

**CAPITAL TAX COLLECTION BUREAU'S MEMBER MUNICIPALITIES AND DIVISION INFORMATION**

Capital Tax Collection Bureau serves the following municipalities. Shown below are the municipalities served by our Harrisburg, Carlisle and Central Dauphin divisions. Also shown are our Division's office hours, phone numbers, and various mailing addresses. Our division's office locations are shown under the column to the right entitled "IF NO Payment or NO Refund/Credit". Mailing address labels are also provided on reply envelope included in this form packet. If they are missing, please address your filing to the correct Division and mailing address as described below. There are 3 distinct addresses for mailing your return(s) based on whether you are (1) making a tax payment with your return, (2) requesting a tax refund or credit on your return, or (3) filing your return with no payment or refund request. If a payment is enclosed with your return use the "PAYMENT ENCLOSED" address/label even if your spouse is also filing on the same return and has a refund/credit, or no payment or no refund/credit. Likewise a REFUND/CREDIT label/address takes precedence over a "No Payment or NO Refund/Credit" spousal situation.

**Capital Tax Collection Bureau-Harrisburg Division (717) 234-3217 or 1-800-273-2040 Hours: Mon-Thu, 8:00am-4pm, Fri, 8:30am-4pm**  
 The Harrisburg Division serves residents of the following municipalities:

| DAUPHIN COUNTY    |                  | PERRY COUNTY       | JUNIATA COUNTY     |
|-------------------|------------------|--------------------|--------------------|
| Harrisburg City   | Reed Township    | All Municipalities | Greenwood Township |
| Highspire Borough | Steelton Borough |                    |                    |

Final Returns (Form 531) for residents of the municipalities directly above should be mailed to appropriate address as shown below:

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|--|--|--|
| <b>If PAYMENT Enclosed:</b><br>CAPITAL TAX COLLECTION BUREAU<br>PO BOX 60547<br>HARRISBURG PA 17106-0547 | <b>If Requesting REFUND/CREDIT:</b><br>CAPITAL TAX COLLECTION BUREAU<br>PO BOX 60689<br>HARRISBURG PA 17106-0689 | <b>If NO payment or NO Refund/Credit</b><br>CAPITAL TAX COLLECTION BUREAU<br>2301 N 3 <sup>RD</sup> ST<br>HARRISBURG PA 17110-1893 |
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**Capital Tax Collection Bureau-Carlisle Division (717) 243-3725 or 1-877-227-5348 Hours: Mon, 8:30am-4pm, Tues-Fri, 8am-4pm**  
 The Carlisle Division serves residents of the following municipalities:

| CUMBERLAND COUNTY     |                           |                        |                       | FRANKLIN COUNTY      |
|-----------------------|---------------------------|------------------------|-----------------------|----------------------|
| Carlisle Borough      | L. Mifflin Township       | N. Newton Township     | Shippensburg Township | Orrstown Borough     |
| Cooke Township        | Mt. Holly Springs Borough | Penn Township          | Southampton Township  | Southampton Township |
| Dickinson Township    | Newburg Borough           | S. Middletown Township | U. Frankford Township | Shippensburg Borough |
| Hopewell Township     | Newville Borough          | S. Newton Township     | U. Mifflin Township   |                      |
| L. Frankford Township | N. Middleton Township     | Shippensburg Borough   | W. Pennsboro Township |                      |

Final Returns (Form 531) for residents of the municipalities directly above should be mailed to appropriate address as shown below:

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| <b>If PAYMENT Enclosed:</b><br>CAPITAL TAX COLLECTION BUREAU<br>PO BOX 400<br>CARLISLE PA 17013-0400 | <b>If Requesting REFUND/CREDIT:</b><br>CAPITAL TAX COLLECTION BUREAU<br>PO BOX 698<br>CARLISLE PA 17013-0698 | <b>If NO payment or NO Refund/Credit</b><br>CAPITAL TAX COLLECTION BUREAU<br>19 S HANOVER ST STE 102<br>CARLISLE PA 17013-3336 |
|--|--|--|

**Capital Tax Collection Bureau-Central Dauphin Division (717) 545-2791 Hours: Mon, 8:30am-4pm, Tues-Fri, 8am-4pm**  
 The Central Dauphin Division serves residents of the following municipalities:

| DAUPHIN COUNTY        |                        |                  |                       |
|-----------------------|------------------------|------------------|-----------------------|
| Dauphin Borough       | Middle Paxton Township | Penbrook Borough | West Hanover Township |
| Lower Paxton Township | Paxtang Borough        | Swatara Township |                       |

Final Returns (Form 531) for residents of the municipalities directly above should be mailed to appropriate address as shown below:

|   |   |  |
|---|---|--|
| <b>If PAYMENT Enclosed:</b><br>CAPITAL TAX COLLECTION BUREAU<br>PO BOX 6477<br>HARRISBURG PA 17112-0477 | <b>If Requesting REFUND/CREDIT:</b><br>CAPITAL TAX COLLECTION BUREAU<br>PO BOX 6626<br>HARRISBURG PA 17112-0626 | <b>If NO payment or NO Refund/Credit</b><br>CAPITAL TAX COLLECTION BUREAU<br>425 PRINCE ST<br>HARRISBURG PA 17109-1734 |
|---|---|--|

**LOCAL EIT (SCHEDULE P) – PARTIAL YEAR RESIDENT PRO-RATION WORKSHEET**

**Special Note:** At the VERY MINIMUM you should complete all the applicable shaded sections on the Schedule P. If you have problems completing sections that require calculations, file your total annual figures on the 531 final return and we'll do the pro-ration based on the information you have provided in the shaded blocks. Otherwise, complete all necessary sections (shaded & unshaded) and feel free to give us a call with any questions.

