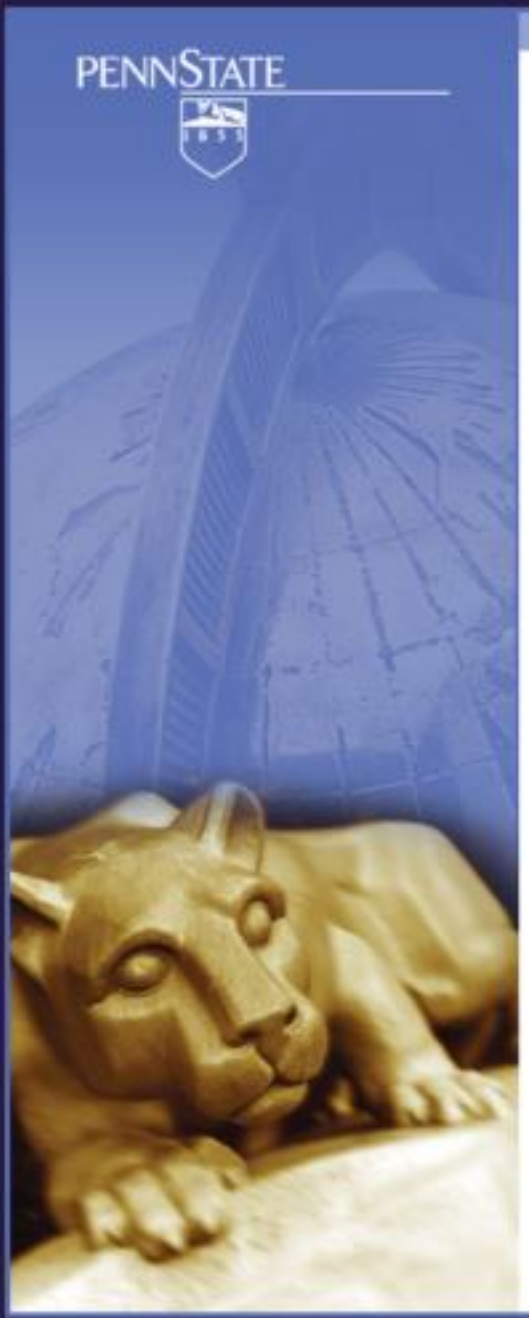
THE PENNSYLVANIA STATE UNIVERSITY



Pennsylvania Taxes

Fall 2014 VITA Training

Cathy F. Bowen, Ph.D.
cbowen@psu.edu
814-863-7870

projection

Today's Approach

- PA-40, line by line
- Cover essentials faced at VITA site
- Resources for you and taxpayers
- Please ask questions to clarify as we proceed

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.

pennsylv
DEPARTMENT OF R
BUREAU OF INDIVIDUA
HARRISBURG PA 17129-00
www.revenue.state.pa.us

1100110053

PA-40 2011 (08-11) (FI)

Pennsylvania Income Tax Return

PA Department of Revenue, Harrisburg, PA 17129

OFFICIAL USE ONLY

OFFICIAL USE ONLY

PLEASE PRINT IN BLACK INK. ENTER ONE LETTER OR NUMBER IN EACH BOX. FILL IN OVALS COMPLETELY.

START

Your Social Security Number

Spouse's Social Security Number (if filing jointly)

CAREFULLY PRINT YOUR SOCIAL SECURITY NUMBER(S) ABOVE

PLACE LABEL HERE

Last Name

Suffix

Your First Name

MI

Spouse's First Name

MI

OVERSEAS MAIL - See Foreign Address Instructions in PA-40 booklet.

Spouse's Last Name - Only if different from Last Name above

Suffix

First Line of Address

Second Line of Address

City or Post Office

State

ZIP Code

Daytime Telephone Number

School Code

Extension. See the instructions.

Amended Return. See the instructions.

Residency Status. Fill in only one oval.

- **R** Pennsylvania Resident
- **N** Nonresident
- **P** Part-Year Resident from _____ /2011 to _____ /2011

Filing Status. Fill in only one oval.

- **S** Single
- **J** Married, Filing Jointly
- **M** Married, Filing Separately
- **F** Final Return. Indicate reason:
- **D** Deceased. Date of death _____ /2011

Identification Label Change. Fill in this oval if the label is not completely correct. Discard the incorrect label. Fill in this oval if you did not file a 2010 PA tax return.

Farmers. Fill in this oval if at least two-thirds of your gross income is from farming.

Name of school district where you lived on 12/31/2011:

Your occupation

Spouse's occupation

PA Tax Rate

- Flat—3.07% (.0307) on earned income
  - $25,000 x (.0307)=$767.50
  - $200,000 x (.0307)= $6,140.00

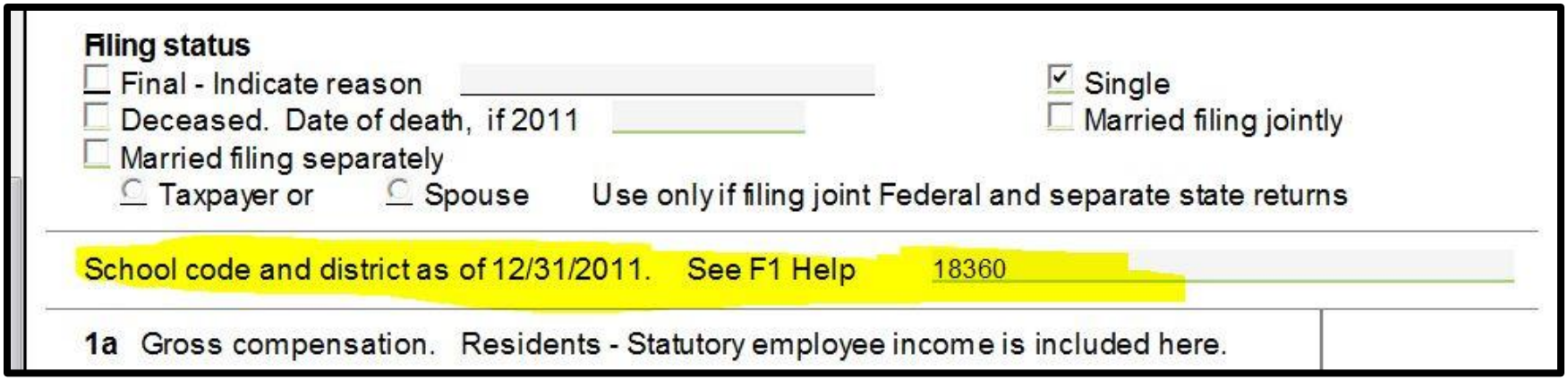
Who Must File

- Resident, part-year resident with $33 or more of earned income
- Non-resident with $33 or more earned in PA
- Minors with earned income
- Decedents-executor or person responsible for closing decedent's affairs

Identifying Information

- Will transfer from the federal 1040
- School code—use the 5 digit code as of December 31.
  - PA resident students—use the code for physical residence of parents or their address of domicile
  - Part-year residents—use code for principal residence/domicile.

