

Pennsylvania Municipal Service Company (PA.M.S)

GENERAL INSTRUCTIONS FOR EARNED INCOME TAX RETURN

Taxpayers jurisdiction (borough, township and/or school district where the taxpayer lives) levied a local tax on earned income and net profits from January 1 through December 31 on all residents.

WHO MUST FILE: Every individual resident who has earned income from salaries, wages, commissions, net profits, or other compensation, during any part of the year, must file a year end return irrespective of the place where the services are performed. Regardless of whether tax is due, credit or refund due, tax is withheld by employer, part year resident, and/or no earned income / net profit, a year end return must be filed. **A taxpayer and his/her spouse may both file on the same year end tax return providing each taxpayer uses a separate column. Combining taxpayer's income with spouse's income and completing one column is prohibited.** Failure to receive a tax return does not excuse the taxpayer from filing a completed return by the due date.

WHEN TO FILE: The year end tax return must be completed and filed by all residents subject to the tax of the taxing jurisdiction on or before April 15. Some taxpayers are required to file and pay taxes quarterly.

WHERE TO FILE: File a completed quarterly or year end return with all required documentation to PA.M.S. at the address listed on the top of the tax return.

CORRECTIONS / CHANGES / PART YEAR RESIDENTS: Make any corrections to name, address, social security number and taxing jurisdiction on the tax return.

TAX LIABILITY: If tax liability has ceased or changed indicate reason on the tax return: i.e. retired, unemployed, etc..

TAXABLE EARNED INCOME: Determined in the same manner as "Gross Compensation" for Pennsylvania personal income tax purposes. Taxable Earned Income includes, but is not limited to, salaries, wages, commissions, bonuses, incentive payments, stock options, fees, tips, gratuities, certain fringe benefits and sick/disability pay, vacation/holiday pay, termination/severance pay, directors fees, scholarships and fellowships if services are required, executor's or administrator's fees, employee contributions and elective deferrals to certain retirement plans, distributions from certain retirement plans before retirement age, and other remuneration for services. Taxable Earned Income does not include dividends, interest, gambling and lottery winnings, social security, railroad retirement benefits, public assistance, unemployment compensation, workers compensation, strike benefits, alimony, child support, military pay for active-duty outside of Pennsylvania or in combat zones, housing allowances for clergy, and distributions from certain retirement plans after retirement age.

TAXABLE NET PROFITS/LOSSES: Determined in the same manner as "Net Income or Loss from the Operation of a Business, Profession, or Farm" for Pennsylvania personal income tax purposes. Taxable Net Profits/Losses includes, but is not limited to, net income or loss from the operation of a business, profession, farm or other activity engaged in as a commercial enterprise for profit (except corporations). Taxable Net Profits/Losses does not include income which is not paid for services and which is in the nature of earnings from an investment.

For more information on what is taxable visit our website at www.pamunicipalservice.com and view our tax guide.

MAKE CHECKS PAYABLE TO PA.M.S. AND REMIT TO THE ADDRESS ON YOUR TAX RETURN

Photocopies of income documentation are accepted.

DO NOT: Send cash or staple check and/or documentation to the tax return.

If a receipt is desired, enclose a self-addressed stamped envelope.

A service charge of \$21.00 will be assessed on all returned checks.

INSTRUCTIONS FOR FILING YEAR END EARNED INCOME TAX RETURN (WYER)

Line 1: GROSS EARNED INCOME: (Required with return are W-2's and 1099's). Determined in the same manner as "Gross Compensation" for Pennsylvania personal income tax purposes. Even if tax is withheld by employer taxpayers must file a tax return and provide W-2.

Line 2: ALLOWABLE NON-REIMBURSED EMPLOYEE BUSINESS EXPENSES: Required with return are Pennsylvania Forms UE-1, UE-2 or Federal Form 2106.

Line 3: TAXABLE EARNED INCOME: Line 1 minus line 2.

Line 4: NET LOSS FROM BUSINESS, PROFESSION OR FARM: (Required with return are PA Schedule(s) RK-1 and NRK-1, Federal Schedule(s) C, E, F, K-1, etc. and/or other related schedules). Determined in the same manner as "Net Loss from the Operation of a Business, Profession, or Farm" for Pennsylvania personal income tax purposes. **Net losses may not be deducted from net income of another business** (Aronson vs. City of Pittsburgh); however net losses may be deducted from compensation received from an employer (O'Reilly vs. Fox Chapel School District).

