

## INSTRUCTIONS FOR FINAL RETURN FORM

Every resident who had taxable earned income or net profits during any part of the year must file a final tax return form. **THIS RETURN MUST BE FILED EVEN IF TAX WAS FULLY WITHHELD BY YOUR EMPLOYER OR IF NO ADDITIONAL TAX IS DUE. Two-income households may file on the same form provided separate columns are used. Merging of income/loss is not permitted.**

All returns must be postmarked or delivered on or before April 15 of the following tax year to avoid penalty, interest and late charges.

**LINE 1 - TAXABLE EARNED INCOME AND COMPENSATION** Earned Income shall be determined by the Regulations set forth by the Pennsylvania Department of Revenue relating to personal income tax. Please refer to Act 166 of 2002. Earned Income includes gross wages; salaries; commissions; bonuses; tips; fees; vacation pay; honoraria; severance pay; incentive payments; supplemental wage plans; profit distributions; sick pay (other than third party sick pay); housing allowance payments; taxes assumed by the employer for the employee; exercised stock options from employers; employer-reimbursed moving expenses; deferred income for pensions and annuities; and other forms of compensation as provided by the employer whether reported on W-2 statements or 1099 Forms.

**LINE 2 - DEDUCTIONS FOR UN-REIMBURSED BUSINESS EXPENSES ARE PERMITTED AS FOLLOWS:** business related auto expenses; union dues; professional license fees; professional dues; small tools required for employment; and uniforms or work clothing not suitable for everyday use. **Business expenses will not be processed as a deduction without documentation. Attach PA Schedule UE Form and Federal Form 2106. Contributions to deferred income plans such as IRA's, 401(k)'s, and Keoghs cannot be deducted from taxable income. PERSONAL EXPENSES ARE NOT DEDUCTIBLE.**

**LINE 3 - TAXABLE EARNED INCOME/COMPENSATION** LINE 1 EARNED INCOME/COMPENSATION minus LINE 2 UNREIMBURSED EMPLOYEE BUSINESS EXPENSES. IF ZERO OR LESS ENTER 0.

**LINE 4 - NET PROFIT OR LOSS FROM BUSINESS, PROFESSION, FARM.** Net Profit shall be determined by the Regulations set forth by the Pennsylvania Department of Revenue relating to personal income tax. Please refer to Act 166 of 2002. Net Profit includes net profits from a business, profession or farm; rental income unless reported as passive income to the Pennsylvania Department of Revenue; royalties; patent and fees; and partnership or joint venture income. In addition, **TAXABLE GAINS FROM THE SALE OF BUSINESS PROPERTY** shall be reported for earned income tax purposes in the year of sale to the extent that they were created by depreciation deductions (tax benefit) previously deducted to determine net profits. Supporting documents shall include but not be limited to Federal Form 4797, Schedule C, D, E, F, K-1, and related schedules. Where a reasonable salary has been taken for services rendered by the owner, sub-chapter S income is not taxable and should not be included in computing local tax liability. For the purpose of information only, please report sub-chapter S income on LINE 6. Where shareholder provides services and does not receive a reasonable salary, distribution of S-Corporation profit to that shareholder should be considered compensation for services rendered. A business loss can be offset against the profit earned in another business. A business loss cannot be offset against EARNED INCOME/COMPENSATION. (Act 32 of 2008) Losses from Sub-Chapter S income cannot be offset against earned income or other net profit. Do not include corporate income or loss. If net profits are zero or less, enter 0 on LINE 4.

**LINE 5 - TOTAL TAXABLE INCOME** - Add LINE 3 plus LINE 4.

**LINE 8** - List Tax withheld in Box 19 of W-2 on this line.

**LINE 9** - List total estimated quarterly payments on this line.

**LINE 10 - CREDIT FOR TAXES PAID TO OTHER JURISDICTIONS** Payments by residents of a tax on income to Philadelphia, or any state other than Pennsylvania 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 excess. Calculate credit on chart at top for taxes paid to other states and supply copies of Pennsylvania and other state tax returns. Any person subject to the City of Philadelphia income tax must identify the amount of tax paid to the City of Philadelphia on Line 10. All income, as well as the name and address of your employer, must be verified by W-2 or other schedule (Act 72 of 2004).