PA School Code on PA-40 TaxWise

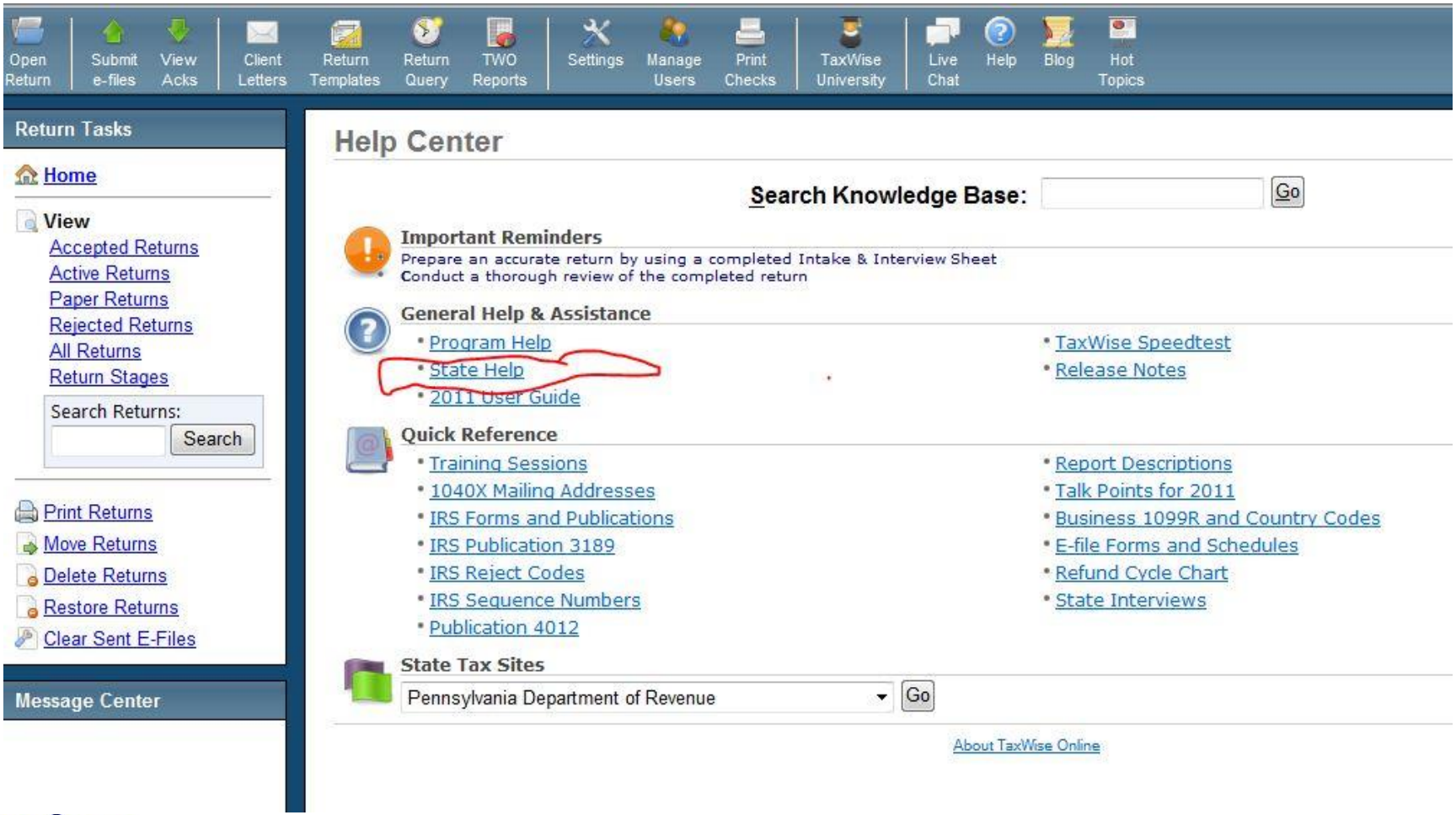


Filing status

- ☐ Final - Indicate reason _____
- ☐ Deceased. Date of death, if 2011 _____
- ☐ Married filing separately
  - ○ Taxpayer or ○ Spouse Use only if filing joint Federal and separate state returns
- ☑ Single
- ☐ Married filing jointly

School code and district as of 12/31/2011. See F1 Help 18360

1a Gross compensation. Residents - Statutory employee income is included here.



PENNSTATE 1855

PA School Code--Tip Sheet

School District Codes

CENTRE

Bald Eagle Area 14100

Bellefonte Area 14110

Keystone Central 18360

Penns Valley Area 14700

Philipsburg-Osceola Area 17700

State College Area 14800

Tyrone Area 07800

PA School Code—Back of PA 40 Instruction Booklet

PA SCHOOL DISTRICTS AND CODES BY COUNTY

SCHOOL DISTRICT	CODE
ADAMS	
Bermudian Springs	01110
Conewago Valley	01160
Fairfield Area	01305
Gettysburg Area	01375
Littlestown Area	01520
Upper Adams	01852
ALLEGHENY	
Allegheny Valley	02060
Avonworth	02075
Baldwin Whitehall	02110
Bethel Park	02125
Brentwood Borough	02145
Carlynton	02160
Chartiers Valley	02175
Clairton City	02190
Cornell	02210
Deer Lakes	02225
Duquesne City	02250
East Allegheny	02280
Elizabeth Forward	02315
Fort Cherry	63240
Fox Chapel Area	02391
Gateway	02410
Hampton Township	02460
Highlands	02475
Keystone Oaks	02500
McKeesport Area	02600
Montour	02630
Moon Area	02634
Mount Lebanon	02640
North Allegheny	02685
Northgate	02687
North Hills	02690
Penn Hills	02735
Penn-Trafford	65710
Pine-Richland	02100

SCHOOL DISTRICT	CODE
BERKS	
Antietam	06050
Boyertown Area	06075
Brandywine Heights Area	06085
Conrad Weiser Area	06110
Daniel Boone Area	06150
Exeter Township	06200
Fleetwood Area	06250
Governor Mifflin	06300
Hamburg Area	06350
Kutztown Area	06400
Muhlenberg	06550
Oley Valley	06650
Reading	06700
Schuylkill Valley	06750
Tulpehocken Area	06800
Twin Valley	06810
Upper Perkiomen	46860
Wilson	06910
Wyomissing	06935
BLAIR	
Altoona Area	07050
Bellwood-Antis	07100
Claysburg-Kimmel	07150
Hollidaysburg Area	07350
Spring Cove	07750
Tyrone Area	07800
Williamsburg Community	07900
BRADFORD	
Athens Area	08050
Canton Area	08100
Northeast Bradford	08300
Sayre Area	08600
Towanda Area	08650
Troy Area	08665
Wyalusing Area	08900

SCHOOL DISTRICT	CODE
Palmerton Area	13650
Panther Valley	13660
Weatherly Area	13900
CENTRE	
Bald Eagle Area	14100
Bellefonte Area	14110
Keystone Central	18360
Penns Valley Area	14700
Philipsburg-Osceola Area	17700
State College Area	14800
Tyrone Area	07800
CHESTER	
Avon Grove	15050
Coatesville Area	15190
Downingtown Area	15200
Great Valley	15350
Kennett Consolidated	15400
Octorara Area	15650
Owen J. Roberts	15660
Oxford Area	15670
Phoenixville Area	15720
Spring-Ford Area	46730
Tredyffrin-Easttown	15780
Twin Valley	06810
Unionville-Chadds Ford	15850
West Chester Area	15900
CLARION	
Allegheny-Clarion Valley	16030
Armstrong	03085
Clarion Area	16120
Clarion-Limestone Area	16170
Keystone	16650
North Clarion County	16750
Redbank Valley	16800
Union	16900

SCHOOL DISTRICT	CODE
Middletown Area	22600
Millersburg Area	22610
Steelton-Highspire	22800
Susquehanna Township	22830
Susquenita	50600
Upper Dauphin Area	22900
Williams Valley	54880
DELAWARE	
Chester-Upland	23123
Chichester	23130
Garnet Valley	23410
Haverford Township	23450
Interboro	23510
Marple Newtown	23550
Penn-Delco	23690
Radnor Township	23760
Ridley	23770
Rose Tree Media	23790
Southeast Delco	23840
Springfield	23850
Unionville-Chadds Ford	15850
Upper Darby	23945
Wallingford-Swarthmore	23960
West Chester Area	15900
William Penn	23965
ELK	
Brockway Area	33070
Forest Area	27200
Johnsonburg Area	24350
Kane Area	42230
Ridgway Area	24600
Saint Marys Area	24800
ERIE	
Corry Area	25145
Erie City	25260

PENNSTATE 1855

Top Right of PA-40

- PA Resident
- Nonresident
- Part-Year Resident

PA residents and nonresidents can be subject to PA income taxes.

Resident for Tax Purposes

- Have a permanent residence in PA.
- All personal income is subject to the PA tax.
- May qualify for credits against taxes paid to other states or countries on income earned outside of PA.

PA Residency for Taxes Established by…

- Domiciled in PA
- Day Test
  - Maintains a permanent abode for 183 days or more in PA

Non-resident

- Person with no domicile or statutory residence in PA are taxed only on income earned from sources within PA.
  - They cannot qualify for credits against taxes paid to other states or countries.
  - Their PA tax may qualify for a credit on their resident state return.
  - Generally, income is taxed in state earned.

What is a Domicile?

- Refers to place maintained as the permanent abode. *Where you intend to return whenever absent.*
- Only one domicile at a time
- PIT Guide, chapter 4, www.revenue.state.pa.us
- To change domicile, show….
  - Physical presence at a residence
  - Intent to make new residence principal living area
  - Provides own support and is independent of parents.

What is a Permanent Abode?

