

INSTRUCTIONS FOR COMPLETING THE LOCAL EARNED INCOME TAX RETURN FORM 531

THESE INSTRUCTIONS ARE ONLY A SUMMARY OF THE TAX BUREAU'S RULES AND REGULATIONS. COPIES OF THE RULES AND REGULATIONS ARE AVAILABLE, FREE OF CHARGE, ALONG WITH SPECIFIC INSTRUCTIONS AND WORKSHEETS FOR OUT OF STATE TAX CREDIT/PHILADELPHIA TAX CREDITS AND FOR TAXPAYERS WHO MOVED DURING THE YEAR CAN BE FOUND AT OUR WEBSITE (www.cumberlandtax.org) OR AT THE TAX BUREAU.

- Line 1. List GROSS earnings (wages, salaries, commissions, etc.) regardless where received. Attach a copy of the withholding statements (W-2) from each employer. If you had no earnings, indicate the reason why (homemaker, disabled, unemployed etc.)
- Line 2. Business expenses for which an employee has NOT been reimbursed are allowed as a deduction from W-2 earnings, provided such expenses are required by the employer in order for the taxpayer to keep his present job. (Refer to section on Unreimbursed Business Expenses) Expenses must be taken with regard to each employer SEPARATELY as a deduction from the business income thereof and CANNOT be consolidated in any form. Attach appropriate PA schedules (and Federal schedules if required as support to PA schedules). PLEASE NOTE: Business Expenses claimed without proper supporting documentation will be denied without notification to the taxpayer. Submit separate expense forms for each employer. NOTE: Employee Business Expenses can NOT be deducted from Non-Employee compensation reported on 1099MISC.
- Line 3. Enter income received that was not reported to you on a form W-2. If you received a form 1099MISC for income that you did NOT report as part of the gross income of a sole proprietorship, partnership, LLC or other business entity, please report the income on Line 3. Please be sure to attach a copy of your form 1099MISC, 1099R (exclude 1099R Codes 3, 4, 7 & G), 1099C or other proof of income to your WSTB Annual Earned Income Tax Return. If you did not receive a form 1099MISC, 1099R, 1099C or other proof of income please provide a brief description of the income on the CCTB Annual Earned Income Tax Return. DO NOT REPORT INTEREST, DIVIDENDS, or UNEMPLOYMENT COMPENSATION on the CCTB Annual Earned Income Tax Return.
- Line 4. Line 1 minus Line 2 plus Line 3. IF LESS THAN ZERO. ENTER ZERO. (CAN NOT BE LESS THAN ZERO)
- Line 5. This Line is to be used by SELF-EMPLOYED persons. Refer to section on Net Profits. (Loss info should be all on Line 6 description). The Net Profit and Loss of each business must be SEPARATELY stated and Net Profit or Net Loss is to be determined SEPARATELY for each business enterprise. Attach the appropriate PA Schedule(s) C, F, RK-1 and/or NRK-1.
- Line 6. Enter amount of business loss. Attach the appropriate PA Schedule(s) C, F, RK-1 and/or NRK-1. If appropriate documentation is not attached, Loss from business will not be allowed.
- Line 7. Subtotal Subtract Line 6 from Line 5. IF LESS THAN ZERO, ENTER ZERO.
- Line 8. Total Earned Income Line 4 plus Line 7. DO NOT ROUND PAST THIS POINT.
- Line 9. TAX LIABILITY (Line 8 multiplied by resident tax rate) Find your school district and municipality on the list given in these instructions and use the corresponding tax rate to calculate your total tax liability.
- Line 10. Complete Line 10 if you had the PA local income tax withheld by your employer, with the exception of Pittsburgh City and Philadelphia withholdings. (Generally, Box 19 of W-2). CREDIT for withholding WILL NOT be given if W-2 is NOT Provided.
- Line 11. Complete Line 11 if you have made Quarterly payments, or if refund from previous tax year was credited to this tax year.
- Line 12. Complete Line 12 if you had any prior year credit, Out-Of-State or Philadelphia Tax credits as calculated on the NON RECIPROCAL STATE/PHILADELPHIA CREDIT WORKSHEET. Please note that this credit cannot exceed your local income tax liability on the income taxed by the other state or Philadelphia. Copies of the other state's non-resident tax return along with a PA 40 and PA Schedule G must be attached or the Out of State credit will be denied.
- Line 13. TOTAL TAX CREDIT (Add Lines 10 + 11 + 12)
- Line 14. REFUND/CREDIT (If Line 13 is greater than Line 9, subtract Line 9 from Line 13). Refunds or credits of \$10.00 or more must be reported by us to the Internal Revenue Service. No refunds or credits under \$1.00.
- Line 15. (☐ SPOUSE ☐ NEXT YEAR) If appropriate box is not checked, any overpayment will be refunded to the taxpayer.
- Line 16. TAX DUE (If Line 9 is greater than Line 13, subtract Line 13 from Line 9). Payment must be RECEIVED in this office, or mailed and POSTMARKED, ON or BEFORE APRIL 15th. There will be a \$20.00 fee for returned checks.
- Line 17. PENALTY: Payable at a rate of ½% (.005) per month or any portion of a month that the earned income tax remains unpaid after the April 15 due date. (Example: \$ tax due x .005 x # of months = penalty).
- Line 18. INTEREST: Payable at a rate of 6% (.06) per annum of the unpaid tax after the due date. (Example: .000167 x # of days after 4/15/10)
- Line 19. TOTAL AMOUNT DUE (Add Line 16 plus Line 17 plus Line 18) Make check payable to CUMBERLAND COUNTY TAX BUREAU.

