22
6.	4.	7.	Schedule J
7.	5.	8.	-
8.	-	22.	Schedule G-L
9.	7.	23.	Schedules OC or G-L
12.	10.	4. or 6.	-
17.	15.	See (1) below	n/a
-	6.	17.	-
All other lines	All other lines	See (2) below	-

- (1) Total Section 179 deduction per return is \$25,000. If joint return, deduction is \$12,500 per taxpayer. Amount reported is not an additional deduction.
- (2) See the PA PIT Guide Chapter 16 for additional information regarding the reporting of the information for all other lines on the PA Schedules RK-1 and NRK-1.
- (3) See the PA PIT Guide for more information about reporting income from a Federal Schedule K-1.

INSTRUCTIONS FOR NONRESIDENTS AND PART-YEAR RESIDENTS

Nonresident of Pennsylvania - You must report all taxable income you earned, received, and realized from PA sources.

Part-Year Resident of Pennsylvania - You must report all taxable income you earned, received, and realized from all sources for the time you were a PA resident, and report the PA-taxable income you earned, received, and realized from sources within Pennsylvania for the time you were not a PA resident. Read the instructions for each PA income class below and on Pages 10 through 19.

Apportioning Income and Loss on PA Schedule NRH
As a nonresident, you may apportion income that you earn both within and outside Pennsylvania. You apportion your PA-taxable compensation when your employer does not separately report your PA wages on your Form W-2. You must apportion income (loss) from operating a business within and outside Pennsylvania, unless you maintain separate books and records that clearly substantiate your PA source receipts, expenses, liabilities, etc.

Allocating Income and Loss
As a nonresident, you may allocate income (loss) from a business when you maintain separate PA books and records. You must allocate income (loss) from real or tangible property located within Pennsylvania. You must allocate gain (loss) from the sale, exchange, or disposition of real or tangible property located within Pennsylvania. You allocate income (loss) from rental property, royalties, patents, and copyrights located within Pennsylvania. You allocate winnings from gambling and lotteries from Pennsylvania sources.

Compensation
As a nonresident, you pay PA income tax on compensation for services you perform in Pennsylvania. Your PA employer should report and withhold PA tax from the exact amount of your PA-taxable compensation. If your employer does not report,

or incorrectly reports, your PA-taxable compensation, you must use PA Schedule NRH to apportion your compensation and any allowable employee business expenses.

IMPORTANT: If you are a nonresident, part-year resident, or former resident of Pennsylvania, payments you receive from an Early Retirement Incentive Plan, Deferred Compensation Plan, or exercising of stock options may be taxable in whole or in part to Pennsylvania if you earned any of these amounts while working in Pennsylvania. You may be required to substantiate the number of days worked in Pennsylvania or amount of time spent in Pennsylvania to determine the taxable portion in Pennsylvania.

CAUTION: Special rules apply for residents of reciprocal agreement states working within the Commonwealth. Special rules also apply for Ohio resident shareholder-employees with a 20 percent or greater interest in a PA S corporation who worked or performed services in Pennsylvania in 2011. See Page 11 of the instructions and the PA PIT Guide for more information.

Interest Income, Dividend Income, and Gain from the Sale of Intangible Property
As a nonresident, you do not pay PA income tax on ordinary interest, ordinary dividends, and any gain you realize on the sale, exchange, or disposition of intangible personal property, such as stocks and bonds. You cannot use the loss from such sales against other taxable gains.

Net Income or Loss from the Operation of a Business, Profession, or Farm
As a nonresident, you must report your net profit (and pay the PA income tax due) or loss on your net profits from business or farm operations. See Page 15 of the instructions for more information.

Net Gain or Loss from the Sale, Exchange, or Disposition of Property
As a nonresident, you must report net income (and pay the PA income tax due) or loss from the sale of real or tangible

property located within Pennsylvania. See Page 16 of the instructions for more information.

Net Income or Loss from Rents, Royalties, Patents, and Copyrights

As a nonresident, you must report your net income (and pay the PA income tax due) or loss from rental property located in Pennsylvania, and income from royalties, patents, and copyrights for the use of your property in Pennsylvania. See Page 17 of the instructions for more information.

Income from Estates or Trusts

As a nonresident, you must report the net income (and pay the PA income tax due) you receive as a beneficiary of an estate or trust as reported to you on PA Schedule NRK-1. See Page 18 of the instructions for more information.

Gambling and Lottery Winnings

As a nonresident, you must report your winnings from gambling and lotteries in Pennsylvania, but not prizes awarded by the

Pennsylvania Lottery. See Page 18 of the instructions for more information.