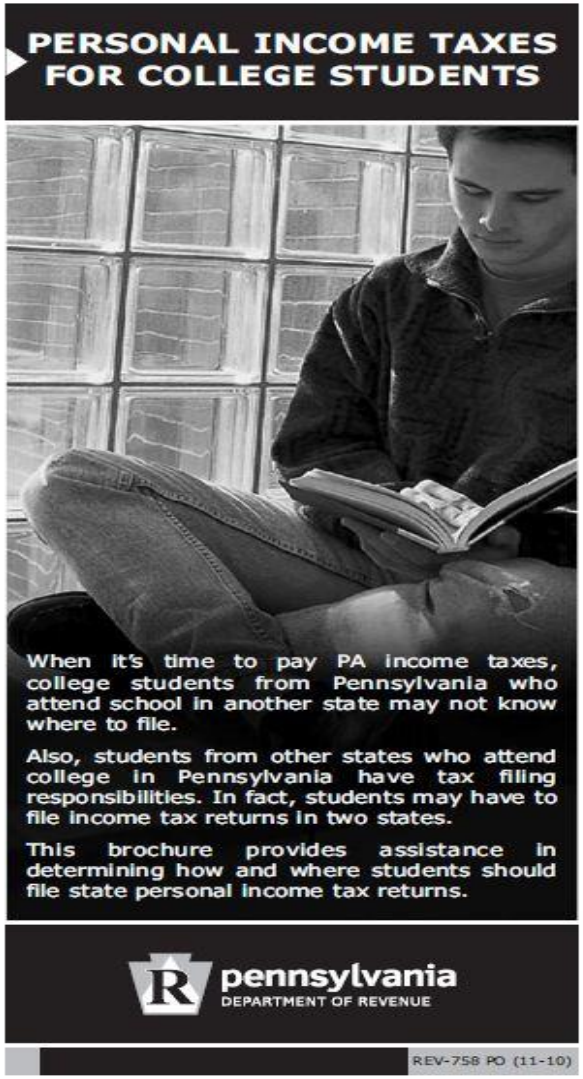
- A house, apartment or other residence maintained as a household for an indefinite period. May be owned or rented.
- A dorm, fraternity and sorority houses, off campus rentals used for a fixed period while earning a degree or certificate is not a permanent abode.

Non-resident

- **Domicil**e—location of permanent abode or residence. (Place of greatest connection, where you intend to return when absent. Where does an individual intend to be domiciled.)
- **Statutory Resident**—Where most time is spent during tax year
- Not a statutory resident if you ….
  - Spent more than 183 days (e.g. 6 months) OUTSIDE PA during tax year.
  - No permanent abode in PA during tax year.

College Students & Taxes

- Earned income of $33 or more in PA
- Undergraduates
  - Generally dependent on parents. Parents claim a dependent exemption or list students on their federal tax returns
  - Money earned in PA is subject to PA income tax
- Graduate students
  - Generally independent of parents.
  - Money earned in PA is subject to PA tax unless there is an exception (some stipends)



Download and read….

Publication 758

Part-Year Resident

- Moved into PA during the tax year
- Moved from PA during the tax year
- Taxed on income earned in PA while a resident and a nonresident.

Quiz 1

- John lives in Delaware and drives to Philadelphia each day to work. John makes the drive from DE to PA from January to April. John moves to PA in May to decrease his transportation expenses. He continues working in PA for the remainder of the tax year.

- **Which state(s) will tax John's income? Why?**

Quiz 1

- John lives in Delaware and drives to Philadelphia each day to work. John makes the drive from DE to PA from January to April. John moves to PA in May to decrease his transportation expenses. He continues working in PA for the remainder of the tax year.

- **Which state(s) will tax John's income? Why?**

Quiz 2

Betty is age 20. She has an apartment in PA while attending PSU. Her parents, residents of CA, cover the cost of her apartment and utilities and they claim her on their income tax return. During the school year, Betty is a hostess at a local State College restaurant. She returns to CA during the summer months and works as a camp director.

a. In which state(s) must Betty file income tax returns?

Quiz 2a

Betty is age 20. She lives in an apartment in PA while attending PSU. Her parents, residents of CA, cover the cost of her apartment and utilities and they claim her on their income tax return. Betty is a hostess at a local State College restaurant during the school year. She returns to CA during the summer months and works as a camp director.

b. How should Betty identify her residency status on the tax return(s)?

Filing Status

- Single (includes divorced or widowed)
- Married, filing jointly
- Married, filing separately
- Final return (moved out of PA)
- Deceased

Line 1a-Gross Compensation

- Salaries
- Wages
- Tips & Gratuities
- Jury Fees
- Honoraria
- Interest
- Dividends

- Capital Gains Distributions
- Gambling/Lottery Winnings
- Profit from small business

NOT Taxable in PA

- Alimony
- Child Support
- Social Security/Rail Rd
- Public Assistance
- Unemployment Comp.
- Gifts
- Scholarships/Stipends

- Fellowships based on NEED or Academic Achievement
- IRA distributions after 59 1/2
- Insurance Proceeds
- Retirement benefits after retiring

Reciprocal States

- Ohio, West Virginia, New Jersey, Virginia, Indiana, Maryland (OWN, VIM)
- Reciprocal states will not tax a resident of the other state on compensation subject to employer withholding (W-2) income.

  Does not apply to non-employee compensation. If taxed at the other state's rate, you must file that states return also.
- Form REV-420 Authorization to Withhold Other States Income Tax.

REV-420 AS (10-99)(I)

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF REVENUE
BUREAU OF BUSINESS TRUST FUND TAXES
DEPT. 280904
HARRISBURG, PA 17128-0904

EMPLOYEE'S STATEMENT OF NONRESIDENCE IN PENNSYLVANIA AND AUTHORIZATION TO WITHHOLD OTHER STATE'S INCOME TAX

PLEASE PRINT OR TYPE

Employer Instructions: You must keep a copy of this form on file for each employee who claims exemption from withholding of Pennsylvania Personal Income Tax on compensation received in Pennsylvania and who authorizes withholding of income tax for another state for remittance to that state. Send the bottom portion of this form to the PA Department of Revenue, Bureau of Business Trust Fund Taxes, Dept. 280904, Harrisburg, PA 17128-0904. Photocopies of this form are acceptable. Unless the state of residence changes, it is not necessary to refile this statement each year.

Employee Instructions: You must complete both portions of this form to claim an exemption from withholding of Pennsylvania Personal Income Tax and to authorize withholding of your state's income tax. Only residents of the states listed on this form are eligible for exemption of withholding from Pennsylvania since they are the only states with which there is a reciprocal agreement. If you change your residence from the state specified on this form, you must notify your employer and complete a new form within 10 days of that change of residence.

CUT HERE ----------

EMPLOYER COPY (EMPLOYEE COMPLETES INFORMATION BELOW AND SIGNS)

Employee name: First, Middle Initial, Last	Social Security Number
Home Address	
City	State Zip Code

I hereby declare that, under penalties of perjury, I am a resident of the state checked below:

☐ INDIANA ☐ MARYLAND ☐ OHIO ☐ NEW JERSEY ☐ VIRGINIA ☐ WEST VIRGINIA

and that pursuant to the reciprocal agreement between those states, I claim an exemption from withholding of Pennsylvania Personal Income Tax

Retirement Income

- PA does not impose income tax on payments taxpayers receive from eligible employer-sponsored retirement plans.

- Contributions to employer-sponsored retirement plans are PA taxable compensation

Copy B To Be Filed With Employee's FEDERAL Tax Return This information is being furnished to the Internal Revenue Service.

OMB No. 1545-008

Form **W-2 Wage and Tax Statement** **2011**

EMPLOYER'S NAME ADDRESS & ZIP CODE
THE PENNSYLVANIA STATE UNIVERSITY
101 JAMES M. ELLIOTT BUILDING
UNIVERSITY PARK, PA 16802

Employee's social security no.	15 State / Empl. state ID No.	b Employer's identification no.	12	20 Locality name	19 Loc. inc. tax
	PA 69-0233856	24-6000376		TWP	695.7
				TOTAL	695.7
Wages,tips,meals,othr compens. 42,002.16	2 Federal income tax withheld 5,175.78	3 Social security wages 44,889.60			
Social security tax withheld 1,885.38	5 Medicare wages and tips 44,889.60	6 Medicare tax withheld 650.94	e Employee's name (e) and Employee's address and ZIP code (f) & f		
Social security tips	8 Allocated tips	9 Advance EIC payment			
) Dependent care benefits		13 Retirement plan YES	16823		
; Gross wages for state 44,889.60	17 State income tax withheld 1,378.14	18 Gross wages for local 44,889.60		Retirement contributions 2,887.44	Gifts-PSU/charities
nemployment compensation tax 36.96		Healthcare reimbursement	LST Tax 52.00	Travel meals	Union dues

PENNSTATE 1855

IRA Withdrawals

- After 59 ½ --no worries.
- Unlike the federal, PA has almost no exceptions for withdrawals before 59 ½----you will be taxed.
  - Exception---Paid to the estate or designated beneficiary.

Line 1b-Unreimbursed Employee Expenses

- Few of these at the site—use schedule UE
- PA does not follow federal law for employee business expenses
- Look for union dues, work clothes and uniforms not wearable on the street, small tools and supplies, professional license fees

1101710059

PA SCHEDULE UE (FI)

Allowable Employee Business Expenses

PA Schedule UE (08-11)
PA DEPARTMENT OF REVENUE

2011

OFFICIAL USE ONLY

START

Name of taxpayer claiming expenses		Social Security Number (shown first)
Employer's Name	Employer's address	Employer Identification Number
Describe the duties of the job in which you incurred these expenses		Employer's Telephone Number

CAUTION: You **must** complete a separate schedule for **each** job or position. Spouses **may not** file joint **PA Schedule(s) UE.**

Part A. Direct Employee Business Expenses.

