

Professional Tax Preparer's Guide

for Local Earned Income Tax **2023** Filing Season

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Taxpayer Annual Local Earned Income Tax Return

Part-Year Returns



**TAXPAYER ANNUAL
LOCAL EARNED INCOME TAX RETURN**



You are entitled to receive a written explanation of your rights with regard to the audit, appeal, enforcement, refund and collection of local taxes. Contact your Tax Officer.

e-file at www.KeystoneCollects.com Tax Year


DATES LIVING AT EACH ADDRESS	STREET ADDRESS (No PO Box, RD or RR)	CITY OR POST OFFICE	STATE	ZIP
/ / TO / /				
/ / TO / /				

If you moved during the tax year, file one return for each municipality (enter PSD Code for each jurisdiction). Use Part-Year Resident Schedule on back to calculate income and taxes for each return.


LAST NAME FIRST NAME MIDDLE INITIAL

SPOUSE'S LAST NAME FIRST NAME MIDDLE INITIAL

- ✓ **Taxpayers who move during the year must file a part-year return for each municipality**
- ✓ **Pro-rate/allocate taxable income and tax liability for each resident municipality**
- ✓ **Report separately income and tax paid/due for each resident municipality**
- ✓ **Provide complete street address for each part-year residence**
- ✓ **Use correct PSD Code for each municipality to determine tax rate and appropriate distribution of tax**
- ✓ **Use full months, not fraction of month**



**TAXPAYER ANNUAL
LOCAL EARNED INCOME TAX RETURN**



INSTRUCTIONS

3. **Part-Year Returns:** If you moved to another municipality during the year, you are responsible for tax on income earned while a resident of each respective municipality. Use the Part-Year Resident Schedule (on reverse side of tax return form) to calculate income and taxes owed for each taxing jurisdiction, or to allocate income and tax according to when income was earned. Provide supporting documentation, such as W-2s and pay stubs, for example. Base calculations on full months; do not use fractions of a month. You must account for the entire (12 months) tax year. File one local earned income tax return for each municipality. Report separately your earned income, tax paid and tax liability for each municipality on each return.

Taxpayer Annual Local Earned Income Tax Return

Part-Year Returns, Part-Year Resident Schedule

PART-YEAR RESIDENT SCHEDULE

If you moved to another municipality, use this schedule to calculate income and taxes owed to each taxing jurisdiction. File **one** local earned income tax return for **each** PA municipality. Report taxable income, tax paid and tax liability for each PA municipality separately on each return.

Current Residence _____ (street address) _____ # months at this address
(required) _____ (municipality, State, ZIP) Use full # months; not fraction of month

Employer (1) _____
 Income \$ _____ divided by 12 months X _____ (months at this address) = \$ _____
 Withholding \$ _____ divided by 12 months X _____ (months at this address) = \$ _____
Use full # months; not fraction of month

Employer (2) _____
 Income \$ _____ divided by 12 months X _____ (months at this address) = \$ _____
 Withholding \$ _____ divided by 12 months X _____ (months at this address) = \$ _____
Use full # months; not fraction of month

Current Residence Total Income \$ _____ Total Local Tax Withheld \$ _____

Put the Total Income on Line 1 and the Tax Withheld on Line 10 of the Local Earned Income Tax Return for your current residence taxing jurisdiction.

Previous Residence _____ (street address) _____ # months at this address
(required) _____ (municipality, State, ZIP) Use full # months; not fraction of month

Employer (1) _____
 Income \$ _____ divided by 12 months X _____ (months at this address) = \$ _____
 Withholding \$ _____ divided by 12 months X _____ (months at this address) = \$ _____
Use full # months; not fraction of month

Employer (2) _____
 Income \$ _____ divided by 12 months X _____ (months at this address) = \$ _____
 Withholding \$ _____ divided by 12 months X _____ (months at this address) = \$ _____
Use full # months; not fraction of month

Previous Residence Total Income \$ _____ Total Local Tax Withheld \$ _____

Put the Total Income on Line 1 and the Tax Withheld on Line 10 of the Local Earned Income Tax Return for your previous residence taxing jurisdiction.