NONRESIDENT PARTNERS AND NONRESIDENT SHAREHOLDERS OF PA S CORPORATIONS

You report your share of income (loss), whether distributed or not, in the same PA income class in which the entity realized the income (loss). Submit a copy of each PA Schedule NRK-1 that you receive.

⚠ IMPORTANT: If the partnership only provides a Federal Schedule K-1, you must classify the income or loss according to the instructions for each PA income class. If you have PA-source income from a partnership or limited liability company investment, these entities are required to file form PA-20S/PA-65 and provide you with an NRK-1 from the entities. Partnerships and limited liability companies can be assessed a penalty for failure to file these returns.

DONATIONS



WILD RESOURCE CONSERVATION FUND

You have the chance to "Do Something Wild" and help protect Pennsylvania's non-game wildlife and native wild plants by making a contribution to the Wild Resource Conservation Fund. This special nonprofit fund helps Pennsylvania's resource agencies protect and restore these unique state treasures.

You can also send a direct, tax-deductible contribution to: Wild Resource Conservation Fund, PO Box 8764, Harrisburg, PA 17105-8764. For more information, visit: www.dcnr.state.pa.us/wrcp/

MILITARY FAMILY RELIEF ASSISTANCE PROGRAM

Help those who serve our Nation and Commonwealth by making a gift to the Military Family Relief Assistance Program. Your gift will help Pennsylvania service members and their families by providing financial assistance to those with a direct and immediate financial need as a result of military service. You can also send a direct, tax-deductible, gift to the Military Family Relief Assistance Program, c/o Department of Military and Veterans Affairs, Fort Indiantown Gap, Annville, PA 17003-5002. For more information visit: www.dmva.state.pa.us or call, toll-free, 1-866-292-7201.




PA BREAST CANCER COALITION'S BREAST AND CERVICAL CANCER RESEARCH FUND

You have the opportunity to contribute to the PA Breast Cancer Coalition's Refunds for Breast and Cervical Cancer Research fund by making a donation of all or a part of your tax refund. Every penny of your donation goes directly to fund breast and cervical cancer research conducted by Pennsylvania researchers.



You can also send a direct, tax-deductible contribution to: PBCC's Refunds for Research fund, c/o PA Breast Cancer Coalition, 344 N Reading Road, Ephrata, PA 17522. For more information, visit www.pabreastcancer.org or call 1-800-377-8828.

GOVERNOR ROBERT P. CASEY MEMORIAL ORGAN AND TISSUE DONATION AWARENESS TRUST FUND

 **pennsylvania** DEPARTMENT OF HEALTH In Pennsylvania alone, there are more than 8,100 men, women and children waiting to receive life-saving organ transplants. Just one donor can save or enhance the lives of up to 50 people. Donating an organ is truly giving the gift of life. Each year, many Pennsylvanians are fortunate to receive transplanted organs that save their lives. You can help this vital effort by contributing all or a portion of your Pennsylvania tax refund to support educational programs that encourage people to become organ and tissue donors.

You can also send a direct, tax-deductible contribution by making your check or money order payable to the Governor Robert P. Casey Memorial Trust Fund and mailing it to: Department of Health, Bureau of Administrative and Financial Services, Division of Budget, 625 Forster St., Health and Welfare Building, Room 832, Harrisburg, PA 17120.

JUVENILE (TYPE 1) DIABETES CURE RESEARCH FUND

Type 1 diabetes is a condition where the body does not produce insulin, the hormone needed to convert sugar (glucose), starches and other food into energy needed for living. Although the disease can be diagnosed at any age, it is most often diagnosed in children, adolescents and young adults. The causes of Type 1 diabetes are unknown, and there is currently no way to prevent or cure it. Persons with Type 1 diabetes are dependent on injected or pumped insulin for life. You have the opportunity to help find a cure for this disease by contributing all or a portion of your Pennsylvania tax refund to the Juvenile (Type 1) Diabetes Cure Research Fund.



You can also send a direct, tax-deductible contribution by making your check or money order payable to the Juvenile (Type 1) Diabetes Cure Research Fund and mailing it to: Department of Health, Bureau of Administrative and Financial Services, Division of Budget, 625 Forster St., Health and Welfare Building, Room 832, Harrisburg, PA 17120.