1. **Union dues.** List union name(s) and amount(s) paid. Enter the total. Submit additional sheets, if needed.
   Name of union(s) and amount(s). _____ 1. _____
2. **Work clothes and uniforms.** Needed for your employment and not suitable for everyday use.
   Description: _____ 2. _____
3. **Small tools and supplies.** Needed for your employment and not provided by your employer.
   Description: _____ 3. _____
4. **Professional license fees, malpractice insurance and fidelity bond premiums.** Required as a condition of your employment.
   Description: _____ 4. _____
5. **Total Direct Employee Business Expenses.** Add Lines 1 through 4. . . . . 5. _____

Part B. Business Travel Expenses. You may use appropriate amounts from Lines 1, 2, 3 and 5 of your Federal Form 2106 or Federal Form 2106-EZ. **CAUTION:** You **may not** use Line 4 of Form 2106. You must itemize these expenses in Part C of this schedule.

PENNSTATE 1855

w-2—Union Dues

Copy B To Be Filed With Employee's FEDERAL Tax Return This information is being furnished to the Internal Revenue Service.

EMPLOYER'S NAME ADDRESS & ZIP CODE	THE PENNSYLVANIA STATE UNIVERSITY 101 JAMES M. ELLIOTT BUILDING UNIVERSITY PARK, PA 16802		OMB No. 1545-008 Form **W-2 Wage and Tax Statement**		**2011**
Employee's social security no.	15 State Empl. state ID No. PA 69-0233856	b Employer's identification no. 24-6000376	12	20 Locality name TWP TOTAL	19 Loc. inc. tax 695.76 695.76
Wages,tips,meals,othr compens. 42,002.16	2 Federal income tax withheld 5,175.78	3 Social security wages 44,889.60			
Social security tax withheld 1,885.38	5 Medicare wages and tips 44,889.60	6 Medicare tax withheld 650.94	e Employee's name (e) and Employee's address and ZIP code (f) & f		
Social security tips	8 Allocated tips	9 Advance EIC payment			
) Dependent care benefits		13 Retirement plan YES	16823		
; Gross wages for state 44,889.60	17 State income tax withheld 1,378.14	18 Gross wages for local 44,889.60		Retirement contributions 2,887.44	Gifts-PSU/charities
nemployment compensation tax 36.96		Healthcare reimbursement	LST Tax 52.00	Travel meals	Union dues

Local Services Tax

Line 2. Interest Income

- Savings, checking accounts
- Money market mutual funds
- Use PA Schedule A if more than $2,500
- Excludes interest on U.S. government obligations (bonds), Commonwealth of PA bonds.

Line 3-Dividends, Capital Gain Distributions from Mutual Funds

- Will be listed on Form 1099-DIV
- If more than $2,500 use PA Schedule B

Lines 4, 5, 6 Net Income Gains and Losses Line 7—Estate or Trust Income

- Lines 4, 5, 6—not likely
- Line 7---not applicable

Line 8—Gambling & Lottery Winnings

- PA Residents & Non PA Residents
  - Taxed—all gambling/lottery winnings from any source EXCEPT those from PA Lottery
- You cannot deduct the cost of PA Lottery tickets from other PA taxable gambling & lottery winnings.

Form W-2G

3232 ☐ VOID ☐ CORRECTED

PAYER'S name	1 Gross winnings	2 Federal income tax withheld
Street address	3 Type of wager	4 Date won
City, state, and ZIP code	5 Transaction	6 Race
Federal identification number Telephone number	7 Winnings from identical wagers	8 Cashier
WINNER'S name	9 Winner's taxpayer identification no.	10 Window
Street address (including apt. no.)	11 First I.D.	12 Second I.D.
City, state, and ZIP code	13 State/Payer's state identification no.	14 State income tax withheld

Under penalties of perjury, I declare that, to the best of my knowledge and belief, the name, address, and taxpayer identification number that I have furnished correctly identify me as the recipient of this payment and any payments from identical wagers, and that no other person is entitled to any part of these payments.

Signature ▶ **Date ▶**

OMB No. 1545-0238

2012

Form W-2G

Certain Gambling Winnings

For Privacy Act and Paperwork Reduction Act Notice, see the **2012 General Instructions for Certain Information Returns.**

File with Form 1096.

Copy A

For Internal Revenue Service Center

Form **W-2G** Cat. No. 10138V Department of the Treasury - Internal Revenue Service

PENNSTATE 1855

Line 10-Other Deductions

- May have to list income in line 1a that transferred from Federal Form 1040 that IS NOT taxable in PA.
  - Scholarship/fellowship that is taxed at the federal level but not taxed in PA.

Line 10 on PA-40

8	Gambling and lottery winnings. See Schedule T Form 1040, line 21: 0 add to line 1 ○ or go to Schedule T ○ Taxable amounts from HSAs, MSAs, and educational savings accounts are reported on PA Schedule A	0
9	**Total PA taxable income.** Do not add any losses on lines 4, 5, or 6	4778
10	Other deductions Code N	0
11	**Adjusted PA taxable income**	4778

Lines 11,12, 13, 14

- Auto calculated or not applicable to most VITA taxpayers.

Line 15-Estimated Taxes Paid

- Independent contractors or others who prepay tax bill from income.

Line 16- 2011 Payment Extension

- Taxes paid when filing an extension to file your return.
- Not applicable to most VITA taxpayers

Line 17-Nonresident Tax Held S Corporations

- Not applicable to most VITA taxpayers

Line 18-Estimated Payments & Credits

- Auto calculated

Lines 19 to 21-Tax Forgiveness

- Tax Forgiveness is a credit that allows some taxpayers to reduce their PA tax bill completely or partially.
- Eligible--Taxpayers and their working children who are full-time students and not independent.
- The credit is based on income and number of folks supported by the income.

PA-Tax Forgiveness Sliding Scale

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:

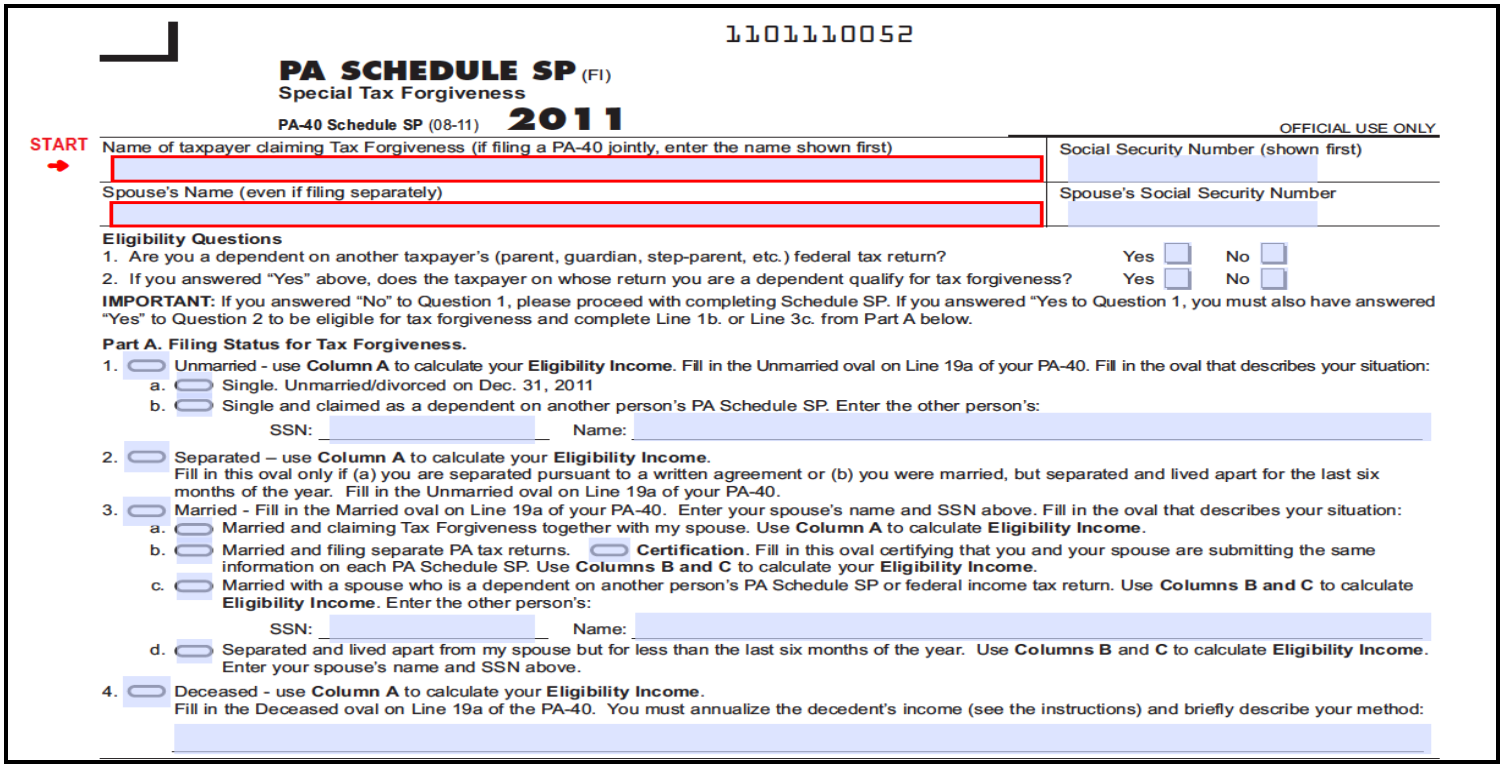
100%	90%	80%	70%	60%	50%	40%	30%	20%	10%
1.0	.90	.80	.70	.60	.50	.40	.30	.20	.10