**LINE 11** - Please enter overpayment from 2009 (Please do not include any refund received from 2009)

**LINE 12** - Add Lines 8-11.

**LINE 13** - Please indicate if you would like overpayment credited to spouse and/or credited to next year or refund.

**LINE 14 - REFUND** Your REFUND amount, if any, appears on Line 14 of the tax return. REFUNDS will be credited to other tax liabilities, or refunded. No refunds under \$1.00 will be issued.

**LINE 15-18 - TAX PAYMENT** Your remaining tax balance due appears on Line 15 of the tax return. If paying jointly, insert amount enclosed on Line 18. No payments under \$1.00 are required. **NOTE: There will be a \$50.00 charge for checks returned from the bank for any reason.** By submitting payment by check, you are authorizing our company to convert your check into a one-time electronic debit from your account in the financial institution indicated on your check. If this option is exercised, the resulting electronic debit will be for the exact amount of your check; no additional amount will be added to the check amount. **For a receipt, enclose a stamped, self-addressed envelope.**

**LINE 16 - PENALTY AND INTEREST CHARGES** All returns filed after April 15 accrue penalty and interest charges at the rate of 1% per month. Additional late fees, penalty and interest charges will be assessed for residents who have failed to file or make proper tax payments. At least 85% of the earned income tax liability must have been met through quarterly payments in order to avoid penalty and interest on unpaid taxes.

**NON-TAXABLE INCOME (DO NOT INCLUDE THESE ITEMS):** personal interest and dividend income; social security benefits; pensions; disability benefits; cafeteria plans; personal use of company auto; active military pay; third party sick pay; parsonage housing allowance payments; lottery winnings; death benefit payments; gifts or bequests; unemployment compensation; supplemental unemployment benefits (SUB); public assistance and income from stocks or trusts.

**Documentation** - Documentation of earnings (W-2 statements and Forms 4797 and/or 1099), net profits (Schedule C, E, F or K-1), and/or business expenses (Pennsylvania Department of Revenue Schedule UE, Federal Form 2106, and other federal and state forms as applicable) must accompany tax returns. **TAX RETURNS WITHOUT PROPER DOCUMENTATION WILL BE CONSIDERED INCOMPLETE AND WILL NOT BE PROCESSED. REFUNDS OR CREDITS WILL NOT BE ISSUED WITHOUT PROPER DOCUMENTATION.** Indicate the name of the taxing district receiving any money withheld on withholding statement, or on an attached sheet of paper. Taxpayers must supply the original document or a copy of the document - the tax office will not make copies or return documents.

**Check Name, Address, Resident Municipality, and Fill in Social Security Number** Your social security number is important for the prompt and accurate processing of this return. Make any corrections to the name, address, resident municipality, and complete social security number section on this return.

**Signature Required** All returns must be signed and dated by the taxpayer(s) only. Power of Attorney is required for second party signing. Improperly executed returns will be considered unfiled and delinquent.

**Failure to Receive a Tax Return Does Not Relieve the Taxpayer of the Responsibility of Filing a Tax Return and of Paying the Tax. - Failure to file, upon conviction, may result in a fine up to \$500.00 per year, plus penalty, interest, and costs of collection (Local Tax Enabling Act, P.L. 1257).**

### COMPUTATION OF CREDIT FOR TAXES PAID TO OTHER STATES

Income subject to tax in other state (attach PA Schedule G & tax return)	\$ _____	AA
Tax paid to other state less refund (attach copy of tax return)	\$ _____	BB
PA Income Tax Credit (PA tax rate X AA)	\$ _____	CC
Excess tax paid other state (BB-CC) (if negative enter 0)	\$ _____	DD
Maximum Allowable Credit (local tax rate X AA)	\$ _____	EE
Allowable Tax Credit (lesser of DD or EE) enter on line 10 on front	\$ _____	