

Line-by-Line Instructions for the Taxpayer Final Earned Income and Net Profits Tax Return. For more detailed instructions, please contact the Tax Office or visit the website listed on the Tax Return.

Line	Instructions
1	Report your total W-2 income/compensation. Submit one copy of all Form W-2(s) with your return. For full year residents use the worksheet on the back of the tax return. Carry the total(s) to this line on the tax return front. Part-year residents must complete the proration worksheet. The proration worksheet is provided as an enclosure with your tax return or can be found on the website listed on the tax return. Most taxpayers can use their Form W-2(s) as the source for obtaining their local wages. However, please keep in mind that employers can incorrectly list local wages. If the wages shown in the local wage box are lower than the wages shown in the federal, social security, or state wage boxes, the highest amount will be used for local wages unless the W-2, or information you provide, explains the difference as non-taxable for local purposes. If the form W-2(s) has different amounts reported, you may want to ask your employer what makes up these differences and contact our office to verify the correct amount to use.
2	Taxpayers should enter the amount of their allowable business expenses by taking the total reported on their PA UE Form. The total must be prorated if the taxpayer reported a move for the tax year. In order to claim the expenses they must be explained in detail and documentation must be available for the tax office's review. The taxpayer has the burden of proving that any expense claimed as a deduction from earned income is ordinary, actual, reasonable, necessary, directly related and 100% allowed to employment in order to be deducted from earned income. We follow the Pennsylvania Individual Income Tax regulations and guidelines, for additional information see the "Allowable Business Expense" section of the PA 40 instruction booklet.
3	Subtract line 2 from line 1 and enter total here.
4	Taxpayers should complete the back side of the tax return to calculate the overall net effect of the other taxable income. This includes net profits from Schedule C as well as Schedule F for farming activities, Form 1065 for Partnership activities (K-1), other miscellaneous income reported on a Form 1099 and other sources of income that may not have a form for reporting purposes. Examples of these other incomes sources include but are not limited to: patents, fees, honoraria, etc. If the combined calculation for each taxpayer results in a loss, the value that is added to the adjusted W-2 income is zero. Losses cannot be used to decrease W-2 earnings. It should be noted that the income for the taxpayer and spouse cannot be combined. A loss from a taxpayer cannot be used against income for his/her spouse.
5	Add amounts from line 3 and 4 and enter total here.
6	Taxpayers are required to file the tax return at the resident rate unless they are claiming a non-residency status for the tax year. If you are not a resident and have a local filing requirement at your place of legal domicile, you are required to submit proof of your filing with that municipality. Proof that is required includes a copy of the local tax return, applicable Form W-2(s) and other forms used to substantiate earnings reported, and if there was a payment of tax due, a copy of a receipt or cancelled check is required. If you have no local filing requirement at your place of legal domicile, the return may be filed at the non-resident tax rate and documentation to support your non-residency status is required, otherwise your return will be treated as incomplete. Proof of non-residency is a passport with valid student or exchange visitor visa, Form I-20, Form DS-2019, driver's license, out-of-state tuition paid receipt, or a copy of a current state tax return from your legal domicile.
7	<p>(a) Tax Withheld by Employer - Enter the total local tax withheld as reported on Form W-2(s) or the prorated share as calculated on your proration worksheet. This total should not include local income tax withheld and/or paid to the City of Philadelphia or states other than Pennsylvania. Also, withholdings that were transferred to the City of Pittsburgh should not be included since the City will not transfer withholdings to other tax offices. An individual taxpayer can file a refund request with the City of Pittsburgh to recover those withholdings. Do not include Local Services Tax withheld if it appears on your Form W-2(s).</p> <p>(b) Quarterly Tax Payments-This line should include the total self-payments that you or your spouse made for the tax year.</p> <p>(c) Prior Year Overpayment - This line should include any amount of credit that you have available from a prior year tax return. The tax office will confirm this overpayment based on your prior years' tax returns filed. Do not include overpayments for prior years that were refunded to you.</p> <p>(d) Credit for tax paid to other states - This line allows the taxpayer to include an amount that is available as an out-of-state tax credit. This amount is determined by completing Schedule G which requires as documentation a photocopy of the other state tax return and a copy of your PA Schedule G.</p> <p>(e) Total - Line 7(e) is a field that the taxpayer uses to sum all credits that are available. The total credits will be compared to the total tax liability.</p>
8	A taxpayer who has credits that are greater than the tax year liability can elect to have the excess credits refunded, credited to a future tax year, or split between a refund and credit. Lines 8(a) and (b) should be used for these purposes. Please note that refund and credit requests without documentation required for the filing of a complete, accurate tax return will delay your requests. Refund requests less than \$2.00 will not be honored.
9	The amount calculated as your balance due represents the unpaid balance of the tax liability. If the balance due is less than \$2.00, no payment is due. Please note that if your tax liability has resulted in an underpayment, you may be required to remit quarterly self-payments for future tax years.
10	Penalty and interest are calculated on the unpaid amount of the tax liability. Interest is calculated at the rate of 6% per annum; penalty accrues at the rate of 1/2 of 1% for each month or fraction of month during which the tax remains unpaid.
11	Once you have determined the payment due you should remit payment of the amount shown on line 11. Payee information for your payment appears on the front of the tax return. Please indicate the name of the taxpayer, tax year, and last four digits of the social security number on your payment. If you are unable to remit the balance due, please contact the tax office to see if you are eligible for an installment payment plan.
12	If filing a combined return, enter amount enclosed. (A payment due & a credit balance may be combined.)