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

PENNSTATE 1855

Lines 19 to 21-Tax Forgiveness

- Use Form PA Schedule SE



1101110052

PA SCHEDULE SP (FI)
Special Tax Forgiveness
PA-40 Schedule SP (08-11) **2011**

OFFICIAL USE ONLY

START

Name of taxpayer claiming Tax Forgiveness (if filing a PA-40 jointly, enter the name shown first) | Social Security Number (shown first)

Spouse's Name (even if filing separately) | Spouse's Social Security Number

Eligibility Questions

1. Are you a dependent on another taxpayer's (parent, guardian, step-parent, etc.) federal tax return? Yes ☐ No ☐
2. If you answered "Yes" above, does the taxpayer on whose return you are a dependent qualify for tax forgiveness? Yes ☐ No ☐

IMPORTANT: If you answered "No" to Question 1, please proceed with completing Schedule SP. If you answered "Yes to Question 1, you must also have answered "Yes" to Question 2 to be eligible for tax forgiveness and complete Line 1b. or Line 3c. from Part A below.

Part A. Filing Status for Tax Forgiveness.

1. ☐ Unmarried - use **Column A** to calculate your **Eligibility Income**. Fill in the Unmarried oval on Line 19a of your PA-40. Fill in the oval that describes your situation:
   a. ☐ Single. Unmarried/divorced on Dec. 31, 2011
   b. ☐ Single and claimed as a dependent on another person's PA Schedule SP. Enter the other person's:
      SSN: _____ Name: _____
2. ☐ Separated – use **Column A** to calculate your **Eligibility Income**.
   Fill in this oval only if (a) you are separated pursuant to a written agreement or (b) you were married, but separated and lived apart for the last six months of the year. Fill in the Unmarried oval on Line 19a of your PA-40.
3. ☐ Married - Fill in the Married oval on Line 19a of your PA-40. Enter your spouse's name and SSN above. Fill in the oval that describes your situation:
   a. ☐ Married and claiming Tax Forgiveness together with my spouse. Use **Column A** to calculate **Eligibility Income**.
   b. ☐ Married and filing separate PA tax returns. ☐ **Certification**. Fill in this oval certifying that you and your spouse are submitting the same information on each PA Schedule SP. Use **Columns B and C** to calculate your **Eligibility Income**.
   c. ☐ Married with a spouse who is a dependent on another person's PA Schedule SP or federal income tax return. Use **Columns B and C** to calculate **Eligibility Income**. Enter the other person's:
      SSN: _____ Name: _____
   d. ☐ Separated and lived apart from my spouse but for less than the last six months of the year. Use **Columns B** and **C** to calculate **Eligibility Income**. Enter your spouse's name and SSN above.
4. ☐ Deceased - use **Column A** to calculate your **Eligibility Income**.
   Fill in the Deceased oval on Line 19a of the PA-40. You must annualize the decedent's income (see the instructions) and briefly describe your method:

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Tax Forgiveness-Eligibility

Eligibility Questions

1	Are you a dependent on another taxpayer's Federal tax return?	☐ Yes	☑ No
2	If you answered "Yes" above, does the taxpayer on whose return you are a dependent qualify for tax forgiveness?	○ Yes	○ No

Tip: If students don't know if parents qualify for Tax Forgiveness, show them the sliding scale and ask them to ask a parent. Parents will have a Schedule SP attached to previous or current tax return.

Tax Forgiveness-Filing Status

Part A: Filing Status for Tax Forgiveness

◉ **Unmarried.**
- ◉ Single, unmarried on December 31, 2013
- ○ Single and claimed as a dependent on another person's PA Schedule SP
  Enter the other person's SSN and name.
  SSN Name

○ **Separated.** Pursuant to a written agreement or married, but separated, and lived apart for the last 6 months of the year.

○ **Married,**
- ○ Married and claiming Tax Forgiveness together with spouse.
  This includes a surviving spouse who elected to file a joint return with a deceased taxpayer and / or spouse. Income for the decedent must be annualized below. See check box below for easy entry
- ○ Married and filing separate PA returns. Enter spouse's name and SSN above.
  - ☐ **Certification.** If married, and filing separately, check here certifying that you and your spouse are submitting the same information on each PA Schedule SP.
    If you filed a joint Federal return, and this is a married filing separate PA return, or one spouse is deceased, this Schedule SP is for the ○ Taxpayer or ○ Spouse
    Use columns B and C to calculate eligibility.
- ○ Married with a spouse who is a dependent on another person's PA Schedule SP or Federal income tax return. Enter the SSN and name of the other person claiming the spouse.
  SSN Name

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Tax Forgiveness-Income

Part C: Eligibility Income

		A Deceased, single, or married joint	Married filing separately	
	If decedent is checked above, check here for ease of entry for annualized income ☐		B Taxpayer	C Spouse
1	PA taxable income from PA tax return	5919	0	0
2	Nontaxable interest, dividends, and gains	0	0	0
3	Alimony	0	0	0
4	Insurance proceeds and inheritances	0	0	0
5	Gifts, awards, and prizes	19654	0	0
6	Nonresident income - part-year and nonresidents	0	0	0
7	Nontaxable military pay. Do not include combat pay	0	0	0
8	Gain excluded on the sale of a residence	0	0	0
9	Nontaxable educational assistance	0	0	0
10	Cash received for personal purposes from outside the home	0	0	0
11	**Total eligibility income**	25573	0	0
	Total eligibility income columns B and C			0

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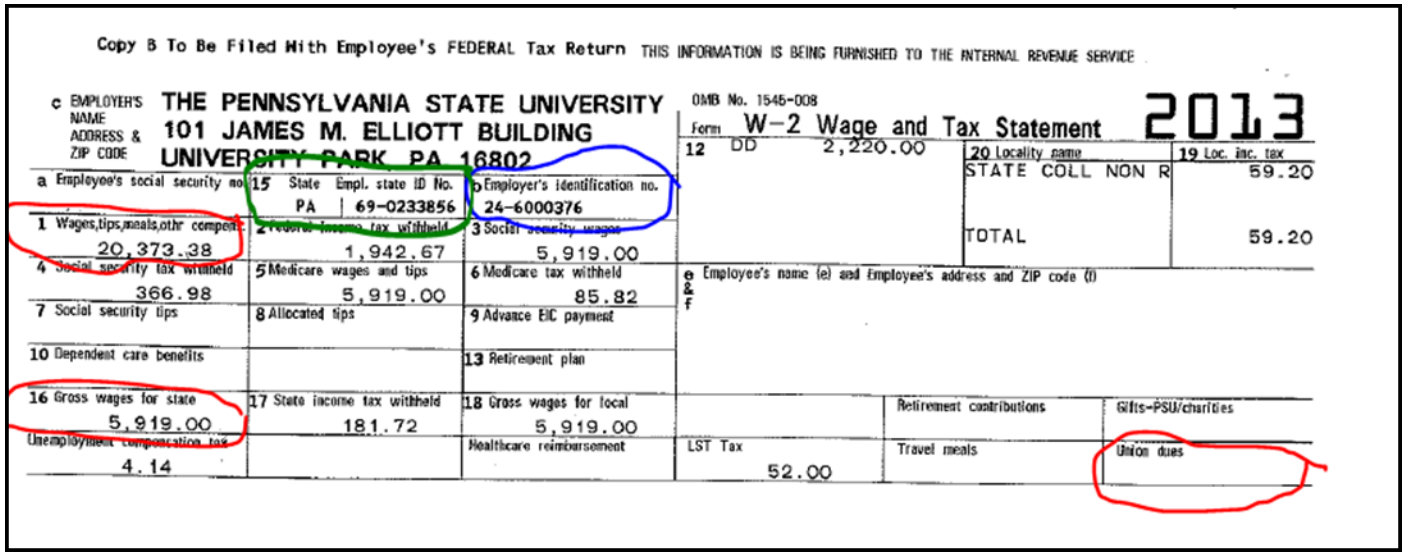
Example



Copy B To Be Filed With Employee's FEDERAL Tax Return THIS INFORMATION IS BEING FURNISHED TO THE INTERNAL REVENUE SERVICE

c EMPLOYER'S NAME ADDRESS & ZIP CODE
THE PENNSYLVANIA STATE UNIVERSITY
101 JAMES M. ELLIOTT BUILDING
UNIVERSITY PARK, PA 16802