NON RECIPROCAL STATE/PHILADELPHIA CREDIT WORKSHEET		
ACTUAL INCOME taxed by other state as shown on other state's return or for Philadelphia credit as shown on W-2 or as reported to the City of Philadelphia. Do not use business privilege tax.		
Required: attach copy of out-of-state filing & PA Sch G		(1)
Local Tax Rate as specified in the table below	X	%
Local Tax Liability		(2)
Tax Liability paid to other state or Philadelphia (PHILADELPHIA CREDIT: Lesser Amount should be entered on Line 12)		(3)
Continue for OUT-OF-STATE CREDIT: PA Income Tax (Line 1 x PA Income Tax Rate)		(4)
LOCAL TAX CREDIT (Line 3 minus Line 4) If Line 4 is more than Line 3 enter ZERO, Enter lesser amount from Line 2 or 5 on Line 12		(5)

KEEP THIS PAGE
FOR YOUR RECORDS

IF YOU MOVED DURING THE TAX YEAR COMPLETE THE FOLLOWING MOVING INFORMATION:

Moved in 1/1	Address	Moved in 1/1	Address
Moved Out		Moved Out	
Moved in		Moved in	
Moved Out 12/31		Moved Out 12/31	

YOU MUST COMPLETE		Taxpayer A SS #		T/P A - NAME ↓	T/P B - NAME ↓
		Taxpayer B SS #			
1. Gross Earnings from Employment:	Enclose W-2s		1		
2. Allowable Non-Reimbursed Employee Business Expenses	Enclose PA Sch UE		2		
3. Other Earned Income	Enclose 1099-MISC / 1099-R Excluding CODES 3, 4 & 7 / 1099-C DO NOT INCLUDE INTEREST, DIVIDENDS or CAPITAL GAINS		3		
4. Taxable Earnings	Line 1 minus Line 2 plus Line 3. CAN NOT BE < \$0		4		
5. Net Profit	Attach PA Sch C, F, RK-1 and/or NRK-1		5		
6. Net Loss	Attach PA Sch C, F, RK-1 and/or NRK-1		6		
7. Subtotal	Subtract Line 6 from Line 5 IF LESS THAN ZERO, ENTER ZERO		7		
8. Total Earned Income	Line 4 plus Line 7 DO NOT ROUND PAST THIS POINT		8		
9. Tax Liability	Line 8 multiplied by tax rate (See instructions)		9		
10. Earned Income Tax Withheld			10		
11. Quarterly Estimated Payments/Credit From Previous Tax Year			11		
12. Misc Credit	See worksheet on back of form for calculating Philadelphia/Out of State Credit		12		
13. Total of 10, 11, & 12			13		
14. REFUND/CREDIT	Subtract Line 9 from Line 13 NOTE: NO Refunds under \$1.00		14		
15. CREDIT TO NEXT YEAR/CREDIT TO SPOUSE	Next Year <input type="checkbox"/> Spouse <input type="checkbox"/>		15		
16. TAX DUE	If Line 9 is greater than Line 13-Subtract Line 13 from Line 9 NOTE: Amounts Less than \$1.00 need not be paid.		16		
17. Penalty after April 15th	SEE INSTRUCTIONS		17		
18. Interest after April 15th	SEE INSTRUCTIONS		18		
19. TOTAL AMOUNT DUE	Line 16 plus Line 17 plus Line 18		19		

MAKE CHECKS PAYABLE TO CUMBERLAND COUNTY TAX BUREAU. A FEE OF \$20.00 WILL BE CHARGED FOR RETURNED CHECKS.

