

**INSTRUCTIONS AND DEFINITIONS FOR FILING RETURN
FOR LOCAL EARNED INCOME TAX**

FOR FILING ASSISTANCE, PLEASE CALL: 610-372-8439 TOLL FREE: 1-855-372-8439 OR VISIT OUR WEBSITE: www.berkseit.com

FILING INSTRUCTIONS: (Please refer to the Pennsylvania Department of Revenue instructions for Form PA-40)

- Line 1: Gross compensation as reported on W-2(s): Earned Income from W-2 (**W-2 forms are required**): Income is defined as payment for services performed. These services are generally taxable regardless of where the service or work took place—in Pennsylvania or out-of-state.
Non-taxable income (do not include) includes: Social Security benefits, pensions, alimony, sickness or disability benefits from a third-party insurance carrier, capital gains or losses, active duty military pay or bonuses, income from stocks or trusts, rent from investment property, death benefits, proceeds from life insurance policies, gifts and bequests, interest, dividends, public assistance, unemployment compensation, net profits from Subchapter S corporations, gambling winnings, clergy housing allowance (declared on W2), and meals and lodging for your employer's convenience.
- Line 2: Unreimbursed Employee Business Expenses: These expenses are those defined and permitted by the Commonwealth of Pennsylvania. Supporting documents such as PA UE and page one of Form PA-40 must be attached to your return. These UE expenses cannot exceed your wages received from your employer named on the UE form. Please remember that if any supporting documents are not attached or are incomplete, this deduction will not be allowed on your return. You will be allowed to submit an amended return with the proper documentation to receive this deduction. **Proper documentation must be included with your tax return.**
- Line 3: Other Taxable Earned Income: This includes: tips received, director's fees, taxes assumed by employer, stock options when not declared on a W-2 as wages, incentive payments, fellowship payments when compensation for services, compensation in the form of property, which is taxed at its fair market value, executor's fees, jury duty compensation, certain early distributions from a retirement plan, stipends and fringe benefits paid by your employer. This does not include premiums on excess group life insurance. **Please include the appropriate documentation** that shows this income unless it is to be declared on lines 5 or 6.
- Line 4: Total Taxable Earned Income: Line 1, minus Line 2 and add Line 3. If less than zero, enter zero.
- Line 5: Net Profit from a business, farm, profession, partnership, etc: This includes profits from your business, profession or partnership. This is also called non-passive income. Each business must be reported separately on the appropriate form or schedule—such as C or C-EZ for businesses, F for farms, and RK-1 for partnerships. Guaranteed payments to partners are taxable as earned income. **PA Schedules are required.**
- Line 6: Net Loss from a business, farm, profession, partnership, etc: These losses may be used to offset net profits but not your wages. Do not include losses from S-corporations, rents and/or other investments. Also, one person's loss cannot be offset by his/her spouse's profit. (Please refer to PA Act 32 of 2008.) **PA Schedules are required.**
- Line 7: Total Taxable Net Profit: (Line 5 minus Line 6). **This total cannot be less than zero.**
- Line 8: Total Taxable Earned Income and Net Profit: Add Lines 4 and 7.
- Line 9: Total Resident Local Income Tax: Multiply line 8 by the appropriate tax rate for your residence. **3.6% for Reading City and Reading School District, 1.15% for New Hanover Township and 1% for all other Municipalities and School Districts.**
- Line 9a: City of Reading Distressed Commuter Tax: The current tax rate is 0.3%. This tax applies to non-residents of the City of Reading working in or earning net profits from a business operating within the city limits of the City of Reading. The tax is levied on gross wages (before any expenses are deducted) and net profits earned in the City of Reading.
- Line 9b: Total Tax Liability: Add lines 9 and 9a.
- Line 10: Total Local Earned Income Tax Withheld as Reported on W-2(s): Add the local income tax from each employer's W-2. W-2 forms are required. Photocopies of W-2's are acceptable. Do not include Local Services Tax or PA UC. Credit will not be given for the non-resident tax levied by distressed municipalities. Do not include Philadelphia or Out-of-State tax. See line 12.
- Line 11: Quarterly Estimated Payments/Credit from Previous Tax Year.
- Line 12: Miscellaneous Tax Credits: Philadelphia Credit or Out-of-State Credit: **W-2 forms are required. PA Schedule G-L forms are required for Out-of-State credit. These credits will be disallowed if proper documentation is not provided.** Please see reverse side of the tax return for additional instructions.
- Line 13: Total Payments and Credits: Add lines 10, 11 and 12.
- Line 14: Overpayment/Refund Due: If line 9b is less than line 13, enter the overpayment to be refunded. **Refunds of less than or equal to \$1 will not be issued.** A 1099 form will be issued to the IRS for any credit or refund of equal to or greater than \$10.
- Line 15: Credit to Taxpayer/Spouse: Refunds of greater than \$10 may be credited to your spouse's tax liability or towards next year's liability.
- Line 16: Earned Income Tax Balance Due: If line 9b is greater than line 13, enter the difference. Amounts of less than or equal to \$1 need not be paid.
- Line 17: Penalty and Interest: Payment made after the due date will be subject to interest at the rate established for the tax year by the Commonwealth of Pennsylvania, under section 806. An additional penalty of one percent (1%) will apply to the amount of unpaid tax for each month, or partial month during which the tax remains unpaid.
- Line 18: Total Payment Due: Add lines 16 and 17. **Checks and money orders must be made payable to "Berks EIT Bureau". If paying by credit card, please check the credit card payment bubble on the payment voucher and follow the directions on the reverse side of the voucher. PLEASE DO NOT SEND CASH.**

Please use the appropriate PO Box when mailing your return. This will ensure proper handling.