OMB No. 1545-008
Form W-2 Wage and Tax Statement 2013

a Employee's social security no

15 State: PA | Empl. state ID No.: 69-0233856
b Employer's identification no.: 24-6000376

12 DD 2,220.00

20 Locality name: STATE COLL NON R
19 Loc. inc. tax: 59.20
TOTAL 59.20

1 Wages,tips,meals,othr compens: 20,373.38
2 Federal income tax withheld: 1,942.67
3 Social security wages: 5,919.00
4 Social security tax withheld: 366.98
5 Medicare wages and tips: 5,919.00
6 Medicare tax withheld: 85.82
7 Social security tips
8 Allocated tips
9 Advance EIC payment
10 Dependent care benefits
13 Retirement plan
e & f Employee's name (e) and Employee's address and ZIP code (f)
16 Gross wages for state: 5,919.00
17 State income tax withheld: 181.72
18 Gross wages for local: 5,919.00
Unemployment compensation tax: 4.14
Healthcare reimbursement
LST Tax: 52.00
Retirement contributions
Travel meals
Gifts-PSU/charities
Union dues

Box 1 $20,373.38
\- Box 16 $ 5,919.00
$14,454.38 insert in Part C-Tax Forgiveness

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Tax Forgiveness- Calculation

Part D: Calculating Tax Forgiveness			
12 PA taxable liability	182		0
13 Less credit from PA 40, line 22	0		0
14 Net PA tax liability	182		0
15 Percentage of Tax Forgiveness	0.00 %		0.00 %
16 **Tax Forgiveness credit**	0		0

Lines 22 and 23-Credits

- Line 22—credit for taxes paid to other states if working in another state and legal residence is still PA.
- Line 23—credits not applicable to VITA taxpayers.
- Line 24—auto calculated

Line 25—Use Tax

- Self reporting of sales tax (6%) NOT collected on purchases from internet, toll-free numbers, mail order.
- An additional amount for Pittsburgh (1%) and Philadelphia (2%)

Lines 26-36

- Line 26 PA tax bill or tax liability
- Line 27 Penalties and interest
- Line 28 Payments Due
- Line 29 Overpayment
- Line 30 Refund
- Line 31 Credit you wish to apply to next year's return
- Lines 32-36 Donations to various causes.

PA Property Tax/Rent Rebate

PA-1000

Pennsylvania Property Tax or Rent Rebate Program

PENNSYLVANIA LOTTERY
Benefits Older Pennsylvanians. Every Day.

2011

The Property Tax/Rent Rebate program benefits eligible Pennsylvanians age 65 and older; widows and widowers age 50 and older; and people with disabilities age 18 and older.

The deadline to apply for a rebate on property taxes or rent paid in 2011 is June 30, 2012. Revenue will begin mailing and depositing rebates on July 1, 2012, as specified by law. Please see Page 3 for eligibility requirements and Page 10 for a sample form.

Homeowners:	INCOME		MAXIMUM STANDARD REBATE
	$0	to $8,000	$650
	$8,001	to $15,000	$500
	$15,001	to $18,000	$300

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PA w2-Code Retirement Income

Type

Part B: Miscellaneous and Non-employee Compensation from Federal Forms 1099R, 1099MISC, and other statements

Enter the necessary information from your forms below. If the form or statement does not have separately stated amounts, list the same amount in the Federal and PA columns.
Only information from Forms 1099R will be calculated below. If you have any 1099MISCs not included on Schedule C, you must complete the information below. F8 on each entry of a line below for which information is not already provided to enter the 1099MISC information.
A copy of each form or statement listed below must be submitted with a paper return and can be requested if the return is electronically filed. PA receives a copy of Forms 1099R with the electronic return.

Type
- **A** Executor fee
- **B** Jury duty pay
- **C** Director's fee
- **D** Expert witness fee
- **E** Honorarium
- **F** Covenant not to compete
- **G** Damages or settlement for lost wages, other than personal injury
- **H** Other nonemployee compensation. Describe:
- **I** Distribution from employer sponsored retirement, pension, or qualified deferred compensation plan
- **J** Distribution from an IRA - traditional or Roth
- **K** Distribution from life insurance, annuity, or endowment contracts
- **L** Distribution from charitable gift annuities

If you have more than 10 1099Rs per tax return, enter 1 here, 0 Shift F10 to duplicate form, enter copy 2 on the next form, and 11 in the first 1099R no. If you have more than 20 1099Rs, enter 2 above and 21 in the first 1099R no. Number of 1099Rs 3
If you are duplicating this form solely for Part A, enter the copy number above and enter the number one greater than the number of 1099Rs included on the previous occurrence of this form.

Copy no.	a T / S	b Type	c Payer name	d 1099R Code	e Federal amount	f Adjusted plan basis	g PA compensation	h PA tax withheld
0	T	I	FIDELITY INVE	7	2808	0	2808	0
0	T	K	LIFE INSURANC	7	300	0	300	0
0	T	K	CM LIFE INSUR	7D	596	502	94	0
0					0	0	0	0
0					0	0	0	0
0					0	0	0	0
0					0	0	0	0
0					0	0	0	0

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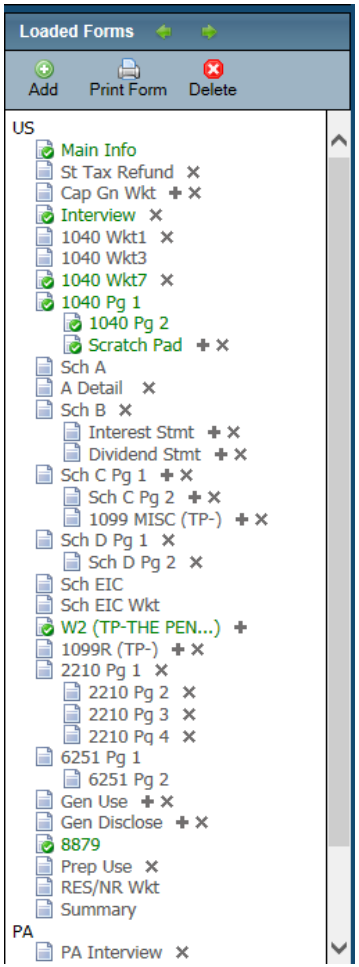
TaxWise Forms Tree



PA 40-TaxWise Forms Tree

- PA Interview
  - PA 40 page 1
  - PA 40 page 2
- PA W2S
- PA 8453
- PA Sch SP

PA Interview

Pennsylvania State Information **2013**

Miscellaneous Information

School code and district as of 12/31/2013.
See help file for list of valid entries: 14800 STATE COLLEGE AREA

Special Tax Forgiveness
YOU SEEM TO QUALIFY FOR TAX FORGIVENESS. PLEASE SEE REQUIRED ENTRIES BELOW.

Unmarried
- (•) Single, unmarried on December 31, 2013
- ( ) Separated. Pursuant to a written agreement or married, but separated, and lived apart for the last 6 months of 2013.

Married filing separately
- ( ) Married filing separate PA returns.
  - [ ] Certification. Check here certifying that you and your spouse are submitting the same information on each PA Schedule SP.
- ( ) Separated and living apart from spouse, but for less than the last 6 months in 2013.
  Enter the spouse's income: 0

Dependent of another
Does the taxpayer on whose return you are a dependent qualify for tax forgiveness? ( ) Yes ( ) No
If "Yes", enter the other person's Name _____ SSN _____

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PA Interview-2

Balance Due or Refund

Balance due	0
Refund	0

Do you want to electronically file this return? ◉ **Yes** ○ **No**

Direct Deposit of Your Refund or Direct Debit of Your Balance Due - Electronic Filing Only

○ Check this box if you want the state refund deposited to the same bank account as listed for your Federal refund, including Money Clip. This information will not appear below, but will be transmitted to PA and will appear on the printed PA 8453.
○ Check here if you want the refund deposited into a different account.
○ Check to have a refund check mailed to you.

○ Check here if you want your balance due withdrawn from your bank account and enter your account information and the date of the withdrawal.
Amount you want debited 0
Requested payment date
If the return is transmitted on or before April 15, the requested payment date cannot be later than April 15. If the return is efiled after April 15, the requested payment date should be today. This is today's date 10/14/2014
○ Check here if you will mail your balance due to Pennsylvania.

Routing number _____ Account type: ○ Checking ○ Savings
Account number _____

For direct deposit or direct debit, is the account located outside the U.S.? ○ Yes ◉ No

Date at least 2 weeks out

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PA Interview-3

Part II: Direct Deposit of Refund or Electronic Funds Withdrawal or Tax Due

- ○ Check this box if you want the state refund deposited to the same bank account as listed for your Federal refund, including Money Clip. This information will not appear below, but will be transmitted to PA and will appear on the printed PA 8453.
- ○ Check here if you want the refund deposited into a different account.
- ○ Check to have a refund check mailed to you.