**Instructions:** Use 1 Schedule P per taxpayer. Partial year residents must file a return with each tax office of the area you resided in during the year. Unless the employer provided separate W-2 forms for each area of residence, you are required to prorate earnings, net profits, and unreimbursed business expenses, and tax withholdings based on the number of months (or days) you lived in each area and the number of months (or days) you worked for each employer. You must also prorate any other taxable income and your business net profit(s)/loss(es). Complete the worksheet to determine your prorated taxable income for each location and/or different tax rate. When calculating your pro-ration percentages (%), be sure to only use like days as found in the rows (W-2 Wages, Other Income, Net Profit & Net Loss) and the columns (Location/Rate). Number of Months: Count as a full month any partial month that you moved into prior to the 16<sup>th</sup> of the month, and any partial month that you moved out of after the 15<sup>th</sup> of the month. Use this same logic in calculating months worked for each employer. This rule is generally permitted, however, if the other tax office you're required to file with does not accept this method, or if tax rates differ in the areas you lived, you may be required to use a pro-ration method to the date versus to the month. We will advise you and adjust your return if this is the case.

**GENERAL & LINE BY LINE INSTRUCTIONS FOR FILING "ACT 24" FORM 531, LOCAL EIT RETURN**  
**GENERAL INSTRUCTIONS**

**PROPER FILING FORM** - The enclosed 2005 tax return is for use by residents of a school district that has enacted Act 24 local tax reform effective July 1, 2005. The Capital Tax Collection Bureau (CTCB) member school districts that have enacted Act 24 in 2005 are Greenwood and Newport. Taxpayers of these school districts have to file a "split-year tax return" - that is, essentially, a filing for the 1st half of 2005 (January through June), and a separate filing for the 2nd half of 2005 (July through December). These split-year filings are necessary since the tax rate for the 1st half of the year is different than the tax rate for the 2nd half of the year. The tax return enclosed is a special filing form that enables you to file both halves of the year on a single form and work down to a combined tax liability for the entire tax year. Unfortunately, because of the requirements of this special form, it does not permit a husband and wife to file on the same form. If you were not a resident of this "Act 24" school district during any part of 2005, you can still use the enclosed filing form; however, you will only need to complete the 3rd "TOTALS" column, leaving columns 1 & 2 blank.

**FILING DEADLINE** - April 15th of the succeeding year for which this return is filed; or, for fiscal year returns, the 15th day of the 4<sup>th</sup> month following the close of the taxable year. If the normal filing due date falls on a Saturday, Sunday or legal holiday, the filing date will be extended to the next business day.

**EXTENSION OF TIME TO FILE** - A federal and/or state granted extension to file does not automatically give you an extension to file your local tax return. To receive a 4 month extension of time to file, you must file an ESTIMATED return with our bureau by the original due date. Boldly mark "ESTIMATED FILING - 4 MONTH EXTENSION REQUESTED" on the face of your return. You must pay in full, on or before the original due date, the amount reasonably estimated to be your local tax due. For an additional extension over 4 months, you must submit to our office a copy of an APPROVED Federal Form 2688 or PA State Form REV - 276 before the end of your 4-month extension.

**WHO MUST FILE** - Any resident of a "MEMBER MUNICIPALITY" whether for all or part of the tax year, who has taxable net profits and/or earnings even if no tax is due. See the back of the return marked "TAXPAYER'S COPY" for a list of the "MEMBER MUNICIPALITIES". Failure to file a return may subject you to a \$500 fine.

**ROUNDING OFF TO WHOLE DOLLARS** - You may round off cents to the nearest whole dollar only for Line entries 1 through 12 on your return. Entries for Lines 14 through 23 on the return must be entered in dollars and cents. If rounding, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, \$1.39 becomes \$1.00 and \$2.50 becomes \$3.00. If you do round off, do so for all line entries where rounding is allowed (Lines 1 through 12). However, if you have to add two or more amounts to figure the amount to enter on a line, include cents when adding the amounts and only round off the total. Example: You received two W-2 forms, one showing wages of \$5,000.55 and one showing wages of \$18,500.73. On Form 531, Line 1, you would enter \$23,501 ( $\$5,000.55 + \$18,500.73 = \$23,501.28$ ) instead of \$23,502 ( $\$5,001 + \$18,501$ ).

**IF YOU HAD NO TAXABLE EARNINGS** enter zero (0) in Line 1 and list the reason (e.g., retired, disability, housewife, active military duty, etc.), sign the form and return it to us. This will eliminate needless correspondence.