Examples of “net profits” (without intending in any way to limit the provisions of the Resolutions/Ordinances to these example s) are: The net profits of a business or profession or of farm operations conducted by an individual or by a husband and wife, as computed according to the laws, regulations and procedure for computing PA Personal Income Tax “net profits” or “net farm profits” as required to be reported on PA Personal Income Tax portion thereof resulting from things not taxed by the Resolutions/Ordinances, (such as capital gains or interest): income from the operation of hotels, motels, trailer camps, tourist homes, boarding houses and other similar businesses; income from the business of renting of personal property; all other net profits of an enterprise, venture, or other activity, whether such activities are conducted within or outside the Taxing District. PLEASE NOTE - The net profit and loss of each business must be SEPARATELY stated and the net profit or net loss is to be determined SEPARATELY for each business enterprise. Persons engaged in more than one business activity during the tax year may offset a loss in one activity against the gain in another.

WHAT IS NOT SUBJECT TO THE TAX

The following are not considered to be earned income and are not subject to the tax: 3rd party sick pay, disability or retirement benefits paid (except regular wages); payments made under any public assistance or unemployment compensation legislation; compensation bonuses paid by a State or the United States for active military service in the Armed Forces, except National Guard and 1-W pay; death benefit payments to an employee's beneficiary or estate, whether payable in a lump sum or otherwise; proceeds of Life Insurance policies; cash or property received as a gift, by Will or statutes of descent or distribution; interest and dividends; value of meals and lodging furnished to domestics or other employees by the employer for the latter's convenience; capital gains; social security benefits damages for personal injuries; scholarships; gambling winnings; profits from limited partnerships engaged in real estate, oil, gas, mining leases or other similar investments.

UNREIMBURSED BUSINESS EXPENSES

The fact that an expense is deductible for Federal tax purposes does NOT mean that it is an allowable business expense for Earned Income Tax purposes. The Pennsylvania Personal Income Tax law allows a deduction of "allowable employee business expenses" for which the taxpayer was not reimbursed. In order to be claimed as an expense, the item must be ordinary, necessary, reasonable, actually incurred in performing the duties of the job, and directly related to present employment. NOTE: Employee business expenses can NOT exceed W-2 wage.