PA SCHOOL DISTRICTS & CODES BY COUNTY

SCHOOL DISTRICT	CODE	SCHOOL DISTRICT	CODE	SCHOOL DISTRICT	CODE	SCHOOL DISTRICT	CODE
ADAMS		BERKS		Palmerton Area13650		Middletown Area22600	
Bermudian Springs01110		Antietam06050		Panther Valley13660		Millersburg Area22610	
Conewago Valley01160		Boyerstown Area06075		Weatherly Area13900		Steelton Highspire22800	
Fairfield Area01305		Brandywine Heights Area06085		CENTRE		Susquehanna Township22830	
Gettysburg Area01375		Conrad Weiser Area06110		Bald Eagle Area14100		Susquenita50600	
Littlestown Area01520		Daniel Boone Area06150		Bellefonte Area14110		Upper Dauphin Area22900	
Upper Adams01852		Exeter Township06200		Keystone Central18360		Williams Valley54880	
ALLEGHENY		Fleetwood Area06250		Penns Valley Area14700		DELAWARE	
Allegheny Valley02060		Governor Mifflin06300		Philipsburg-Osceola Area17700		Chester Upland23123	
Avonworth02075		Hamburg Area06350		State College Area14800		Chichester23130	
Baldwin Whitehall02110		Kutztown Area06400		Tyrone Area07800		Garnet Valley23410	
Bethel Park02125		Muhlenberg Township06550		CHESTER		Haverford Township23450	
Brentwood Borough02145		Oley Valley06650		Avon Grove15050		Interboro23510	
Carlynton02160		Reading06700		Coatesville Area15190		Marple Newtown23550	
Chartiers Valley02175		Schuylkill Valley06750		Downingtown Area15200		Penn-Delco23690	
Clairton City02190		Tulpehocken Area06800		Great Valley15350		Radnor Township23760	
Cornell02210		Twin Valley06810		Kennett Consolidated15400		Ridley23770	
Deer Lakes02225		Upper Perkiomen46860		Octorara Area15650		Rose Tree Media23790	
Duquesne City02250		Wilson06910		Owen J. Roberts15660		Southeast Delco23840	
East Allegheny02280		Wyomissing06935		Oxford Area15670		Springfield23850	
Elizabeth Forward02315		BLAIR		Phoenixville Area15720		Unionville-Chadds Ford15850	
Fort Cherry63240		Altoona Area07050		Spring-Ford Area46730		Upper Darby23945	
Fox Chapel Area02391		Bellwood Antis07100		Tredyffrin Easttown15780		Wallingford Swarthmore23960	
Gateway02410		Claysburg-Kimmel07150		Twin Valley06810		West Chester Area15900	
Hampton Township02460		Hollidaysburg Area07350		Unionville-Chadds Ford15850		William Penn23965	
Highlands02475		Spring Cove07750		West Chester Area15900		ELK	
Keystone Oaks02500		Tyrone Area07800		CLARION		Brockway Area33070	
McKeesport Area02600		Williamsburg Community07900		Allegheny Clarion Valley16030		Forest Area27200	
Montour02630		BRADFORD		Armstrong03085		Johnsonburg Area24350	
Moon Area02634		Athens Area08050		Clarion Area16120		Kane Area42230	
Mount Lebanon02640		Canton Area08100		Clarion-Limestone Area16170		Ridgway Area24600	
North Allegheny02685		Northeast Bradford County08300		Keystone16650		Saint Marys Area24800	
Northgate02687		Sayre Area08600		North Clarion County16750		ERIE	
North Hills02690		Towanda Area08650		Redbank Valley16800		Corry Area25145	
Penn Hills02735		Troy Area08665		Union16900		Erie City25260	
Penn-Trafford65710		Wyalusing Area08900		CLEARFIELD		Fairview25330	
Pine-Richland02100		BUCKS		Clearfield Area17100		Fort Leboeuf25355	
Pittsburgh02745		Bensalem Township09100		Curwensville Area17180		General McLane25390	
Plum Borough02750		Bristol Borough09130		Dubois Area17200		Girard25405	
Quaker Valley02775		Bristol Township09135		Glendale17300		Harbor Creek25435	
Riverview02820		Centennial09200		Harmony Area17350		Iroquois25655	