**WHERE TO FILE** - File your return as indicated on the back of the return marked "TAXPAYER'S COPY". If you're filing multiple returns with our Bureau file them all at the same CTCB office.

**EFFECTIVE DATES FOR THIS TAX** - This return covers the taxable period from January 1 through December 31 of the year listed on the return (or portion thereof for a prorated return), or any fiscal tax year so designated by the taxpayer.

**TAXABLE INCOME ITEMS** - Taxable items include - Wages, salaries, commissions, bonuses, tips, fees, net profits, severance pay, reserve unit, National Guard and other military inactive duty pay, premature retirement or other payment plan distributions for reasons other than death or disability not rolled over into another federally qualified retirement plan to the extent they do not represent a return of an employee's previously taxed contribution. Cafeteria plan contributions are non-taxable to the extent they are not taxed for federal income tax purposes and they would be exempt from Pa. income taxation if paid by the employer. Employee contributions to 401(k), 403(b), 457 and other types of deferred payment programs remain taxable items. Incentive payments (e.g., income from employee stock options and phantom stock plans), reimbursement of non-deductible expenses, a fair salary commensurate with the service provided by an S-Corp shareholder to the corporation, fellowships (when compensation for services) remain taxable.

**TAXABLE RETIREMENT/SAVINGS PLAN DISTRIBUTIONS** - This bureau follows the PA Department of Revenue's Personal Income Tax Regulations regarding the taxability of distributions from employee deferred payment programs such as pensions (retirement plans), profit sharing, ESOP, SEP, 401(k), 403(b) and 457 plans. If a distribution of this type is taxable at the state level, a portion of it may be taxable at the local level. A distribution of such a plan can be made up of three ingredients: 1) the employee's previously taxed contributions, 2) the employer's untaxed contributions, and 3) income generated by the plan's assets. The state and our bureau taxes item numbers 2 & 3 (employer contributions and income). However, if the plan is unfunded any distribution is an employer's contribution and it is entirely taxable. The taxpayer must provide a statement from the plan administrator or trustee of the account showing what portion, if any, of the distribution is attributable to the employer's contribution and income generated by the plan's assets. This is the portion that is taxable for earned income tax purposes and must be listed on Line 4 of your return.

**NON-TAXABLE ITEMS** - Interest, dividends, workmen's compensation, subchapter "S" income (except a fair salary commensurate with the services provided by an S-Corp shareholder to the corporation), passive schedule income, cafeteria plan contributions to the extent they are not taxed for federal income tax purposes and they would be exempt from Pa. income taxation if paid by the employer, social security benefits, pensions, annuities, and retirement pay received after retirement from employment and upon reaching a specific age or years of service or upon death or disability, IRA benefits, disability benefits, third party sick pay, capital gains, death benefits, and life insurance proceeds, gifts or bequests, public

assistance, unemployment compensation, active military service pay or bonuses (does not include reserve unit and National Guard inactive duty pay which is taxable), income from trusts, rental income (unless the operation is a business), clergy housing allowance, and personal use of employer's owned or leased property.

**ORDER OF ATTACHING W-2's AND FORMS/SCHEDULES TO RETURN** - If you have a stapler available, place all W-2's and forms/schedules behind the return facing front. Edge all attachments to the upper, left-hand corner of the form and place a single staple there. The order of the attachments from first to last behind the return should be as follows:

1) Your W-2(s)

2) Your Form(s) 2106, Schedule(s) UE, C, F, K-1 (1065)

Checks should be attached at the top, middle on the front of the return with a single staple.

**BE SURE TO SIGN THE BUREAU'S COPY OF YOUR RETURN** on its lower left hand side. Any filing received without the proper signature will not be considered filed.

**IF YOU MOVED** from the beginning of the tax year to present, please supply the information requested on Schedule P, which is provided on the reverse of the BUREAU'S COPY of return. If you lived in different municipalities, falling under different tax bureau jurisdictions during the year, you must prorate your earnings accordingly and file with the appropriate tax bureaus. Also, if you moved during 2005 between different school districts in our jurisdiction where the tax rates are different, you will need to file separate returns with us for each residence where there are different tax rates. Such "multiple" returns must be filed at the same CTCB office. If you need assistance with this, please contact our office.

**IF YOU RECEIVED MORE THAN ONE TAX RETURN** please return both tax returns to us. Write your correct social security number on each return and mark each return "RECEIVED 2 RETURNS".

**IF YOU ARE SELF-EMPLOYED OR YOUR EMPLOYER DOES NOT WITHHOLD EITHER ANY OR THE CORRECT AMOUNT OF TAX** you may be required to pay the tax quarterly to our bureau on FORM 521. If you do not receive FORM 521 by April 1st, please request it from our bureau. Failure to comply will subject you to interest, penalty and possibly a fine.

**LOCAL FILING COMPARED TO PA PERSONAL INCOME TAX RETURN** - This bureau participates in a program with the Pennsylvania Department of Revenue to match compensation and net profit/loss as reported on the local return against the same items reported on the state return. If, by audit, tax items are changed by either the IRS or State Income Tax Bureau that have a bearing on your local tax return, you must file an amended local return to reflect such changes. If you have subchapter "S" corporation income, you may want to file a copy of your federal Schedule K-1 (Form 1120S) with your local return for information purposes only. Whereas subchapter "S" income/loss does not apply to local earned income tax, this information will prevent us from sending you a "discrepancy" letter when your local and state income does not match due to this tax item.