The PA Schedule UE does not cover these expenses: Deductions not allowable as business expenses; Personal, living, or family expenses; Capital expenditures normally are not an allowable business expense except through depreciation. Certain depreciation expense exclusions may be taken. Federal depreciation or cost-recovery deductions are acceptable for Pennsylvania purposes as an administrative convenience to compute allowable business expense deductions; Dues to professional or fraternal societies, Chambers of Commerce, or recreational club memberships; Subscriptions to publications; Campaign or political contributions; Charitable contributions; Commuting expenses; Cost of meals while working late except while traveling away from home overnight; Occupational privilege taxes; Child care and elderly care expenses; Life, disability income, and health service insurance premiums; Malpractice insurance premiums except where required by law or employer; Pension contributions; Fines, penalties, legal fees (except to recover back wages), and bad debts; Bribes, kickbacks, or other illegal payments; Eligible job hunting expenses and pre-employment expenses; Residential phone service (however, specific charges for telephone calls required to be made for business purposes may be deducted).

IMPORTANT - The accompanying tax return must be filed with this office by the indicated due date even if no tax is due or if all has been withheld by your employer. Failure to file your return may subject you to a fine of up to \$500.00. A HUSBAND AND WIFE MAY BOTH FILE ON THIS FORM. HOWEVER, TAX CALCULATIONS MUST BE REPORTED SEPARATELY. JOINT FILING (I.E. COMBINING INCOME, ETC.) IS NOT PERMITTED. Failure to receive a Local Earned Income Tax Return is no excuse for a taxpayer not to file a return.

WHO MUST FILE A FINAL RETURN: All residents of the municipalities and school districts listed below who are employed or self-employed and all non-residents who work or are self-employed within the municipalities and school districts listed on the table below. If you received a tax form but did NOT work, you must still return the form and indicate the reason that no income is shown (full time student, homemaker, disabled, retired, unemployed, etc.)

Cumberland County Tax Bureau collects the earned income/ compensation tax and the net profits tax for the following school districts and municipalities. If you were a resident of any of the listed municipalities and school districts for all or any portion of the tax year, you are required to file a return with this bureau.									
TAX TABLE: TOTAL TAX RATE IS INDICATED BELOW FOR EACH OF THE MEMBER SCHOOL DISTRICTS									
*ONLY SELF EMPLOYED TAXPAYERS FROM THE FOLLOWING SCHOOL DISTRICTS AND MUNICIPALITIES WILL BE REQUIRED TO FILE THEIR 2012 TAX RETURN WITH CUMBERLAND COUNTY TAX BUREAU.									
CUMBERLAND COUNTY AND FRANKLIN COUNTY TAXING AUTHORITIES:				CUMBERLAND COUNTY AND YORK COUNTY:					
Big Springs SD*	COOKE TOWNSHIP	1.65%	South Middleton SD*	SHIPPENSBURG BOROUGH	1.40%	East Pennsboro SD Mechanicsburg SD	EAST PENNSBORO TOWNSHIP	1.60%	
	LOWER FRANKFORD TOWNSHIP	1.65%		SHIPPENSBURG TOWNSHIP	1.40%		MECHANICSBURG BOROUGH	1.70%	
	LOWER MIFFLIN TOWNSHIP	1.65%		SOUTHAMPTON TOWNSHIP	1.40%		SHIREMANSTOWN BOROUGH	1.70%	
	NEVILLE BOROUGH	1.65%		ORRSTOWN BOROUGH (FRANKLIN)	1.40%		UPPER ALLEN TOWNSHIP	1.70%	
	NORTH NEWTON TOWNSHIP	1.65%		SOUTHAMPTON TOWNSHIP (FRANKLIN)	1.40%		LOWER ALLEN TOWNSHIP	1.70%	
	PENN TOWNSHIP	1.65%		SOUTH MIDDLETON TOWNSHIP	1.60%		(Shiremanstown Annex)		
	SOUTH NEWTON TOWNSHIP	1.65%					LEMOYNE BOROUGH	1.45%	
	UPPER FRANKFORD TOWNSHIP	1.65%					LOWER ALLEN TOWNSHIP	1.45%	
	UPPER MIFFLIN TOWNSHIP	1.65%					NEW CUMBERLAND BOROUGH	1.45%	
	WEST PENNSBORO TOWNSHIP	1.65%					WORMLEYSBURG BOROUGH	1.45%	
Carlisle Area SD*	CARLISLE BOROUGH	1.60%	CUMBERLAND COUNTY AND YORK COUNTY:				West Shore SD	FAIRVIEW TOWNSHIP (YORK)	1.45%
	DICKINSON TOWNSHIP	1.60%	Camp Hill SD Cumberland Valley SD	CAMP HILL BOROUGH	2.00%	GOLDSBORO BOROUGH (YORK)		1.45%	
	MT HOLLY SPRINGS BOROUGH	1.60%		HAMPDEN TOWNSHIP	1.60%	LEWISBERRY BOROUGH (YORK)		1.45%	
	NORTH MIDDLETON TOWNSHIP	1.60%		MIDDLESEX TOWNSHIP	1.60%	NEWBERRY TOWNSHIP (YORK)		1.45%	
	HOPEWELL TOWNSHIP	1.40%		MONROE TOWNSHIP	1.60%				
NEWBURG BOROUGH	1.40%	SILVER SPRING TOWNSHIP		1.60%					

