

CUMBERLAND COUNTY TAX BUREAU
21 Waterford Drive, Suite 201 Mechanicsburg, PA 17050
(717) 590-7997
www.cumberlandtax.org

ONLINE FILING AVAILABLE: To view eligibility requirements and file your return visit www.cumberlandtax.org

INSTRUCTIONS

A. General Information

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

A non-resident is someone who lives in another state or country but works in PA. Please provide the physical work address, a copy of your Visa and/or Domicile State Return and PA Non-Resident State Return.

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. Failure to receive a Local Earned Income Tax Return shall not excuse the failure to file any required returns or to pay any tax due.

WHEN TO FILE: This return must be completed and filed by all persons subject to the tax on or before April 15 regardless of whether or not tax is due. If you file a Federal or State Application for Extension, check the extension box on the front of the form and send this form along with your estimated payment by April 15.

WHERE TO FILE: Remit to the local earned income tax collector for each address in which you lived during the year. Non-resident taxpayers should remit to the collector for their physical work location in PA.

AMENDED RETURNS: If a taxpayer amends his federal income tax return, an amended local earned income tax return must also be filed with the local earned income tax collector.

RECEIPT/COPY: Your cancelled check is sufficient proof of payment.

PENALTY AND INTEREST: If for any reason the tax is not paid when due, penalty and interest will be charged. Any late, incorrect filing or payment may result in additional costs of collection.

ROUND OFF CENTS to the nearest whole dollar. Do not include amounts under 50 cents. Increase amounts from 50 to 99 cents to the next dollar amount.

USE BLACK OR BLUE INK ONLY WHEN COMPLETING THIS FORM.

B. Regulations/Line by Line Instructions

LINE 1: GROSS EARNINGS FOR SERVICES RENDERED

Documentation Required: W-2's must be enclosed (legible photocopies are accepted).

LINE 2: ALLOWABLE EMPLOYEE BUSINESS EXPENSES

Documentation Required: Pennsylvania form PA-UE must be enclosed (legible photocopies are accepted).

LINE 3: OTHER TAXABLE EARNED INCOME: Include income, from work or services performed, which has not been included on line 1 or 5. Do not include interest, dividends or capital gains.

LINE 4: TOTAL TAXABLE EARNED INCOME: Subtract line 2 from line 1 and add line 3.

LINES 5 & 6: NET PROFITS/NET LOSSES FROM BUSINESS: Use line 5 for profit and line 6 for loss.

Documentation Required: 1099(s), PA schedules C, E, F or RK-1 must be enclosed (legible photocopies are accepted).

Rule: A taxpayer may NOT offset a business loss against wages and other compensation (W-2 earnings – line 1). "Pass-through" income from an S-Corp is NOT taxable and loss is not deductible. A taxpayer may offset a loss from one business entity against a net profit from another business entity.

LINE 7: TOTAL TAXABLE NET PROFIT: Subtract line 6 from line 5; if less than zero, enter zero.

LINE 8: TOTAL TAXABLE EARNED INCOME AND NET PROFIT: Add lines 4 & 7.

LINE 9: TAX LIABILITY: Multiply line 8 by your local earned income tax rate. If you don't know your rate, please reference the table on the next page.

LINE 10: EARNED INCOME TAX WITHHELD: If you work in an area that taxes non-residents at a higher rate than the resident rate where you live, you may not be able to claim the entire amount of tax withheld on your W-2's.

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If this is the case, complete the worksheet on the back of the Final Return Form to calculate the amount of income tax withheld to enter on line 10 of the Final Return. *If this is not the case*, combine the amount of tax withheld as reported in W-2 box 19 and report that amount on line 10 of the Final Return.

LINE 11: QUARTERLY ESTIMATED PAYMENTS/CREDITS FROM PREVIOUS YEAR/PAYMENTS MADE WITH EXTENSION OR ADDITIONAL PAYMENTS: List any quarterly estimated tax payments made to date for the appropriate filing year (do not include any penalty or interest amounts that may have been paid with the quarterly payments.) Also include the tax credit from the prior year AND any additional payments made for the filing year, including any amount paid when requesting an extension.

NOTE: Taxpayers who expect to have net profits or taxable wages where tax is not withheld must report and timely pay quarterly estimated tax payments. Credit may be claimed on this line for any such advance payments of tax.

LINE 12: CREDITS (must include supporting documentation)

General Rules Applicable to All Line 12 Credits:

- (1) Act 172 for Volunteer Firefighter and EMS should be listed on this line. Credit will be allowed if pre-approved and submitted by your participating townships prior to your filing of the return. All others claimed will be disallowed without prior certification from a participating township.
- (2) Credits for income taxes paid to other states must first be used against your PA state income tax liability; any credit remaining thereafter may be used against your local earned income tax liability.
- (3) Credits for income taxes paid to political subdivisions located outside of PA or for wage taxes paid to Philadelphia may be taken directly against your local earned income tax liability.
- (4) In calculating your credit for income taxes paid to another state or to a political subdivision, note that the same items of income must be subject to both your local earned income tax and the out-of-state tax.
- (5) **No credit for income taxes paid to another state or political subdivision may exceed your total local earned income tax liability.**

Credit for Taxes Paid to Other States: You may take a credit based upon the gross earnings taxed both in another state and in PA that is in excess of the PA state personal income tax rate. THIS CREDIT WILL BE DISALLOWED IF THE NON-RESIDENT STATE RETURN AND THE DOCUMENT SHOWING STATE INCOME TAX WITHHELD ARE NOT PROVIDED (W-2, RK-1, Etc.). YOUR PA-40 AND PA SCHEDULE GL ARE ALSO REQUIRED FOR CREDIT ALLOWANCE.

No credits are given for state income tax withheld from an employee who works in a state that has a reciprocal agreement with the Commonwealth of Pennsylvania (Maryland, New Jersey, Ohio, Virginia, West Virginia and Indiana).

Credit for Taxes to Philadelphia: You may use any wage tax paid to Philadelphia as a credit toward your local earned income tax liability. You must complete the Local Earned Income Tax Return. A COPY OF YOUR W-2 AND/OR VERIFICATION OF TAXES PAID MUST BE ENCLOSED WITH THE FORM OR CREDIT WILL BE DISALLOWED. No refunds or credit will be allowed for any overpayment made to Philadelphia. On line 12 of the tax return, enter the amount of Philadelphia wage tax paid.

LINE 13: TOTAL PAYMENTS AND CREDITS: Enter the sum of lines 10, 11 & 12.

LINE 14: REFUND: If tax (line 9) is less than your credits (line 13), enter amount of refund. A 1099 will be issued to the Federal Government for any credit or refund in excess of \$10.00.

LINE 15: CREDIT: If tax (line 9) is less than your credits (line 13), enter amount of credit and check the applicable box for credit to spouse or credit to next year. A 1099 will be issued to the Federal Government for any credit or in excess of \$10.00.

LINE 16: AMOUNT OF TAX DUE: If tax (line 9) is larger than your credits (line 13), enter amount of tax due. If less than \$1.00, ENTER ZERO.

LINE 17 & 18: INTEREST AND PENALTIES: If for any reason the tax is not paid when due, interest and penalties of the unpaid tax for each month shall be added and collected.

LINE 19: TOTAL AMOUNT DUE: The sum of lines 16, 17 & 18. OMIT IF LESS THAN \$1.00

NOTE: All accounts are subject to audit and review. Local/City W-2 copy and/or supporting schedules must be enclosed with tax return.