**NOTIFICATION OF AVAILABILITY OF DISCLOSURE STATEMENT FOR LOCAL TAXPAYER BILL OF RIGHTS** - 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 Capital Tax Collection Bureau's Harrisburg Division at (717) 234-3217 during the hours of 8 a.m. - 4 p.m., Monday through Thursday and 8:30 a.m. - 4 p.m., Friday.

## COLUMN & LINE-BY-LINE INSTRUCTIONS

**COLUMN # 1** - For lines 1, 2, 4, 6, 7 and 15 of the Line by Line Instructions below, you must enter your activity for the 1st half of the year (January 1 through June 30), or portion of that period that you were a resident of a particular "Member Act 24 School District." See "PROPER FILING FORM" at the beginning of the "GENERAL INSTRUCTIONS" for more on "Member Act 24 School Districts". For lines 3, 5, 8, and 10-12 simply follow the line instructions for each line item.

**COLUMN # 2** - For lines 1, 2, 4, 6, 7 and 15 of the Line by Line Instructions below, you must enter your activity for the 2nd half of the year (July 1 through December 31), or portion of that period that you were a resident of a particular "Member Act 24 School District." See "PROPER FILING FORM" at the beginning of the "GENERAL INSTRUCTIONS" for more on "Member Act 24 School Districts". For lines 3, 5, 8, and 10-12 simply follow the line instructions for each line item.

**"TOTALS" COLUMN** - For lines 1, 2, 4, 6, 7, 10 and 15 of the Line by Line Instructions below, you must enter the sum of the figures in COLUMN # 1 and COLUMN # 2 for each of these line items. For lines 3, 5, 8, 12 and 16-22 of the Line-by-Line Instructions below simply follow the instructions for each line item.

**LINE 1.** Enter total of W-2 wages earned while a resident of one or more "MEMBER MUNICIPALITIES" (see the reverse side of the return designated as the "TAXPAYER'S COPY."). One copy of all W-2's should be submitted with your return. The best way to apportion W-2 income between Column #'s 1 & 2 (i.e., between the 1st half and 2nd half of the tax year) is to have those actual figures. Some employers may have split your earnings between the 1st and 2nd halves of the year directly on your W-2. If this is the case you should have 2 lines under the local wage box of your W-2 and it should indicate which periods apply to what wages. Alternatively, if you have your final pay stub of June 2005 for a particular employer, use the "Total Year to Date Wages/Earnings/Pay" from that pay stub in COLUMN # 1 and report the balance in COLUMN # 2. If you do not have the exact information for a particular employer, and you worked for the employer the entire tax year, and your earnings were received relatively evenly throughout the course of the year, you can split the total wages as reported on the W-2. Be aware, however, that such estimations are subject to audit review and possible adjustment if it's found they do not accurately reflect the actual figures. If none of the above options apply to any of your W-2 income you must inquire with that employer what taxable wages were received by you in the 1st half of 2005. Additionally, W-2 income should be

prorated to where taxpayer lived when the income was earned. If you moved into or out of our taxing jurisdiction during the tax year, please complete Schedule P, which is provided on the back of the return marked "BUREAU'S COPY". This will help us correctly prorate your wages on the return.

If the employer completed your W-2 Form correctly, you should use the "Local Wages" shown in Box 18 of the W-2 form. Many times the employer reports an incorrect amount in this box. If the local wage box does not include your 401(k) or 403(b) contributions, non-cash fringe benefits, bonuses or other incentive payments, reimbursed moving expenses or unaccounted for or excess business expense reimbursements, they should be added to arrive at your correct local wages.

If the wages shown in the local wage box are lower than the wages shown in the federal, social security, or state wage boxes, the highest amount will be used for local wages unless the W-2, or information you provide explains the difference as not being taxable for local purposes (some examples are the cost of group term life insurance for coverage in excess of \$50,000 or prorated local wages if you moved during the tax year). If you do have different amounts showing in the various wage boxes on your W-2, you may want to ask your employer what makes up these differences and contact our office with this information to determine which amount you should use.

**LINE 2.** (Note: Report any excess reimbursement of employee business expenses on Line 4.) This Bureau generally follows the Pennsylvania Individual Income Tax regulations and guidelines for allowable employee business expense deductions. Expenses claimed must be explained in detail giving as a minimum the information requested on both the Federal Form 2106 and appropriate Pennsylvania State UE Schedule. Copies of these supporting schedules are sufficient and recommended. **EMPLOYEE BUSINESS EXPENSES TAKEN WITHOUT PROPER SUPPORTING DOCUMENTATION WILL BE SYSTEMATICALLY DENIED WITHOUT NOTIFICATION TO THE TAXPAYER.** Records must be available for verification. Estimates will not be accepted.