Shaler Area02830		Central Bucks09210		Moshannon Valley17500		Millcreek Township25760	
South Allegheny02865		Council Rock09235		Philipsburg-Osceola Area17700		North East25830	
South Fayette Township02870		Easton Area48330		Purchase Line32730		Northwestern25850	
South Park02875		Morrisville Borough09720		West Branch Area17900		Union City Area25910	
Steel Valley02883		Neshaminy09750		CLINTON		Wattsburg Area25970	
Sto-Rox02885		New Hope Solebury09760		Jersey Shore Area41400		FAYETTE	
Upper Saint Clair Township02920		North Penn46570		Keystone Central18360		Albert Gallatin Area26030	
West Allegheny02940		Palisades09800		West Branch Area17900		Belle Vernon Area65060	
West Jefferson Hills02955		Pennridge09810		COLUMBIA		Brownsville Area26080	
West Mifflin Area02960		Pennsbury09820		Benton Area19100		Connellsville Area26130	
Wilkesburg Borough02980		Quakertown Community09840		Berwick Area19110		Frazier26290	
Woodland Hills02990		Souderton Area46710		Bloomsburg Area19120		Laurel Highlands26400	
ARMSTRONG		BUTLER		Central Columbia19150		Southmoreland65750	
Allegheny Clarion Valley16030		Allegheny Clarion Valley16030		Millville Area19500		Uniontown Area26800	
Apollo-Ridge03060		Butler Area10125		Mount Carmel Area49510		FOREST	
Armstrong03085		Freepport Area03305		North Schuylkill54500		Forest Area27200	
Freepport Area03305		Karns City Area10360		Southern Columbia Area19750		FRANKLIN	
Karns City Area10360		Mars Area10500		CRAWFORD		Chambersburg Area28130	
Kiski Area65440		Moniteau10535		Conneaut20103		Fannett-Metal28200	
Leechburg Area03450		Seneca Valley10790		Corry Area25145		Greencastle-Antrim28300	
Redbank Valley16800		Slippery Rock Area10750		Crawford Central20135		Shippensburg Area21800	
BEAVER		South Butler County10780		Jamestown Area43360		Tuscarora28600	
Aliquippa Borough04050		CAMBRIA		Penncrest20470		Waynesboro Area28900	
Ambridge Area04070		Blacklick Valley11060		Titusville Area61720		FULTON	
Beaver Area04120		Cambria Heights11120		Union City Area25910		Central Fulton29130	
Big Beaver Falls Area04150		Central Cambria11130		CUMBERLAND		Forbes Road29230	
Blackhawk04160		Conemaugh Valley11140		Big Spring21050		Southern Fulton29750	
Central Valley04200		Ferndale Area11200		Camp Hill21100		GREENE	
Ellwood City Area37200		Forest Hills11220		Cambria Area21110		Carmichaels Area30130	
Freedom Area04285		Glendale17300		Cumberland Valley21160		Central Greene30140	
Hopewell Area04410		Greater Johnstown11250		East Pennsboro Area21250		Jefferson-Morgan30350	
Midland Borough04530		Northern Cambria11450		Mechanicsburg Area21650		Southeastern Greene30650	
New Brighton Area04565		Penn Cambria11600		Shippensburg Area21800		West Greene30850	
Riverside Beaver County04585		Portage Area11630		South Middleton21830		HUNTINGDON	
Rochester Area04690		Richland11650		West Shore21900		Huntingdon Area31250	
South Side Area04740		Westmont Hilltop11850		DAUPHIN		Juniata Valley31280	
Western Beaver County04930		Windber Area56910		Central Dauphin22140		Mount Union Area31600	
BEDFORD		CAMERON		Derry Township22175		Southern Huntingdon County31750	
Bedford Area05100		Cameron County12270		Halifax Area22250		Tussey Mountain05800	
Chestnut Ridge05150		CARBON		Harrisburg City22275		Tyrone Area07800	
Claysburg-Kimmel07150		Hazleton Area40330		Lower Dauphin22400			
Everett Area05300		Jim Thorpe Area13500					
Northern Bedford County05600		Lehighton Area13550					
Tussey Mountain05800							