IF YOU MOVED DURING THE TAX YEAR PLEASE BE SURE TO COMPLETE THE MOVING INFORMATION ON THE FRONT SIDE OF THE EARNED INCOME TAX RETURN. IF YOU NEED ADDITIONAL SPACE PLEASE USE A COPY OR ATTACH A SEPARATE PAGE. PRORATE INCOME AND TAX WITHHELD BY THE NUMBER OF MONTHS IN EACH MUNICIPALITY USING THE EMPLOYMENT/OTHER INCOME WORKSHEET ON THE BACK SIDE OF THE CUMBERLAND COUNTY TAX BUREAU ANNUAL EARNED INCOME TAX RETURN.

CUMBERLAND COUNTY TAX BUREAU
717-761-4900
WEB SITE: www.cumberlandtax.org
FORM 531 INSTRUCTION SHEET

ONLINE FILING AVAILABLE
To file your return or view eligibility requirements visit www.palite.org

CUMBERLAND COUNTY TAX BUREAU ANNUAL EARNED INCOME TAX RETURN (FORM 531):

- All tax forms must have signature(s) of taxpayer.
- Moving Information.*** The local income tax is based on your residence or DOMICILE. If you and/or your spouse have moved during the tax year please complete the MOVING INFORMATION section of the tax return. If you and/or your spouse have moved from one CCTB Member Municipality to another CCTB Member Municipality during the tax year you do not need to file a second local tax return as long as the MOVING INFORMATION worksheet is completed. PLEASE NOTE: If you have moved from a non-member municipality/school district or moved to a non-member municipality/school district during the year, YOU ARE REQUIRED TO FILE LOCAL TAX RETURNS WITH THE CUMBERLAND COUNTY TAX BUREAU AND THE NON-MEMBER MUNICIPALITY/SCHOOL DISTRICT.
- Other Income (Line 3)*** Please record income reported on forms 1099-MISC, 1099-R (exclude 1099 R Codes 3, 4, 7 & G) or 1099-C or other miscellaneous income that has NOT been included as gross income of your sole proprietorship (PA Schedule C), partnership, LLC (PA RK-1) or other business entity. **DO NOT** list income reported to you on Form 1099 DIV / INT. Unemployment Compensation should NOT be reported on your CCTB Earned Income Tax Return.
- Transfer of one spouse's overpayment to the other spouse's balance due (Line 15)*** CCTB will allow the offsetting of one spouse's balance due by the transfer of his or her spouse's current year overpayment provided both spouses are filed on the same form. Please note, if the first spouse's requested overpayment amount is reduced or denied, the second spouse's tax liability will be affected by the reduced or denied credit and a balance of tax due may result. If the 'transfer to spouse box' is not checked no transfer will be made.
- Loss can be deducted from profit only - NOT W2 wages.
- Interest and Penalty (Line 17 and 18)*** Interest and penalties will be assessed on tax not received on or before the April 15th due date even if the balance is a result of an error or a spouse's requested transfer denied or reduced.