Examples of expenses which can be deducted are union dues, professional dues and license fees required as a condition of employment, cost and upkeep of work clothing provided they are not suitable for everyday use and they are required as a condition of employment, cost of small tools required but not provided by employer, non-commuting business transportation, away from home overnight expense, and office-in-home, moving, and education expenses as allowed for Pennsylvania Individual Income Tax purposes. Additionally, moving expenses are deductible only when moving into CTCB's jurisdiction and only if it is in the interest of your current employer (i.e., you have the same employer before and after your move). Moving expenses incurred in moving out of CTCB's jurisdiction or in association with a new employer are not deductible. Likewise, moving expense allowances are taxable only if advanced for a move into CTCB's jurisdiction.

Examples of expenses which cannot be deducted are travel to and from work unless to a temporary (less than 1 year) and distant (more than 50 miles one way) work site, travel from union hall to work assignments, child care, medical expenses, charitable contributions, taxes, interest, subscriptions to publications, dues to professional or fraternal societies, Chambers of Commerce, or recreational club memberships, and insurance, IRA, annuity and pension plan payments. For additional information on employee business expenses, see the "Allowable Business Expense" section of the PA 40 instruction booklet.

**LINE 3.** Subtract Line 2 from Line 1 to arrive at taxable W-2 earnings.

**LINE 4.** Enter the total of other taxable earned income. Use this line to report tips not included in W-2 wages, excess reimbursements of employee business expenses, executor and trustee fees (only if not in the business of being an executor and/or trustee), taxable premature distributions from retirement plans, reimbursement of non-deductible expenses, a fair salary commensurate with the services provided by an S-Corp shareholder to the corporation where a reasonable W-2 is not issued, and any other taxable earnings not reported elsewhere on the return. It would be helpful if you included with your filing a copy of any 1099 Forms that relate to amounts reported on Line 4. Corporate director fees must be reported on a Schedule C (Profit or Loss from Business) and reported on line 6 (net loss) or line 7 (net profit).

**LINE 5.** Enter the total of Lines 3 and 4, which is your total taxable earned income.

**LINE 6.** Enter the total of any net profits you incurred from your business, profession and/or farm. The best way to apportion a net profit between Column #'s 1 & 2 (i.e., between the 1st half and 2nd half of the tax year) is to have the actual 1st half figure from an interim financial report. Alternatively, if you conducted the business for the entire tax year, and your income was received, and expenses were incurred, relatively evenly throughout the course of the year, you can split the total annual net profit in half and report equal amounts in the 1st and 2nd halves of the year. Be aware, however, that you must have evidence to support whatever apportionment you use. Apportionments are subject to audit review and possible adjustment if they are found to not accurately reflect your tax liability. Any net losses should be entered on Line 7 using the percentages listed in the line-by-line instructions for those lines. For other general instructions concerning business, profession, or farm reportings see Line 6 instructions.

Use and submit copies of your federal & Pa. state schedule K-1 (1065), C or F only if taxpayer is actively engaged in the business. You must include Schedules C or F, we do not accept the PA SCHEDULE C-F. Do not include loss from tax shelters, passive limited partnerships, or hobbies. Subchapter "S" income is not taxable at the earned income tax level; therefore, Subchapter "S" losses are not deductible against other earned income. The taxable portion of a partnership for earned income tax purposes is usually the net earnings from self-employment less any Section 179 expense (within Pa. guidelines). If a personal retirement plan (Keogh or IRA) has been used as an expense it must be added to net profit/loss for the earned income tax reporting.

Income derived from Limited Liability Companies (LLCs), Limited Liability Partnerships (LLPs), and Restricted Professional Companies (RPCs) is taxable provided that the participant is actively engaged in the operation (not a passive or investment type involvement). Taxpayers who are members of these types of entities should file a copy of their Pa. State Schedule K-1 (Form 1065) for each such entity.

A taxpayer's rental income/loss does not apply to local filing unless the operation is a business (i.e., properly not filed on a schedule E, and subject to business privilege/mercantile taxes). The leasing of tangible property is the operation of a business only if:

1. You offer the use of your property on a commercial basis to others in marketplace and at least one of the following applies:
  - The average period of customer use is 30 days or less; or
  - Your property is customarily made available for use only during defined business hours; or
  - In addition to the property you also provide significant services to your lessee (Providing housekeeping service, room service, valet parking, decorating assistance, delivery services, transportation services and concierge services can be significant services. Providing heat, lighting, electric service elevators, cleaning public access and exit areas, collecting trash, and maintaining the property in a usable rentable condition are not usually significant services.); or
  - The leasing activity is incidental to a real estate sales business; and
2. You offer the use of your property intending to realize a profit; and
3. The leasing of your property is a regular and continuous activity.

**LINE 7.** Enter net loss(es) from business, profession or farm. Any net profits from a business, profession or farm should be entered on Line 6. For other general instructions concerning business, profession, or farm reporting see Line 6 instructions.