1. Account for the entire tax year by number of months at each address.
2. Use full months, not fraction of month
3. Supply complete address for each residence (no PO Boxes)
4. Provide correct PSD Code for each resident municipality
5. Pro-rate/allocate income, withholding and tax due for each resident municipality.
6. Provide documentation (pay stubs, etc.) to account for non-uniform earnings and/or withholdings
7. File a separate return for each resident municipality
8. Indicate number of months at each address on front of both returns.

Taxpayer Annual Local Earned Income Tax Return

Married, Filing Jointly

DAYTIME PHONE NUMBER <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px 0;"></div> <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px 0;"></div>	RESIDENT PSD CODE <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px 0;"></div>	EXTENSION REQUEST FORM <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px 0;"></div>	<input type="checkbox"/> AMENDED RETURN
<p>The calculations reported in the first column MUST pertain to the name printed in the column, regardless of which spouse appears first. Combining income is NOT permitted.</p> <p>USE ONLY BLACK OR BLUE INK TO COMPLETE THIS FORM</p> <p style="color: red;">Include supporting documentation to verify income and credits below.</p> <p> <input type="checkbox"/> Single <input type="checkbox"/> Married, Filing Jointly <input type="checkbox"/> Married, Filing Separately </p>		Social Security # <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px 0;"></div> <p>If you had NO EARNED INCOME check the reason why:</p> <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> disabled <input type="checkbox"/> deceased <input type="checkbox"/> homemaker <input type="checkbox"/> unemployed </div> <div> <input type="checkbox"/> student <input type="checkbox"/> military <input type="checkbox"/> retired </div> </div>	Spouse's Social Security # <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px 0;"></div> <p>If you had NO EARNED INCOME check the reason why:</p> <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> disabled <input type="checkbox"/> deceased <input type="checkbox"/> homemaker <input type="checkbox"/> unemployed </div> <div> <input type="checkbox"/> student <input type="checkbox"/> military <input type="checkbox"/> retired </div> </div>

- ✓ **PA law prohibits spouses from combining income and/or tax withholding**
- ✓ **Spouses may file their individual tax returns at one time, on the same tax return**
- ✓ **Each spouse must provide supporting documentation**
- ✓ **Each spouse must sign the return**
- ✓ **One spouse may credit overpayment to the other spouse's tax balance, if applicable**
- ✓ **This option is only for spouses who report the same legal residence(s) for the entire tax year (otherwise, select the Married, Filing Separately)**

Taxpayer Annual Local Earned Income Tax Return

Line 1: Gross Compensation – PA Taxable Wages

1. Gross compensation as reported on W-2(s) (enclose W-2s).....	\$	\$	.00	\$	\$	.00
2. Unreimbursed Employee Business Expenses (enclose PA Schedule UE).....	\$	\$	.00	\$	\$	.00
3. Other Taxable Income (see instructions; enclose supporting documents).....	\$	\$	.00	\$	\$	.00
4. Total Taxable Income (subtract Line 2 from Line 1 and add Line 3).....	\$	\$	.00	\$	\$	.00

2222		Employee's social security number		OMB No. 1545-0048	
b Employer identification number (EIN)		1 Wages, tips, other compensation		2 Federal income tax withheld	
04-2733764		23130.70		1604.23	
c Employer's name, address, and ZIP code		3 Social security wages		4 Social security tax withheld	
INTERNATIONAL HOSPITAL SERVICES INC 920 WINTER STREET WALLA WALLA, WA 99362		25277.87		1061.67	
		5 Medicare wages and tips		6 Medicare tax withheld	
		25277.87		366.53	
7 Social security tips		8 Allocated tips			
d Control number		9		10 Dependent care benefits	
0000003498 VJL					
e Employer's first name and initial Last name		11 Nonqualified plans		12a	
KEESE TONE 2016 TAXPAYER DRIVE WIND GAP, PA 18091		13		C 11.18	
		14		D 2147.17	
		15		DD 17309.76	
		16			
f Employer's address and ZIP code		17		18	
PA 9306 5342		25266.69		341.15	
19		20		21	
PA 9306 5342		25266.69		341.15	
22		23		24	
PA 9306 5342		25266.69		341.15	