PA SCHOOL DISTRICTS & CODES BY COUNTY

SCHOOL DISTRICT	CODE
INDIANA	
Apollo-Ridge	.03060
Armstrong	.03085
Blairsville-Saltsburg	.32110
Harmony Area	.17350
Homer Center	.32330
Indiana Area	.32370
Marion Center Area	.32520
Penns Manor Area	.32630
Punxsutawney Area	.33800
Purchase Line	.32730
United	.32800

JEFFERSON	
Brockway Area	.33070
Brookville Area	.33080
Clarion-Limestone Area	.16170
Dubois Area	.17200
Punxsutawney Area	.33800

JUNIATA	
Greenwood	.50300
Juniata County	.34360

LACKAWANNA	
Abington Heights	.35030
Carbondale Area	.35130
Dunmore	.35220
Forest City Regional	.58300
Lackawanna Trail	.66500
Lakeland	.35460
Mid Valley	.35550
North Pocono	.35650
Old Forge	.35660
Riverside	.35700
Scranton City	.35740
Valley View	.35840

LANCASTER	
Cocalico	.36130
Columbia Borough	.36150
Conestoga Valley	.36170
Donegal	.36220
Eastern Lancaster County	.36230
Elizabethtown Area	.36240
Ephrata Area	.36260
Hempfield	.36310
Lampeter-Strasburg	.36360
Lancaster	.36400
Manheim Central	.36440
Manheim Township	.36450
Octorara Area	.15650
Penn Manor	.36520
Pequea Valley	.36530
Solanco	.36700
Warwick	.36900

LAWRENCE	
Blackhawk	.04160
Ellwood City Area	.37200
Laurel	.37400
Mohawk Area	.37500
Neshannock Township	.37520
New Castle Area	.37530
Shenango Area	.37620
Union Area	.37700
Wilmington Area	.37800

LEBANON	
Annville-Cleona	.38030
Cornwall-Lebanon	.38130
Eastern Lebanon County	.38230
Lebanon	.38460
Northern Lebanon	.38500
Palmyra Area	.38530

LEHIGH	
Allentown City	.39030
Bethlehem Area	.48100
Catasauqua Area	.39130
East Penn	.39230
Northern Lehigh	.39450
Northwestern Lehigh	.39460
Parkland	.39510
Salisbury Township	.39560
Southern Lehigh	.39570
Whitehall-Coplay	.39780

LUZERNE	
Berwick Area	.19110
Crestwood	.40140

SCHOOL DISTRICT CODE	
Dallas	.40160
Greater Nanticoke Area	.40260
Hanover Area	.40300
Hazleton Area	.40330
Lake-Lehman	.40390
Northwest Area	.40600
Pittston Area	.40660
Wilkes-Barre Area	.40885
Wyoming Area	.40920
Wyoming Valley West	.40930

LYCOMING	
Canton Area	.08100
East Lycoming	.41200
Jersey Shore Area	.41400
Loyalsock Township	.41420
Montgomery Area	.41500
Montoursville Area	.41510
Muncy	.41530
South Williamsport Area	.41610
Southern Tioga	.59700
Wellsboro Area	.59850
Williamsport Area	.41720

MCKEAN	
Bradford Area	.42080
Kane Area	.42230
Oswayo Valley	.53750
Otto-Eldred	.42600
Port Allegany	.42630
Smethport Area	.42750

MERCER	
Commodore Perry	.43130
Crawford Central	.20135
Farrell Area	.43250
Greenville Area	.43280
Grove City Area	.43290
Hermitage	.43330
Jamestown Area	.43360
Lakeview	.43390
Mercer Area	.43500
Reynolds	.43530
Sharon City	.43560
Sharpsville Area	.43570
West Middlesex Area	.43750
Wilmington Area	.37800

MIFFLIN	
Mifflin County	.44460
Mount Union Area	.31600

MONROE	
East Stroudsburg Area	.45200
Pleasant Valley	.45520
Pocono Mountain	.45540
Stroudsburg Area	.45600

MONTGOMERY	
Abington	.46030
Boyersville Area	.06075
Bryn Athyn Borough	.46050
Cheltenham Township	.46130
Colonial	.46160
Hatboro-Horsham	.46360
Jenkintown	.46380
Lower Merion	.46450
Lower Moreland Township	.46460
Methacton	.46530
Norristown Area	.46560
North Penn	.46570
Perkiomen Valley	.46610
Pottsgrove	.46630
Pottstown	.46640
Souderton Area	.46710
Springfield Township	.46720
Spring-Ford Area	.46730
Upper Dublin	.46830
Upper Merion Area	.46840
Upper Moreland Township	.46850
Upper Perkiomen	.46860
Wissahickon	.46930

MONTOUR	
Danville Area	.47180
Warrior Run	.49800

NORTHAMPTON	
Bangor Area	.48080
Bethlehem Area	.48100
Catasauqua Area	.39130

SCHOOL DISTRICT CODE	
Easton Area	.48330
Nazareth Area	.48480
Northampton Area	.48490
Northern Lehigh	.39450
Pen Argyl Area	.48560
Saucon Valley	.48600
Wilson Area	.48860