**SPECIAL RULE:** As used in this SPECIAL RULE, the definition of "Provisional Amounts" are "the amounts that otherwise would be entered in Lines 7 and 8 before the application of this SPECIAL RULE or the NO-LESS-THAN-ZERO LIMITATION". "Entry Amounts" are "the amounts that should actually be entered in Lines 7 and 8 when completing your return". This SPECIAL RULE is intended to prevent a possible limitation of the full use of a net loss offset against net profits from business, profession, or farm due to the split-year filing. It only applies when **either** COLUMN # 1 or 2's Line 8 result is a negative balance (before the NO-LESS-THAN-ZERO LIMITATION) while the other is a positive balance (before the application of this SPECIAL RULE). For example purposes we will say that your Line 6 figures for COLUMN # 1 is \$5,000, and for COLUMN # 2 is \$10,000. Further, the "provisional amounts" for COLUMN #'s 1 and 2, Line 7 are both \$7,000 (a total annual net loss of \$14,000) (figures for your net loss are entered as a positive here because they are subtracted in calculating the subtotal). This would make the "provisional amounts" for Line 8 a negative (-)\$2,000 for COLUMN # 1 and a positive (+)\$3,000 for COLUMN # 2. The negative amount (-)\$2,000 becomes the "SPECIAL RULE AMOUNT" and it should be entered in the "SPECIAL RULE AMOUNT" box on your return found to the left of your normal Line 7 entries. This "SPECIAL RULE AMOUNT" then must be subtracted from the Line 7 provisional amount for the COLUMN that had a negative "provisional amount" in Line 8 (in this example COLUMN # 1). This would be  $7,000 - 2,000 = 5,000$  with the \$5,000 being the "Entry Amount" for Line 7, COLUMN # 1. This, in effect, will make this COLUMN # 1's Line 8 "Entry Amount" equal exactly zero (-0-). Next, the "SPECIAL RULE AMOUNT" (\$2,000) should be added to Line 7, COLUMN # 2's provisional amount (\$7,000) to arrive at an "Entry Amount" of \$9,000 for Line 7, COLUMN # 2. As you can see in this example, and as should always be when you're done doing this, the "Entry Amounts" in COLUMN #'s 1 and 2 for Line 7 end up being \$5,000 and \$9,000 respectively for a total of \$14,000, which equals exactly the starting total annual net loss.

**LINE 8.** Subtract Line 7 from Line 6, if less than zero enter zero. Enter the result in the appropriate column.

**LINE 9.** For information purposes only and to help alleviate questions when comparing local information to what was reported to the state please enter net subchapter S corporation pass-thru profits and losses as reported on your PA-40 return.

**LINE 10.** Enter the total of Lines 5 and 8. This is your total taxable earned income and net profits.

**LINE 11.** For COLUMNS #'S 1 & 2, enter the appropriate tax rates from the LOCAL EARNED INCOME TAX (EIT) RATE TABLE" found on the last page of these instructions. Be sure to differentiate between the 1st half (January through June) and the 2nd half (July through December) rates.

**LINE 12.** For COLUMN #'S 1 & 2, multiply Line 10 by Line 11. For the "TOTALS" Column add Line 12 figures for COLUMN #'S 1 & 2. This is your tax liability.

**LINE 13.** Enter the total (or prorated portion if partial year resident) of all local tax withheld found in Box 19 of your W-2's. Do not include local income tax withheld and/or paid to the City of Philadelphia or other State's political subdivisions. Do not include tax paid to the City of Pittsburgh. The City of Pittsburgh does not transfer tax withholdings. It is your responsibility to request a refund of the tax withheld from the City of Pittsburgh.

**LINE 14.** Enter the total of all quarterly tax payments for the filing tax year only. Also add in any overpayment from the previous tax year that was credited to this filing tax year.

**LINE 15.** If you were legally liable for and paid taxes on net profits and/or compensation to Philadelphia or any state other than Pennsylvania, and the same net profits and/or compensation is also taxable on your local CTCB resident return, you may be entitled to take a credit (against your local tax liability) for all or a portion of the taxes paid elsewhere. Please contact one of our offices and request a Local Schedule G. Local Schedule G provides specific instructions and a worksheet to determine whether you are entitled to any such credit. Enter wages and/or net profits while a resident of the Harrisburg Keystone Opportunity Zone (KOZ). If requesting a KOZ credit you must submit a copy of the DCED letter certifying your residence in this KOZ for this tax year.

**LINE 16.** Enter the total of Lines 13, 14 and 15. This is the total of your withholdings, credits and direct payments to be applied against your tax liability.

**LINE 17.** If Line 12 is larger than Line 16, subtract Line 16 from Line 12 and enter the result. In all other cases enter zero (0). If Line 17 is less than \$1.00, you need not make any payment. However, you still must file a return.

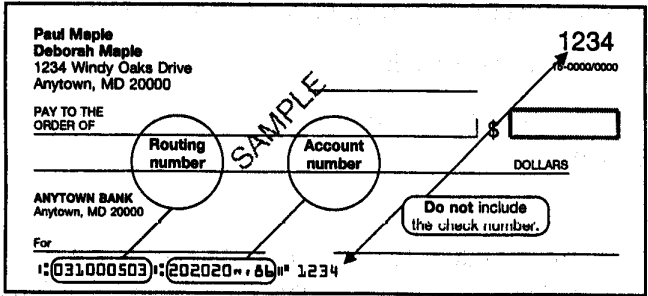
**LINE 18.** If for any reason the tax is not paid when due, interest at the rate of 6% per annum, and an additional penalty of 1/2 of 1% for each month or fraction thereof during which the tax remains unpaid shall be added and collected. If you are unsure of the amount of interest and penalty, if any, that applies to you, contact our office for assistance.