- Look at Box 15 to determine if this is a PA W-2
 - Use PA State Wages figure in Box 16
 - If another state is indicated in Box 15, use this formula to calculate wages subject to tax in PA:
- | | |
|---|--------------------|
| Box 5 (Medicare Wages)..... | \$25,277.87 |
| Plus Box 10 (Dependent Care Benefits) | + 0.00 |
| Minus Box 12 (Code C and/or Code Y) | - 11.18 |
| Total | 25,266.69 |
| Rounded for tax purposes..... | \$25,267.00 |

Box 5 (Medicare Wages).....\$25,277.87

Plus Box 10 (Dependent Care Benefits)..... + 0.00

Minus Box 12 (Code C and/or Code Y) - 11.18

Total 25,266.69

Rounded for tax purposes..... \$25,267.00

W-2 Wage and Tax Statement
Form **941**
Copy 1—For State, City, or Local Tax Department

20XX

Department of the Treasury—Internal Revenue Service

Notes

1. If the calculations of PA state wages differs from the state wages listed on your W-2 in Box 16, due to restricted stock units, stock options or deferred compensation plan distributions, use state wages (Box 16) and include supporting documentation.
2. Not every taxpayer will have an amount in Box 10 and or Box 12 (Code C and/or Code Y).
 - In such cases, use Medicare Wages (Box 5)
 - Unless you have income from restricted stock units, stock options or deferred compensation plan distributions, then use Federal Wages (Box 1).
3. Round cents to the nearest whole dollar. Amounts under 50 cents are rounded down to the nearest whole dollar. Likewise, increase amounts from 50 to 99 cents to the next whole dollar amount.

Taxpayer Annual Local Earned Income Tax Return

Line 9: PSD Codes and Local Tax Liability

3. Other Taxable Earned Income (see Instructions; enclose supporting documents).....					.00						.00
4. Total Taxable Earned Income (subtract Line 2 from Line 1 and add Line 3).....					.00						.00
5. Net Profits (enclose PA Schedules)..... NON-TAXABLE S-CORP earnings check this box <input type="checkbox"/> (enclose S-Corp Schedule)					.00						.00
6. Net Loss (enclose PA Schedules).....					.00						.00
7. Total Taxable Net Profit (subtract Line 6 from Line 5; if less than zero, enter zero)...					.00						.00
8. Total Taxable Earned Income and Net Profit (add Line 4 and Line 7).....					.00						.00
9. Total Tax Liability (Line 8 multiplied by ) .....					.00						.00

- ✓ The resident PSD Code determines the resident tax rate
- ✓ Employers typically list the workplace PSD Code on the W-2 in Box 20
- ✓ The resident PSD Code determines where resident taxes are distributed
- ✓ An incorrect PSD Code may trigger an inquiry notice
- ✓ Use the correct PSD Codes for each part-year resident return, when applicable

Taxpayer Annual Local Earned Income Tax Return

5. Net Profits (enclose PA Schedules).....					.00					.00
NON-TAXABLE S-CORP earnings check this box <input type="checkbox"/> (enclose S-Corp Schedule)										
6. Net Loss (enclose PA Schedules) .....					.00					.00
7. Total Taxable Net Profit (subtract Line 6 from Line 5; if less than zero, enter zero) ...					.00					.00
8. Total Taxable Earned Income and Net Profit (add Line 4 and Line 7) .....					.00					.00
9. Total Tax Liability (Line 8 multiplied by ) .....					.00					.00
10. Total Income Tax Withheld (may not equal W-2; see Instructions) .....					.00					.00

15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Social Security wages	21 Social Security tax
					341.15	3902.02	

W-2 Wage and Tax Statement
 Form 20XX
 Department of the Treasury—Internal Revenue Service
 Copy 1—For State, City, or Local Tax Department

