

A INSTRUCTIONS FOR FILING EARNED INCOME TAX FINAL RETURN

- 1 WHO MUST FILE Every resident of Parkland School District who had earned income and/or net profits during any part of the tax year must file an earned income tax return. This return must be filed even though your tax was fully withheld with no tax due. If you received a final return but had no earned income and/or net profits during any part of the tax year, please indicate the reason (housewife, retired, disabled, etc.) on the occupation line and sign and send the return to the tax office.
- 2 TIME AND PLACE TO FILE The earned income tax return must be filed on or before April 15th. The return may either be mailed to the Parkland Tax Office, P.O. Box 200, Orefield, PA 18069-0200 or filed in person at the tax office in the Administration Center, 1210 Springhouse Road, Allentown, PA 18104-2119.
- 3 PAYMENTS OR REFUNDS Payments of less than \$1.00 are not required. Refunds of less than \$1.00 will not be made.
- 4 FAILURE TO FILE Failure to receive or procure an earned income tax return does not relieve you of the responsibility to file a return. Failure to file a return may result in a fine of up to \$500.00.

B INSTRUCTIONS FOR COMPLETION OF EARNED INCOME TAX FINAL RETURN

- 1 EARNED INCOME Earned income is compensation as determined under section 303 of the Act of March 4, 1971 (P.L. 6, No. 2), known as the Tax Reform Code of 1971, and regulations in 61 PA. Code Pt. I Subpt. B Art. V (relating to personal income tax). Examples of earned income include salaries, wages, commissions, bonuses, incentive payments, fees, tips, stock options exercised, fellowships for services rendered, patent and royalty income, jury duty, inactive reserve military pay, withholding taxes assumed by employer, sick pay received as regular salary per employee contract, payments for annual leave, vacations, holiday, and separation pay. Examples of income that is not earned income and therefore is not taxable include social security payments, pensions, insurance proceeds, gifts, bequests and inheritances, wages paid to persons on active military service outside of Pennsylvania (including active duty reserve pay), workmen's compensation, interest, dividends, capital gains, lottery winnings, incidental rental income, income from investment partnerships, sub-chapter S corporations and unemployment compensation. This list of examples of taxable and non-taxable income is not intended to be an all inclusive. If you have questions as to what income is taxable, please consult with your tax advisor or contact the earned income tax office listed below.
- 2 NET PROFITS Net profits are the net income from the operation of a business, profession, or other activity, except corporations, determined under Section 303 of the Act of March 4, 1971 (P.L. 6, No.2), known as the Tax Reform Code of 1971, and regulations in 61 Pa. Code Pt. I subpt. B Art. V (relating to personal income tax). The term does not include income which is not paid for services provided and which is in the nature of earnings from an investment. For taxpayers engaged in the business, profession or activity of farming, the term shall not include: (1) any interest earnings generated from any monetary accounts or investment instruments of the farming business; (2) any gain on the sale of farm machinery; (3) any gain on the sale of livestock held twelve months or more for draft, breeding or dairy purposes; and (4) any gain on the sale of other capital assets of the farm.
- 3 DEDUCTIBLE EXPENSES Under Act 166 of 2002 certain unreimbursed employee business expenses are deductible as determined under Article III of the Tax Reform Code of 1971. See the instructions for Pa Form UE for examples of employee business expenses which are deductible on the earned income tax return. If you are claiming unreimbursed employee business expenses as deductions on your earned income tax return, you must attach PA Form UE to your return.
- 4 LATE PAYMENTS For taxes not paid when due, add 1% interest and penalty charges per month or fraction thereof on line 7A based on the balance due, as reported on line 7. If an IRS extension (Federal Form 4868 or Form 2688) has been filed, add .5% interest per month after April 15; add penalty of .5% per month after the approved filing date of the IRS extension. A copy of the IRS extension must be attached.
- 5 CREDIT FOR PAYMENT TO OTHER PENNSYLVANIA POLITICAL SUBDIVISION A Parkland School District resident working in another Pennsylvania political subdivision may be able to take credit against the Parkland Earned Income Tax liability for earned income taxes paid to such other entity. The amount paid should be indicated on your W-2 and should be entered on line 5(A) of the return.
- 6 CREDIT FOR PAYMENT TO OTHER STATE OR POLITICAL SUBDIVISION OUTSIDE OF PENNSYLVANIA A credit shall be allowed on the Parkland Earned Income Tax return for those taxpayers who file and pay non-resident taxes to the State of New York, Delaware, and other states except those listed below. To calculate the credit, a worksheet (Form FR1/OS) is available upon request or by visiting our website. Attach the completed worksheet, along with your Form PA40 plus PA Schedule G and other State non-resident income tax return(s) when filing your return. Enter credit on line 5(C).

NO CREDITS ARE ALLOWED FOR STATE INCOME TAX PAID TO STATES THAT RECIPROCATATE WITH PENNSYLVANIA. THESE STATES ARE INDIANA, MARYLAND, NEW JERSEY, OHIO, VIRGINIA AND WEST VIRGINIA

C CONTACT INFORMATION/TAXPAYERS RIGHTS

- 1 INFORMATION AND ASSISTANCE If you have any questions or need assistance in filing this return, please call the tax office at 610-351-5570 or fax 610-351-5528. A tax return can be obtained by visiting our website at parklandsd.org/taxoffice.htm.
- 2 TAXPAYERS BILL OF RIGHTS DISCLOSURE STATEMENT You are entitled to receive a written explanation of your rights with regard to the audit, appeal, enforcement, refund and collection of local taxes by calling the tax office at 610-351-5570 during the hours of 8:00 a.m. to 4:00 p.m. on any weekday other than a district holiday.

NOTE: When preparing your PA State Tax Return, use number **39510** as your Parkland School District code identification number.