**LINE 19.** These are costs of collection for delinquent taxes approved by the CTCB Board of Directors and/or by resolution.

**LINE 20.** Enter the total of Lines 17 and 18. This is your total balance due. This balance due must be paid in full when filing your return. Make checks payable to "CTCB" (Capital Tax Collection Bureau). Place your social security number(s) on your check along with notation "Form 531 (and the tax filing year)".

**LINE 21.** If Line 16 is larger than Line 12, subtract Line 12 from Line 16 and enter the result. This is the amount of your overpayment. Overpayments of under \$1.00 will not be refunded without a written request. Also, credits to next year's tax must be a minimum of \$1.00. Be sure to designate what you want done with your overpayment of \$1.00 or more by placing it in one or more of Lines 21 or 22 (make sure the total of Lines 21 and 22 equal Line 20). Any undesigned overpayments will be refunded.

**LINE 22.** Enter the portion of your Line 20 overpayment that you wish to be refunded. Amounts under \$1.00 will only be refunded upon special written request. You may now have your refund directly deposited. We can only refund into a bank account that is solely or jointly owned by the taxpayer receiving the refund. If you choose to have your refund directly deposited, check either the checking or savings block to indicate which account you would like us to direct deposit into. Enter the routing number from your check. The routing number must be nine digits and is enclosed by these symbols "[:]" (e.g., [:031000503[:]) The first two digits must be 01 through 12 or 21 through 32. Then enter your account number. The account number can be up to 17 characters (both numbers and letters). Include hyphens but omit spaces and special symbols. Enter the number from left to right and leave any unused boxes blank. Be sure **not** to include the check number. If you enter something wrong, and the direct deposit is rejected, you will be mailed a check. If you are unsure what to enter for the routing number or your bank account number, your bank should be able to provide this information. If you have a check from your account you may call our Bureau for help.

|  |  |
|--|--|
|  <p>The image shows a sample check stub with the following details:</p> <ul style="list-style-type: none"><li>Payee: Paul Maple, Deborah Maple, 1234 Windy Oaks Drive, Anytown, MD 20000</li><li>Pay to the order of: [Redacted]</li><li>Amount: 1234 DOLLARS</li><li>Bank: ANYTOWN BANK, Anytown, MD 20000</li><li>Routing number: 031000503</li><li>Account number: 2020201234</li><li>Check number: 1234</li><li>Annotations: "Routing number" and "Account number" are circled. "Do not include the check number." is written in a box.</li></ul> | <p><b>Note:</b> The routing and account numbers may be in different places on your check</p> |
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**LINE 23.** Enter the portion of your Line 20 overpayment (minimum of \$1.00) that you wish to be credited to your next year's return.

# LOCAL EARNED INCOME TAX (EIT) 2005 RATE TABLE

CTCB Member Municipalities & Their Coterminous School Districts

Note: All rates shown below are the combined rates of the School Districts and Municipalities