LINE 10: LOCAL EARNED INCOME TAX WITHHELD WORKSHEET Complete worksheet if you work in an area where the non-resident tax rate exceeds your home resident rate							
	(1) Local Wages W-2 Box 16	(2) Tax Withheld W-2 Box 19	(3) Resident EIT Rate Tax Form Line 9	(4) Workplace Location "Non-Resident" EIT Rate	(5) Column (4) minus Column (3) <i>If less than 0 enter 0</i>	(6) Disallowed Withholding Credit Col (1) times Col (5)	(7) Credit Allowed for Tax Withheld Col (2) minus Col (6)
Example							
1.	\$10,000.00	\$130.00	1.25%	1.30%	0.05%	\$5.00	\$125.00
2.							
3.							
TOTAL Enter this amount on Line 10							

- Employers withhold to the workplace location.
- If the resident EIT rate is different from the workplace location (non-resident) rate, employers are required to withhold at the higher of the two rates.
- If the workplace location (non-resident) rate is higher than the resident rate, do not enter the amount from W-2 Box 19 onto Line 10 of the tax form
- When the rates differ, use the worksheet to determine applicable local EIT withholding for Line 10 of the tax form.
- Non-resident EIT is not refundable when the workplace location rate is higher than the resident jurisdiction rate

Taxpayer Annual Local Earned Income Tax Return

Line 12: Credit for Taxes Paid Out-of-State

8. Total Taxable Income and Net Profit (add Line 4 and Line 7).....	.00	.00	.00	.00	.00
9. Tax Liability (Line 8 multiplied by)	.00	.00	.00	.00	.00
10. Income Tax Withheld (may not equal W-2; see Instructions).....	.00	.00	.00	.00	.00
11. Quarterly and Extension Payments/Credit From Previous Year.....	.00	.00	.00	.00	.00
12. Credits: <input type="checkbox"/> Out-of-State <input type="checkbox"/> Philadelphia and <input type="checkbox"/> Act 172	.00	.00	.00	.00	.00

Reciprocity Rule

No credit is given for taxes paid on wages to states that reciprocate with the Commonwealth of Pennsylvania:

Maryland • New Jersey • Ohio • Virginia • West Virginia • Indiana

These six states should likewise not impose state income tax on PA residents

Note: The reciprocity rule does not apply to the taxation of net profits

Documentation Required

- **W-2(s) showing out-of-state withholding and PA Schedule G-L; or**
- **W-2(s) showing out-of-state withholding and out-of-state non-resident tax return**

Out-of-State Credits

- ✓ Credit is available only on income subject to tax in both states
- ✓ Apply out-of-state credits to PA state income taxes first
- ✓ Apply remaining credit, if any, to local tax liability
- ✓ Local tax credit may not exceed local tax liability
- ✓ Credit is not available on entity-level taxes

Example:

Wages/net profits subject to tax in both the other state and in PA total \$50,000.00

Out-of-state wages/net profits\$50,000.00

(Use figure from PA Schedule G-L)

These wages/net profits are taxed out-of-state at 5%

Out-of-state tax paid (\$50,000 x 5%) \$2,500.00

(Use earnings figure from PA Schedule G-L, Line 4.c)

PA state income tax liability on out-of-state taxed wages

PA state income tax liability (\$50,000 x 3.07%)..... \$1,535.00

Credit available against PA state tax liability

Use the lesser of the out-of-state tax paid and PA state income tax liability..... \$1,535.00

Remaining credit may be applied against local tax liability but may not exceed local EIT liability

Balance from PA state tax credit \$965.00

(Subtract PA state tax liability from out-of-state tax paid)

Multiply wages/net profits subject to tax in both the other state and in PA times the local EIT rate

Local rate multiplier (assume 1% EIT; \$50,000 x 1%) \$500.00

Local Earned Income Tax Credit (Line 12 of the local tax return)

Use the lesser of the Balance from PA state tax credit and the Local rate multiplier \$500.00

Note: Credit for income tax paid to another state or political subdivision, including Philadelphia, may not:

- 1. Exceed total local earned income tax liability*
- 2. Be transfered to a spouse, or*
- 3. Be applied to next year's tax liability*

Out-of-State Credits

Case Study

ASSUMPTIONS

- PA resident employed in New York
- Combined municipal and school district local earned income tax rate is 1.7%
- Municipality and School district each have an Act 511 tax rate of 0.5% (for a combined total of 1%)
- School district adds 0.7% in Act 24 EIT replacement for the Occupation Tax
- Total resident tax rate is 1.7%

Out-of-State Credits

Case Study

Taxable wages reported to New York on W-2

22222		Valid <input type="checkbox"/>	a Employer's social security number 111-22-3333		For Official Use Only OMB No. 1545-0047	
b Employer identification number (EIN) 23-9876543			c Federal income tax withheld 5,638.75		d Social security tax withheld 3,406.59	
e Employer's name, address, and ZIP code New York State of Mind Psychology 1125 Shrink Avenue Oswego, NY 11777			f Social security wages 54,945.05		g Medicare wages and tips 54,945.05	
h Control number			i Social security tips		j Medicare tips	
k Employer's first name and initial Joyce			l Last name Brothers		m Suffix	
n Employer's address and ZIP code 102 Jung Court Westfield, PA 16950-8300			o Nonqualified plans		p See instructions for box 12 C 725.31	
r Employee's address and ZIP code			s Health plan		t Dental plan	
u State			v State ID number		w State income tax	
x Gross wages, tips, etc. 50,000.00			y State income tax 2,500		z Local wages, tips, etc.	
aa Local income tax			ab Local income tax		ac Local income tax	

Form **W-2** Wage and Tax Statement **20XX**

Department of the Treasury—Internal Revenue Service
For Privacy Act and Paperwork Reduction

- New York calculates state taxable wages using the figure in W-2 Box 1
- In this example, \$50,000 in wage income is taxable both in New York and in Pennsylvania

Out-of-State Credits

Case Study

Calculating PA taxable wages reported to New York on W-2

22222		Void <input type="checkbox"/>	a Employee's social security number 111-22-3333		For Official Use Only Form No. 1042-0000	
b Employer identification number (EIN) 23-9876543			1 Wages, tips, other compensation 50,000.00		2 Federal income tax withheld 5,638.75	
c Employer's name, address, and ZIP code New York State of Mind Psychology 1125 Shrink Avenue Oswego, NY 11777			3 Social security wages 54,945.05		4 Social security tax withheld 3,406.59	
			5 Medicare wages and tips 54,945.05		6 Medicare tax withheld 792.35	
			7 Social security tips		8 Allocated tips	
d Control number			9 Nonqualified plans		10 Unemployment taxes (Box 12) 4,000.00	
e Employee's first name and initial Joyce		Last name Brothers	11 Nonqualified plans		12a Code C 725.31	
f Employer's address and ZIP code 102 Jung Court Westfield, PA 16950-8300			13a Unemployment taxes (Box 12) D 2147.17		13b Unemployment taxes (Box 12) DD 17,309.76	
			14 Other		15 Y 5,000.00	
16 State Employer's state ID number NY 3456654367		16 State wages, tips, etc. 50,000.00	17 State income tax 2,500		18 Local wages, tips, etc.	
			19 Local income tax		20 Locality name	

Form **W-2** Wage and Tax Statement **20XX** Department of the Treasury—Internal Revenue Service For Printing and dual Paperwork Reduction

Calculating PA Taxable Wages reported to another state on W-2

Medicare Wages (Box 5)	\$54,945
Dependent Care Benefits (Box 10)	+4,000
Income subject to PA tax	\$58,945
Life Insurance (Box 12; Code C)	(725)
Deferred Comp (Box 12; Code Y)	(5,000)
Deductions from PA taxable income	(5,725)
Income	\$58,945
Deductions	(5,725)
PA Taxable Income	\$53,220
Income Subject to tax in both states	\$50,000
Income taxable in Pennsylvania not subject to New York Income tax (Out-of-State credit does not apply)	\$3,220