MAILING ADDRESSES		
PAYMENT DUE	NO PAYMENT	REFUND DUE
Cumberland County Tax Bureau	Cumberland County Tax Bureau	Cumberland County Tax Bureau
PO Box 899	PO Box 960	PO Box 1256
Camp Hill PA 17001	Camp Hill PA 17001	Camp Hill PA 17001

WHAT IS INCLUDED IN EARNED INCOME

Act 166 of 2002 and Act 24 of 2004 changed the definitions of “earned income” and “net profits” for purposes of the earned income tax imposed under the Local Tax Enabling Act, Act 511 of 1965, 53 P.S. §6901 et seq., to adopt, with certain exceptions, the definitions of “compensation” and “net profits” as set forth by the state for personal income tax purposes. The changes to the definitions of earned income and net profits are not optional. They apply for tax years beginning on and after January 1, 2003.

The definitions of “earned income” and “net profits” in the Local Tax Enabling Act, now reference the definitions of “compensation” and “net profits” that are used for the personal income tax in state law and regulations. Local taxpayers are permitted to deduct from compensation the same employee business expenses that are deductible from compensation for state income tax purposes. Interest and dividends, which are taxable under the state personal income tax, are still not taxable at the local level.

Taxable compensation at the local level is almost identical to taxable compensation at the state level, except that housing allowances provided to a member of clergy and active-duty military pay are not taxable at the local level.

Examples of earned income/compensation (without intending in any way to limit the provisions of the Resolutions/Ordinances to these examples) are salaries, wages; commissions, bonuses; drawing accounts (if amounts received as a drawing account exceed the salary or commissions earned, the tax is payable on the amounts received. If the employee subsequently repays to the employer any amounts not in fact earned, the tax shall be adjusted accordingly); incentive payments; tips; fees; benefits accruing from employment, including, but not limited to annual leave, vacation, holiday, sickness and separation payments; National Guard pay (except active duty), 1-W classification pay; stipends paid to graduate assistants; or all other forms of compensation for an employee's services. Neither the kind nor rate of payment, nor the manner of employment exempts an employee from the tax. Compensation received in the form of property shall be taxed at its fair market value at the time of receipt. Premature distributions from IRA's, Roth IRA's, 401K's, and other Qualified and Non-Qualified Retirement Plans are taxable. Please use the “PA Cost Recovery Method” to determine the taxable amount of compensation that must be reported from premature distributions from IRA's, Roth IRA's , 401K's, and other Qualified and Non-Qualified Retirement Plans. Report “Other Income” on Line 3 and file a copy of 1099R, MISC, or an explanation with tax return.

WHAT IS INCLUDED IN NET PROFITS

Act 166 of 2002 and Act 24 of 2004 changed the definitions of “earned income” and “net profits” for purposes of the earned income tax imposed under the Local Tax Enabling Act, Act 511 of 1965, 53 P.S. §6901 et seq., to adopt, with certain exceptions, the definitions of “compensation” and “net profits” as set forth by the state for personal income tax purposes. The changes to the definitions of earned income and net profits are not optional. They apply for tax years beginning on and after January 1, 2003. While the definition of “net profits” in the Local Tax Enabling Act includes net income from the operation of a business, profession or other activity, it does not include income from corporations. In addition, net profits do not include income that is “not paid for services provided” or that is in the nature of earnings from an investment (passive income). Most distributions passed through to a taxpayer by an S Corporation are considered investment income and not subject to the earned income tax, unless the distributions are based on services provided by the taxpayer.