NORTHUMBERLAND	
Danville Area	.47180
Line Mountain	.49350
Milton Area	.49500
Mount Carmel Area	.49510
Shamokin Area	.49650
Shikellamy	.49660
Southern Columbia Area	.19750
Warrior Run	.49800

PERRY	
Fannett-Metal	.28200
Greenwood	.50300
Newport	.50400
Susquenita	.50600
West Perry	.50800

PHILADELPHIA	
Philadelphia City	.51500

PIKE	
Delaware Valley	.52200
East Stroudsburg Area	.45200
Wallenpaupack Area	.64830

POTTER	
Austin Area	.53030
Coudersport Area	.53130
Galeton Area	.53280
Keystone Central	.18360
Northern Potter	.53550
Oswayo Valley	.53750
Port Allegany	.42630

SCHUYLKILL	
Blue Mountain	.54080
Hazleton Area	.40330
Mahanoy Area	.54450
Minersville Area	.54470
North Schuylkill	.54500
Panther Valley	.13660
Pine Grove Area	.54600
Pottsville Area	.54610
Saint Clair Area	.54680
Shenandoah Valley	.54720
Schuylkill Haven Area	.54730
Tamaqua Area	.54760
Tri-Valley	.54780
Williams Valley	.54880

SNYDER	
Mid-West	.55500
Selinsgrove Area	.55710

SOMERSET	
Berlin Brothersvalley	.56100
Conemaugh Township Area	.56180
Meyersdale Area	.56520
North Star	.56550
Rockwood Area	.56630
Salisbury-Elk Lick	.56700
Shade-Central City	.56720
Shanksville-Stonycreek	.56740
Somerset Area	.56770
Turkeyfoot Valley Area	.56840
Windber Area	.56910

SULLIVAN	
Sullivan County	.57630

SUSQUEHANNA	
Blue Ridge	.58100
Elk Lake	.58250
Forest City Regional	.58300
Montrose Area	.58450
Mountain View	.58460
Susquehanna Community	.58650

TIOGA	
Canton Area	.08100
Galeton Area	.53280
Northern Tioga	.59600
Southern Tioga	.59700
Wellsboro Area	.59850

SCHOOL DISTRICT CODE	
UNION	
Lewisburg Area	.60400
Mifflinburg Area	.60500
Milton Area	.49500
Warrior Run	.49800

VENANGO	
Allegheny Clarion Valley	.16030
Cranberry Area	.61130
Forest Area	.27200
Franklin Area	.61220
Oil City Area	.61620
Penncrest	.20470
Titusville Area	.61720
Valley Grove	.61860

WARREN	
Corry Area	.25145
Titusville Area	.61720
Warren County	.62830

WASHINGTON	
Avella Area	.63050
Bentworth	.63090
Bethlehem-Center	.63100
Brownsville Area	.26080
Burgettstown Area	.63120
California Area	.63150
Canon-McMillan	.63170
Charlertown	.63180
Chartiers-Houston	.63190
Fort Cherry	.63240
McGuffey	.63390
Peters Township	.63650
Ringgold	.63700
Trinity Area	.63800
Washington	.63880

WAYNE	
Forest City Regional	.58300
North Pocono	.35650
Susquehanna Community	.58650
Wallenpaupack Area	.64830
Wayne Highlands	.64870
Western Wayne	.64890

WESTMORELAND	
Belle Vernon Area	.65060
Blairsville-Saltsburg	.32110
Burrell	.65070
Derry Area	.65160
Franklin Regional	.65260
Greater Latrobe	.65310
Greensburg Salem	.65320
Hempfield Area	.65380
Jeannette City	.65410
Kiski Area	.65440
Leechburg Area	.03450
Ligonier Valley	.65490
Monessen City	.65580
Mount Pleasant Area	.65590
New Kensington-Arnold	.65630
Norwin	.65650
Penn-Trafford	.65710
Southmoreland	.65750
Yough	.65890

WYOMING	
Elk Lake	.58250
Lackawanna Trail	.66500
Lake-Lehman	.40390
Tunkhannock Area	.66750
Wyalusing Area	.08900
Wyoming Area	.40920

YORK	
Central York	.67130
Dallastown Area	.67160
Dover Area	.67180
Eastern York	.67220
Hanover Public	.67280
Northeastern	.67440
Northern York County	.67460
Red Lion Area	.67550
South Eastern	.67620
South Western	.67640
Southern York County	.67650
Spring Grove Area	.67670
West Shore	.21900
West York Area	.67850
York City	.67900
York Suburban	.67940

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