Note: Late or incorrect filing/payment of tax may result in additional costs if:

1. Less than 90% of quarterly tax liability for the current tax year remains unpaid by the end of the fourth-quarter filing deadline, or
2. The taxpayer has not made four equal and timely estimate payments totaling 100% of prior tax year liability

Penalty and interest accrue on late-filed final returns, late-filed quarterly estimates and late-filed extension payments

Out-of-State Credits

Case Study

Applying out-of-state income tax credits

22222		Employer's social security number 111-22-3333	For Official Use Only - OMB No. 1545-0048	
b. Employer identification number (EIN) 23-9876543			1. Wages, tips, other compensation 50,000.00	2. Federal income tax withheld 5,638.75
c. Employer's name, address, and ZIP code New York State of Mind Psychology 1123 Shrink Avenue Oswego, NY 11777			3. Social security wages 54,945.05	4. Social security tax withheld 3,486.59
			5. Medicare wages and tips 54,945.05	6. Medicare tax withheld 792.33
			7. Social security tips	8. Allocated tips
			9. Verification code	10. Dependent care benefits 4,000.00
d. Control number				
e. Employee's first name and initial Joyce		1. Last name Brothers	2. Compensation plan	
f. Employer's address and ZIP code 102 Jung Court Westfield, PA 16930-8300		g. Tax information for the year C 725.31		
h. State		i. State income tax	j. State income tax credit	k. State income tax credit
NY		3456654321	50,000.00	2,500
m. State income tax		n. State income tax credit	o. Local income tax	p. Local income tax credit
NY		3456654321	50,000.00	2,500

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

20XX

Department of the Treasury—Internal Revenue Service
For Preparer Use and Employer's Retention

PA Taxable Income	\$53,220
Local EIT (1.7%)	<u>x0.017</u>
Local EIT liability	\$905
Income subject to tax in both States	\$50,000
Out-of-state tax paid	\$2,500
Credit applied to PA state income tax (\$50,000 x 3.07%)	(\$1,535)
Out-of-state tax credit balance	\$965
Income subject to tax in both states	\$50,000
Local credit allowed (\$50,000 x 1.7%)	\$850
Local EIT liability	\$905
Allowed out-of-state credit	<u>(850)</u>
EIT balance due	\$55

Taxpayer Annual Local Earned Income Tax Return

7. Total Taxable Net Profit (subtract Line 6 from Line 5; if less than zero, enter zero).....				.00				.00
8. Total Taxable Income and Net Profit (add Line 4 and Line 7).....				.00				.00
9. Tax Liability (Line 8 multiplied by ) .....				.00				.00
10. Income Tax Withheld (may not equal W-2; see Instructions).....				.00				.00
11. Quarterly and Extension Payments/Credit From Previous Year.....				.00				.00
12. Credits: <input type="checkbox"/> Out-of-State <input type="checkbox"/> Philadelphia and <input type="checkbox"/> Act 172 .....				.00				.00

- **Credit cannot exceed local tax withheld out-of-state from W-2 (Box 19).**
- **Credit cannot exceed PA resident base local earned income tax liability.**
- **Credit is available only on income subject to tax in both states.**
- **Taxpayer may not claim a refund in excess of the base local tax liability.**
- **Credit may not be transferred to spouse or applied to next year's liability**

Reciprocal States

- **Income tax paid to an out-of-state municipality may be applied as a credit toward PA local earned income tax liability**
- **State income tax paid outside PA may not be considered for credit (applies only to wages)**

Non-Reciprocal States

- Income tax paid to an out-of-state municipality may be applied as a credit toward PA EIT liability
- State income tax paid outside PA must first be applied against PA state tax liability (remaining state income tax credit may be applied against EIT)

