



# 2011 Scranton Tax Return

## FINAL EARNED TAX RETURN - INSTRUCTIONS FOR FINAL INCOME

This return must be completed and filed by all persons subject to the tax, on or before April 15, even though the entire tax was withheld by employer and/or no tax due.

1. **WHO MUST FILE:** Every person with earned income, regardless of whether tax is due or not, or if tax has been withheld by employer. **Joint Filing (i.e. combining income, etc) is NOT PERMITTED.**
2. To file this return, just simply fill out the return numbers 1 through 17 putting down the information that is requested. Be sure to attach copies of W-2s and all applicable forms.
3. **Employees' Deductions for Expenses Directly Connected with Employment.** Any employees claiming expenses must attach a copy of PA Department of Revenue Schedule UE, plus Federal form 2106, and Federal Form 3903 for Moving Expenses.
4. Effective with tax year 2009, pursuant to PA Act 32, business losses **cannot** be used to offset earned income (W-2 wages). A loss from one business, however, **can** be used to offset net profits from another business.
5. **ACT 166 of 2003** Act 166 amends the definition of earned income as defined in Act 511, known as the Local Tax Enabling Act. Earned income shall be determined by the PA Dept. of Revenue 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. 1 Article V (relating to personal income tax).

### TAXABLE INCOME (REPORT THESE ITEMS)

1. Salaries, Wages, Commissions, Bonuses, Tips, Stipends, & Fellowships.
2. Fees (i.e. Executors, Administrators, Directors & Consulting)
3. Drawing Accounts
4. Tips Received
5. Net Profit of Business, Profession and Other Activity (Submit Schedules)
6. Taxes Assumed by the Employer
7. Incentive Payments
8. Tax Shelter Annuities
9. Compensation in the form of Property shall be Taxed at its Fair Market Value.
10. Income from covenant not to compete.
11. National Guard or Military Reserve Pay (not active duty)
12. Guaranteed payments to partners

### NON-TAXABLE INCOME (DO NOT REPORT)

1. Social Security Benefits
2. Pension
3. Capital Gains or Losses
4. Interest, Dividends
5. Active Military Service Pay
6. Income from Stocks, Trusts
7. Death Benefits
8. Proceeds of Life Insurance Policies
9. Gifts or Bequests
10. Public Assistance or Unemployment Comp
11. Clergy Housing
12. Rents derived from mere "passive" or "investment" ownership or subleasing of real estate.

## Worksheet (A) For Individuals Employed in Another State

**EARNED INCOME:** Taxed in another state as shown on the state tax return.

Credit will be disallowed if copy of state return is not attached ..... 1) \_\_\_\_\_

Local tax as specified on the front of this form ..... X 3.4%

2) \_\_\_\_\_

Tax Liability to other state ..... 3) \_\_\_\_\_

PA Income Tax (Line 1 x PA Income Tax rate for year being reported) . . . 4) \_\_\_\_\_

CREDIT to be used against Local Tax

(Line 3 minus Line 4) On Line 12 of Form S-1, enter this amount

or the amount on Line 2, whichever is less (If less than zero, enter zero). . . . . \_\_\_\_\_

**Personal audit may be required if all W-2's and Federal/State Schedules are not enclosed.**