- ○ Check to have an ACH debit of PA state balance due. Your account information must be entered below.
  - Amount you want debited: 0
  - Requested payment date:
  - If the return is transmitted on or before April 15, the requested payment date cannot be later than April 15. If the return is efiled after April 15, the requested payment date should be today. This is today's date: 10/14/2014
- ○ Check to state that you will mail your check to PA for the balance due.

6 Routing number

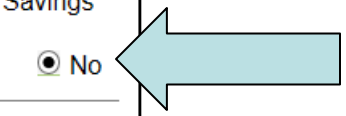
7 Account number

8 Type of account ○ Checking ○ Savings

For direct deposit or direct debit, is the account located outside the U.S.? ○ Yes ◉ No

If you used a different account for direct deposit of your state tax refund, or you selected ACH debit, rekey the account information below from the check or other document for verification.

RTN: Account:



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Miscellaneous

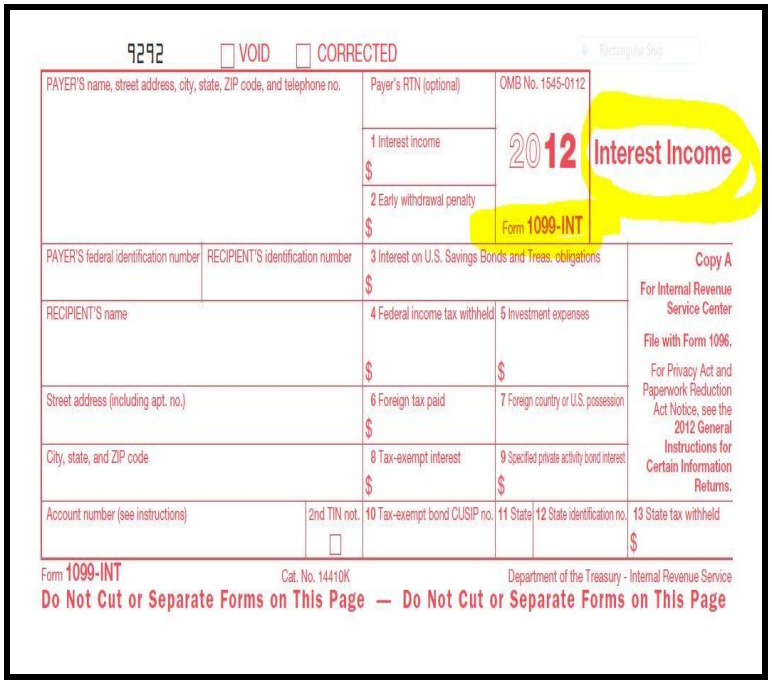
- Pennsylvania Dept. of Revenue Support Home
- https://revenue-pa.custhelp.com/
- PA 40 PIT Guide
  - Personal Income Tax

1099-Gs Refund of State Taxes

- Most VITA taxpayers DO NOT itemize deductions.
- PA indicated starting in 2013 DoR would not send 1099Gs by mail unless requested. 1099G information will be available on DoR website.
- Refund only important if taxpayer ITEMIZED deductions.

Tax Forms

- Look in corner for form name



9292 ☐ VOID ☐ CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no. | Payer's RTN (optional) | OMB No. 1545-0112

1 Interest income $

2012 Interest Income

2 Early withdrawal penalty $

Form 1099-INT

PAYER'S federal identification number | RECIPIENT'S identification number | 3 Interest on U.S. Savings Bonds and Treas. obligations $

Copy A For Internal Revenue Service Center File with Form 1096.

RECIPIENT'S name | 4 Federal income tax withheld $ | 5 Investment expenses $

Street address (including apt. no.) | 6 Foreign tax paid $ | 7 Foreign country or U.S. possession

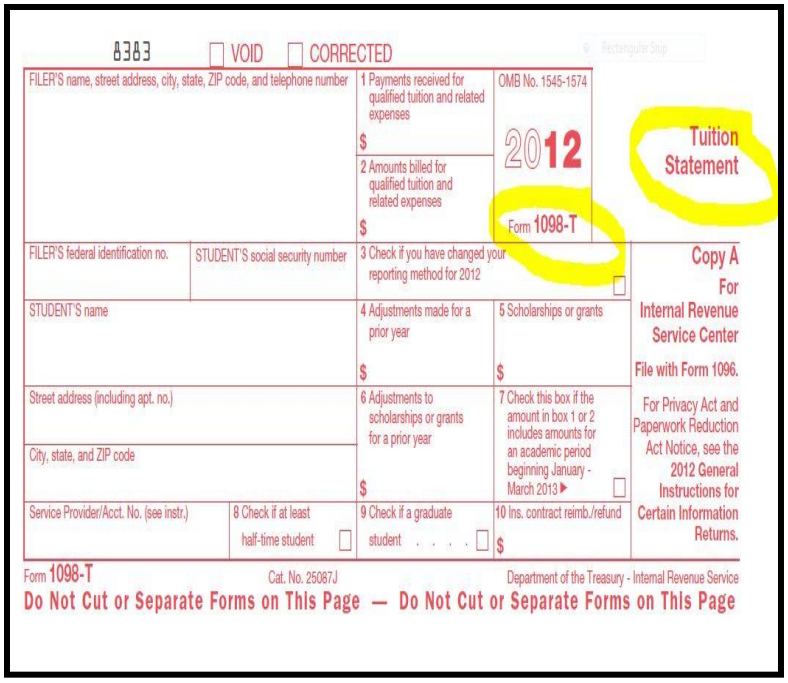
City, state, and ZIP code | 8 Tax-exempt interest $ | 9 Specified private activity bond interest $

For Privacy Act and Paperwork Reduction Act Notice, see the 2012 General Instructions for Certain Information Returns.

Account number (see instructions) | 2nd TIN not. ☐ | 10 Tax-exempt bond CUSIP no. | 11 State | 12 State identification no. | 13 State tax withheld $

Form 1099-INT Cat. No. 14410K Department of the Treasury - Internal Revenue Service

Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page



8383 ☐ VOID ☐ CORRECTED

FILER'S name, street address, city, state, ZIP code, and telephone number | 1 Payments received for qualified tuition and related expenses $ | OMB No. 1545-1574

2 Amounts billed for qualified tuition and related expenses $

2012 Tuition Statement

Form 1098-T

FILER'S federal identification no. | STUDENT'S social security number | 3 Check if you have changed your reporting method for 2012 ☐

Copy A For Internal Revenue Service Center File with Form 1096.

STUDENT'S name | 4 Adjustments made for a prior year $ | 5 Scholarships or grants $

Street address (including apt. no.) | 6 Adjustments to scholarships or grants for a prior year $ | 7 Check this box if the amount in box 1 or 2 includes amounts for an academic period beginning January - March 2013 ▶ ☐

City, state, and ZIP code

For Privacy Act and Paperwork Reduction Act Notice, see the 2012 General Instructions for Certain Information Returns.

Service Provider/Acct. No. (see instr.) | 8 Check if at least half-time student ☐ | 9 Check if a graduate student . . . . ☐ | 10 Ins. contract reimb./refund $

Form 1098-T Cat. No. 25087J Department of the Treasury - Internal Revenue Service

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PENNSTATE 1855

EIN-Employer ID Number

Copy B To Be Filed With Employee's FEDERAL Tax Return This information is being furnished to the Internal Revenue Service.

EMPLOYER'S NAME ADDRESS & ZIP CODE	THE PENNSYLVANIA STATE UNIVERSITY 101 JAMES M. ELLIOTT BUILDING UNIVERSITY PARK, PA 16802		OMB No. 1545-008 Form **W-2 Wage and Tax Statement**	**2011**
Employee's social security no.	15 State Empl. state ID No. PA 69-0233856	b Employer's identification no. 24-6000376	12	20 Locality name TWP TOTAL
Wages,tips,meals,othr compens. 42,002.16	2 Federal income tax withheld 5,175.78	3 Social security wages 44,889.60		19 Loc. inc. tax 695.76 695.76
Social security tax withheld 1,885.38	5 Medicare wages and tips 44,889.60	6 Medicare tax withheld 650.94	e Employee's name (e) and Employee's address and ZIP code (f) & f	
Social security tips	8 Allocated tips	9 Advance EIC payment		
) Dependent care benefits		13 Retirement plan YES	16823	
; Gross wages for state 44,889.60	17 State income tax withheld 1,378.14	18 Gross wages for local 44,889.60		Retirement contributions 2,887.44 / Gifts-PSU/charities
nemployment compensation tax 36.96		Healthcare reimbursement	LST Tax 52.00	Travel meals / Union dues