Taxpayer Annual Local Earned Income Tax Return

Line 13: Total Payments and Credits

9. Tax Liability (Line 8 multiplied by _____)		.00			.00
10. Income Tax Withheld (may not equal W-2; see Instructions)		.00			.00
11. Quarterly and Extension Payments/Credit From Previous Year		.00			.00
12. Credits: <input type="checkbox"/> Out-of-State <input type="checkbox"/> Philadelphia and <input type="checkbox"/> Act 172		.00			.00
13. PAYMENTS and CREDITS (add Lines 10, 11, and 12)		.00			.00

- ✓ Enter employer withholding at resident tax rate (see instructions) on Line 10
- ✓ Enter self-reported individual quarterly estimate payments on Line 11
- ✓ The prior-year overpayment may be applied to the current-year liability on Line 11
- ✓ Ensure prior-year overpayment was not refunded
- ✓ Include any payment made with an extension application on Line 11

Taxpayer Annual Local Earned Income Tax Return

11. Quarterly and Extension Payments/Credit From Previous Year.....				.00				.00
12. Credits: <input type="checkbox"/> Out-of-State <input type="checkbox"/> Philadelphia and <input type="checkbox"/> Act 172.....				.00				.00
13. PAYMENTS and CREDITS (add Lines 10, 11, and 12).....				.00				.00
14. Refund: enter if \$2 or more; or select credit option in Line 15.....				.00				.00
15. Credit to Taxpayer/Spouse if \$2 or more, apply credit as follows..... <input type="checkbox"/> Credit to next year <input type="checkbox"/> Credit to spouse.....				.00				.00

When there is an overpayment, the taxpayer may opt to:

- **Receive a refund for the entire amount of the overpayment; or**
- **Apply the entire amount of the overpayment to next year's tax; or**
- **Apply the entire amount of the overpayment to spouse's current-year tax; or**
- **Apportion the overpayment between next year's tax and spouse's current-year tax**

**Include entire amount
of overpayment on Line 14
ONLY
when requesting a full refund**

**Leave Line 14 blank
if choosing
one or more of the credit
options on Line 15**

Note

1. Tax officer will issue Form 1099 to the federal government for credit or refund exceeding \$10
2. If the tax overpayment is less than \$2, no refund or credit will be issued.

Taxpayer Annual Local Earned Income Tax Return

Checklist - Confirm Before Filing Final Return

Taxpayer Moved

- ✓ File one part-year return for each resident municipality
- ✓ Report a complete street address for each part-year resident return
- ✓ Account for the entire year and split income and withholding proportionately
- ✓ Base calculations on full months, do not use fractions of a month

Married, Filing Jointly

- ✓ Do not combine income and/or withholdings

PSD Codes

- ✓ Include the correct resident PSD code for each taxpayer and each return
- ✓ Claim withholding only at resident PSD tax rate

Documentation

- ✓ Include appropriate documentation, such as W-2(s), 1099(s), Schedule(s) C, E, F, K-1, RK-1, UE, G-L

Taxable income

- ✓ Use PA state wages (Box 16 on PA W-2), not federal or Social Security wages

Out-of-state workers

- ✓ Calculate taxable income using Medicare wages (W-2, Box 5), plus Dependent Care Benefits (W-2, Box 10), minus any amount included in W-2 Box 12 (Code C and/or Code Y)
- ✓ Apply credits only against income that is subject to tax both in PA and another state
- ✓ Apply other state income tax credits first to PA state income tax liability
- ✓ Credit may not exceed local tax liability
- ✓ Credit may not be transferred to spouse or applied to next year's tax liability

Philadelphia credits

- ✓ Credit is not transferable to spouse or applied to next year's tax liability

Other payments

- ✓ Ensure prior-year overpayments were not refunded. Include quarterly estimated and extension payments

Balance Due

- ✓ Make check payable to Keystone Collections Group

Sign return

- ✓ Both the taxpayer(s) and the preparer must sign and date the tax return

Mailing return

- ✓ Use the correct PO Box and ensure the return(s) are sent to the correct tax collector

Questions?

KeystoneCollects.com

To ask a question online anytime:

- Visit our website
- Select the Contact Us link
- Ask your question
- We'll reply by email

For answers to common questions:
See Frequently Asked Questions

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