You are entitled to receive a written explanation of your rights with regard to the audit, enforcement, refund, and collection of local taxes by the Berks E.I.T. Bureau. You may request this explanation by calling the Bureau at 610-372-8439, or toll free at 1-855-372-8439, during the hours of 8:00 A.M. to 4:30 P.M., Monday through Friday.

TAXPAYER INSTRUCTIONS AND WORKSHEET
BERKS E.I.T. BUREAU | 1125 BERKSHIRE BLVD - SUITE 115, WYOMISSING, PA 19610
Phone: (610) 372-8439 | Toll Free: (855) 372-8439 | Fax: (610)372-1102

WHO MUST FILE – Every individual regardless of age who has earnings from January 1 through December 31 and resides within the following School Districts: Antietam, Boyertown Area (all municipalities regardless of county), Brandywine Heights Area, Conrad Weiser Area, Daniel Boone Area, Exeter Township, Fleetwood Area, Governor Mifflin, Hamburg Area, Kutztown Area, Muhlenberg, Oley Valley, Reading, Schuylkill Valley, Tulpehocken Area, Wilson and Wyomissing Area. Please note, we are not the collector for Twin Valley School District. The return shall be filed with this Bureau by April 15 and all income earned during the previous calendar year must be declared. If no income has been earned, **the Earned Income Tax return must be mailed back to our office** indicating your status. If you filed Federal Form 4868 Application for Extension, send a copy along with your extension payment voucher found on our website by April 15. All taxpayers must use their physical street address in the space provided. No PO Boxes, RD, or RR.

PSD Code – to find your PSD Code, please go to www.berkseit.com.

RESIDENT TAX RATES: Reading 3.6%; New Hanover Township 1.15%; all other municipalities 1%.
NON-RESIDENT READING COMMUTER TAX RATE: 0.3%.

Part-year Residents: Declare only the earnings and tax withheld while residing within our taxing jurisdiction(s). Please complete the proration worksheet or attach a proration breakdown for comparison.

TAXPAYER WORKSHEET (FOR TAXPAYER'S RECORDS ONLY - DO NOT FILE WORKSHEET)

		Taxpayer A	Spouse B
1. Gross Compensation as reported on W-2(s) (Enclose W-2s)	1	.00	.00
2. Unreimbursed Employee Business Expenses (Enclose PA UE and Page 1 of Form PA-40)	2	.00	.00
3. Other Taxable Earned Income	3	.00	.00
4. Total Taxable Earned Income (Line 1, minus Line 2, plus Line 3. If less than zero, enter zero)	4	.00	.00
5. Net Profit from a business, farm, profession, partnership, etc. (Enclose PA Schedules)	5	.00	.00
6. Net Loss from a business, farm, profession, partnership, etc. (Enclose PA Schedules)	6	.00	.00
7. Total Taxable Net Profit (Line 5 minus Line 6. If less than zero, enter zero)	7	.00	.00
8. Total Taxable Earned Income and Net Profit (Add Lines 4 and 7)	8	.00	.00
9. Total Resident Local Income Tax (Line 8 multiplied by Taxpayer's resident tax rate) <input checked="" type="radio"/> 1% <input checked="" type="radio"/> 1.15% <input checked="" type="radio"/> 3.6%	9	.00	.00
9a. City of Reading Distressed Commuter Tax (If applicable) See instructions on reverse side	9a	.00	.00
9b. Total Tax Liability (Add Lines 9 and 9a)	9b	.00	.00
10. Total Local Earned Income Tax Withheld as reported on W-2(s). <small>DO NOT INCLUDE PHILADELPHIA or OUT OF STATE TAX, Local Services Tax and PA UC are also not allowable.</small>	10	.00	.00
11. Quarterly Estimated Payments/Credit from Previous Tax Year <input type="checkbox"/> Estimated Payments <input type="checkbox"/> Prior Year Credit	11	.00	.00
12. Miscellaneous Tax Credits <input type="checkbox"/> Philadelphia Credit <input type="checkbox"/> Out-of-State Credit	12	.00	.00
13. Total Payments and Credits (Add Lines 10, 11 & 12)	13	.00	.00
14. Overpayment/Refund Due (If line 9b is less than line 13, enter difference. If less than or equal to \$1, enter zero)	14	.00	.00
15. Credit to Taxpayer/Spouse (Amount of Line 14 you want as credit to your account) <input type="checkbox"/> Credit to Next Year <input type="checkbox"/> Credit to Spouse	15	.00	.00
16. Earned Income Tax Balance Due (If line 9b is greater than line 13, enter difference. If less than or equal to \$1, enter zero).	16	.00	.00
17. Penalty & Interest after April 15	17	.00	.00
18. Total Payment Due (Add lines 16 and 17)	18	.00	.00

SEE REVERSE SIDE