Line 5: SUBTOTAL: Line 3 minus line 4. If less than zero, enter zero.

Line 6: NET PROFIT FROM BUSINESS, PROFESSION OR FARM: (Required with return are PA Schedule(s) RK-1 and NRK-1, Federal Schedule(s) C, E, F, K-1, etc. and/or other related schedules). Determined in the same manner as "Net Income from the Operation of a Business, Profession, or Farm" for Pennsylvania personal income tax purposes.

Line 7: TOTAL EARNED INCOME AND NET PROFITS: Line 5 plus line 6 equals taxable income.

Line 8: TAX LIABILITY: Line 7 multiplied by the tax rate printed on line 8 of the tax return (i.e. 1% equals .01).

Line 9: EMPLOYER PAYMENTS WITHHELD BY EMPLOYER: For taxpayers whose local taxes were withheld by employer enter the amount withheld from W-2. Enter the amount of tax withheld that is equal to or less than tax liability on line 8. Do not enter an amount which is greater than the tax rate for resident taxing jurisdiction.

Line 10: INDIVIDUAL PAYMENTS AND/OR CREDITS: Payments paid directly to PA.M.S. by the taxpayer which were received by the date stated on line 10 and/or tax credits from a previous year.

Line 11: MISCELLANEOUS CREDITS: Credit For Taxes To Other Jurisdictions: Payments by residents of a tax on income to Philadelphia, any state other than Pennsylvania (with the exception of Indiana, Maryland, New Jersey, Ohio, Virginia and West Virginia) or any political subdivision located outside Pennsylvania can be credited against this tax. The credit can not exceed local tax rate and no refunds will be allowed on any excess. W-2's and all other necessary documentation indicating that taxes were paid to another jurisdiction must be provided to receive credit.

Line 12: TOTAL PAYMENTS / CREDITS: Line 9 plus line 10 plus line 11 and enter total on line 12.

Line 13: OVERPAYMENT: (Line 12 is greater than line 8). If an overpayment of \$1.00 or more enter the amount on line 13 and check the appropriate box. A 1099 will be issued to the taxpayer and the Federal Government for refunds or credits equal to or greater than \$10.00.

Line 14: TAX DUE: (Line 8 is greater than line 12). Enter the amount due on line 14. Do not remit payment if less than \$1.00.

Line 15: PENALTY & INTEREST: All taxes imposed by the taxing jurisdiction remaining unpaid after they become due shall bear an interest in addition to the unpaid tax, at the rate of six percent (6%) per annum and a penalty of one-half (1/2) of one percent (1%) for each month or fraction of a month until paid. A late fee will be will be charged for returns received and/or postmarked after the due date.

Line 16: TOTAL AMOUNT DUE: Line 14 plus line 15 and enter the total on line 16. If filing jointly, combine amounts due for both taxpayers and enter in **Total Paid** box.

Signature Required: Sign and date your completed return. Remit, completed return, all required documentation, and payment (if tax due) to the address indicated on the tax return.

All accounts are subject to audit and review. Failure to properly complete, sign and date this return may subject the taxpayer to a fine up to \$500.00 plus costs or imprisonment (Local Tax Enabling Act P.L. 1257, Act 511). W-2(s) and/or supporting schedules must be enclosed with return (photocopies of W-2(s) and schedules are accepted).

INSTRUCTIONS FOR QUARTERLY EARNED INCOME TAX RETURN (WQTR)

For taxpayers whose entire local wage tax is not withheld by employer, taxes are based on gross earned income and /or net profits received during the quarter shown on the return. Returns must be filed and the tax paid on or before due date stated on the quarterly tax return. This return must be filed even if temporarily unemployed. Retain **Taxpayer Work Sheet** for your records.

Complete the quarterly returns by multiplying gross earned income (line 1) and/or net profits (line 2) by the tax rate on line 3, add penalty and interest if remitted after the due date (line 4), sign and date the return. Detach and remit the tax return (along with payment if tax due) by the due date to the address listed on the taxpayer work sheet.