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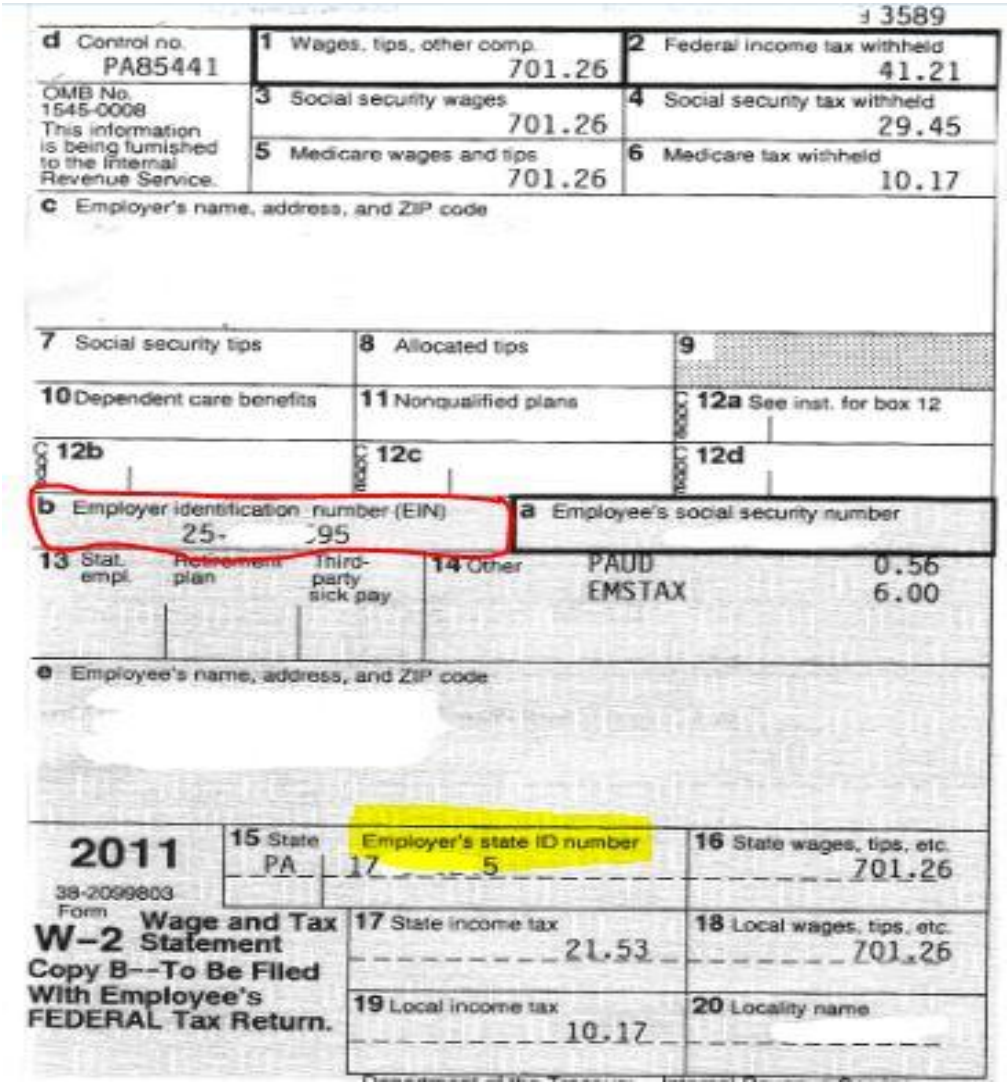
EIN Example #2



3589

d Control no. PA85441	1 Wages, tips, other comp. 701.26	2 Federal income tax withheld 41.21
OMB No. 1545-0008 This information is being furnished to the Internal Revenue Service.	3 Social security wages 701.26	4 Social security tax withheld 29.45
	5 Medicare wages and tips 701.26	6 Medicare tax withheld 10.17

c Employer's name, address, and ZIP code

7 Social security tips	8 Allocated tips	9
10 Dependent care benefits	11 Nonqualified plans	12a See inst. for box 12
12b	12c	12d

b Employer identification number (EIN) 25- 295

a Employee's social security number

13 Stat. empl. | Retirement plan | Third-party sick pay

14 Other PAUD 0.56
EMSTAX 6.00

e Employee's name, address, and ZIP code

2011

38-2099803

Form W-2 Wage and Tax Statement

Copy B--To Be Filed With Employee's FEDERAL Tax Return.

15 State PA	Employer's state ID number 17 5	16 State wages, tips, etc. 701.26
	17 State income tax 21.53	18 Local wages, tips, etc. 701.26
	19 Local income tax 10.17	20 Locality name

PENNSTATE 1855

Cautions-1

- Use the tools at your station to prepare an accurate return.
  - Publication 17
  - PA Income Tax (PIT) Guide
  - PA 40 & Form 1040 Instruction Booklets
  - Frequently used school codes
  - PA and Federal Tax Fact Sheet
  - Publication 4012

Cautions-2

- Ask taxpayer questions.
- Ask them to verify that information on the printed return is accurate.(name and SS#)
- EXPLAIN the return to them. Ask if they have any questions.
  - Total income, total adjustments, amount of taxable income, tax on their income, total other taxes, Federal tax withheld, point out refundable credits

Explain the Tax Return- Federal

1. Total income (line 22)
2. Total adjustments (line 36
3. AGI-adjustable gross income (line 37)
4. Amount of taxable income (line 43)
5. Tax on their taxable income (line 44)
6. Total of other taxes (line 61)
7. Federal tax withheld (line 62)
8. Point out refundable credits (lines 64a, 65, 66)
9. Restate refund or amount due.

Explain the Tax Return-State

- Use the printed PA-8453
- Review each line before asking for signature.
  1. PA adjustable taxable income
  2. PA tax liability (taxes owed)
  3. PA taxes withheld
  4. Refund amount
  5. Amount owed
- PA has the same rate (3.07%) for all taxpayers. Unless a taxpayer has multiple jobs, the correct amount is usually withheld.

Snapshot-PA 8453

Part I **Tax Return Information** (Enter whole dollars only.)

1.	Adjusted PA taxable income (Form PA-40, Line 11)	1.	5,919.
2.	PA tax liability (Form PA-40, Line 12)	2.	182.
3.	Total PA tax withheld (Form PA-40, Line 13)	3.	182.
4.	Amount to be refunded (Form PA-40, Line 30)	4.	
5.	Total payment (tax due) (Form PA-40, Line 28)	5.	

Part II **Direct Deposit of Refund or Electronic Funds Withdrawal of Tax Due** (Optional - See instructions.)

STAPLE COPY OF STATE W-2(s), W-2G and 1099(s) HERE

6. Routing transit number (RTN) — **The first two numbers of the RTN must be 01 through 12 or 21 through 32.**
7. Depositor account number (DAN)
8. Type of account: ☐ Checking ☐ Savings
9. Debit date

Part III **Declaration of Taxpayer** (Sign only after Part I is complete.)

10. ☐ a. I consent for my refund to be directly deposited as designated in Part II and declare all information shown on Lines 6 through 8 is correct. I certify the ultimate destination of the funds is within the U.S. or one of its territories. If I have filed a joint return, this is an irrevocable appointment of the other Taxpayer as agent to receive the refund.
☐ b. I am not receiving a refund or I do not want direct deposit of my refund.
☐ c. I authorize the Pennsylvania Department of Revenue and its designated financial agents to initiate an electronic funds withdrawal entry to my designated account for Pennsylvania taxes owed. I also authorize my financial institution to debit the entry to my account and the financial institutions involved in the processing of my electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to my payment. I certify the funds for this withdraw are originating form an account within the U.S. or one of its territories. I may revoke this authorization by notifying the Pennsylvania Department of Revenue no later than two business days prior to the payment (settlement) date. I understand notification must be made in writing by email to ra-achrevok@state.pa.us or fax to 717-772-9310.

If I have filed a balance-due return, I understand that if the PA Department of Revenue does not receive full and timely payment of my tax liability, I will remain liable for the tax and all applicable interest and penalties. If I have filed a joint federal and state tax return and there is an error on my state return, I understand my federal return will be rejected.

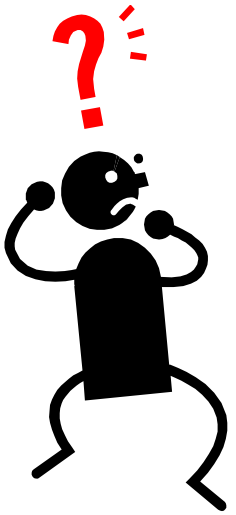
I declare under penalties of perjury compared the information on my return with the information I provided to my electronic return originator and the amounts match those my 2013 PA Tax Return (PA-40). To the best of my knowledge, my return is true and complete. I consent my return and accompanying schedules and statements may sent to the Internal Revenue Service (IRS) by my electronic return originator, and subsequently by the IRS to the PA Department of Revenue. If I am filing from a home computer, understand I am required to keep this form and supporting documents for three years.

Sign Here ▶ Primary Taxpayer — Date ▶ Secondary Taxpayer — Date

Part IV **Declaration of Electronic Return Originator (ERO) and Paid Preparer** (See Instructions.)

PENNSYLVANIA

PENNSTATE 1855

The End

- Questions