| Municipality            | County     | School District    | Split Year Rate    |                    | Full Year Same Rate | Municipality           | County     | School District    | Split Year Rate    |                    | Full Year Same Rate |
|-------------------------|------------|--------------------|--------------------|--------------------|---------------------|------------------------|------------|--------------------|--------------------|--------------------|---------------------|
|                         |            |                    | Col. 1<br>Jan-June | Col. 2<br>July-Dec |                     |                        |            |                    | Col. 1<br>Jan-June | Col. 2<br>July-Dec |                     |
| Blain Bo.               | Perry      | West Perry         |                    |                    | 1.70%               | North Middleton Twp.   | Cumberland | Carlisle Area      |                    |                    | 1.60%               |
| Bloomfield Bo.          | Perry      | West Perry         |                    |                    | 1.70%               | North Newton Twp.      | Cumberland | Big Spring         |                    |                    | 1.65%               |
| Buffalo Twp.            | Perry      | Newport            | 1.00%              | 1.60%              |                     | Northeast Madison Twp. | Perry      | West Perry         |                    |                    | 1.70%               |
| Carlisle Bo.            | Cumberland | Carlisle Area      |                    |                    | 1.60%               | Oliver Twp.            | Perry      | Newport            | 1.00%              | 1.60%              |                     |
| Carroll Twp.            | Perry      | West Perry         |                    |                    | 1.70%               | Orrstown Bo.           | Franklin   | Shippensburg Area  |                    |                    | 1.40%               |
| Centre Twp.             | Perry      | West Perry         |                    |                    | 1.70%               | Paxtang Bo.            | Dauphin    | Central Dauphin    |                    |                    | 2.00%               |
| Cooke Twp.              | Cumberland | Big Spring         |                    |                    | 1.65%               | Penbrook Bo.           | Dauphin    | Central Dauphin    |                    |                    | 2.00%               |
| Dauphin Bo.             | Dauphin    | Central Dauphin    |                    |                    | 2.00%               | Penn Twp.              | Cumberland | Big Spring         |                    |                    | 1.65%               |
| Dickinson Twp.          | Cumberland | Carlisle Area      |                    |                    | 1.60%               | Penn Twp.              | Perry      | Susquenita         |                    |                    | 1.80%               |
| Duncannon Bo.           | Perry      | Susquenita         |                    |                    | 1.80%               | Reed Twp.              | Dauphin    | Susquenita         |                    |                    | 1.80%               |
| Greenwood Twp.          | Juniata    | Greenwood          | 1.00%              | 1.75%              |                     | Rye Twp.               | Perry      | Susquenita         |                    |                    | 1.80%               |
| Greenwood Twp.          | Perry      | Greenwood          | 1.00%              | 1.75%              |                     | Saville Twp.           | Perry      | West Perry         |                    |                    | 1.70%               |
| Harrisburg City         | Dauphin    | Harrisburg         |                    |                    | 1.00%               | Shippensburg Bo.       | Cumberland | Shippensburg Area  |                    |                    | 1.40%               |
| Highspire Bo.           | Dauphin    | Steelton-Highspire |                    |                    | 1.00%               | Shippensburg Bo.       | Franklin   | Shippensburg Area  |                    |                    | 1.40%               |
| Hopewell Twp.           | Cumberland | Shippensburg Area  |                    |                    | 1.40%               | Shippensburg Twp.      | Cumberland | Shippensburg Area  |                    |                    | 1.40%               |
| Howe Twp.               | Perry      | Newport            | 1.00%              | 1.60%              |                     | South Middleton Twp.*  | Cumberland | South Middleton    |                    |                    | 1.10%               |
| Jackson Twp.            | Perry      | West Perry         |                    |                    | 1.70%               | South Newton Twp.      | Cumberland | Big Spring         |                    |                    | 1.65%               |
| Juniata Twp.            | Perry      | Newport            | 1.00%              | 1.60%              |                     | Southampton Twp.       | Cumberland | Shippensburg Area  |                    |                    | 1.40%               |
| Landisburg Bo.          | Perry      | West Perry         |                    |                    | 1.70%               | Southampton Twp.       | Franklin   | Shippensburg Area  |                    |                    | 1.40%               |
| Liverpool Bo.           | Perry      | Greenwood          | 1.00%              | 1.75%              |                     | Southwest Madison Twp. | Perry      | West Perry         |                    |                    | 1.70%               |
| Liverpool Twp.          | Perry      | Greenwood          | 1.00%              | 1.75%              |                     | Spring Twp.            | Perry      | West Perry         |                    |                    | 1.70%               |
| Lower Frankford Twp.    | Cumberland | Big Spring         |                    |                    | 1.65%               | Steelton Bo.           | Dauphin    | Steelton-Highspire |                    |                    | 1.00%               |
| Lower Mifflin Twp.      | Cumberland | Big Spring         |                    |                    | 1.65%               | Swatara Twp.           | Dauphin    | Central Dauphin    |                    |                    | 2.00%               |
| Lower Paxton Twp.       | Dauphin    | Central Dauphin    |                    |                    | 2.00%               | Toboyne Twp.           | Perry      | West Perry         |                    |                    | 1.70%               |
| Marysville Bo.          | Perry      | Susquenita         |                    |                    | 1.80%               | Tuscarora Twp.         | Perry      | Greenwood          | 1.00%              | 1.75%              |                     |
| Middle Paxton Twp.      | Dauphin    | Central Dauphin    |                    |                    | 2.00%               | Tyrone Twp.            | Perry      | West Perry         |                    |                    | 1.70%               |
| Miller Twp.             | Perry      | Newport            | 1.00%              | 1.60%              |                     | Upper Frankford Twp.   | Cumberland | Big Spring         |                    |                    | 1.65%               |
| Millerstown Bo.         | Perry      | Greenwood          | 1.00%              | 1.75%              |                     | Upper Mifflin Twp.     | Cumberland | Big Spring         |                    |                    | 1.65%               |
| Mount Holly Springs Bo. | Cumberland | Carlisle Area      |                    |                    | 1.60%               | Watts Twp.             | Perry      | Susquenita         |                    |                    | 1.80%               |

|                 |            |                   |       |       |       |                     |            |                 |  |  |       |
|-----------------|------------|-------------------|-------|-------|-------|---------------------|------------|-----------------|--|--|-------|
| New Buffalo Bo. | Perry      | Susquenita        |       |       | 1.80% | West Hanover Twp.   | Dauphin    | Central Dauphin |  |  | 2.00% |
| Newburg Bo.     | Cumberland | Shippensburg Area |       |       | 1.40% | West Pennsboro Twp. | Cumberland | Big Spring      |  |  | 1.65% |
| Newville Bo.    | Cumberland | Big Spring        |       |       | 1.65% | Wheatfield Twp.     | Perry      | Susquenita      |  |  | 1.80% |
| Newport Bo.     | Perry      | Newport           | 1.00% | 1.60% |       |                     |            |                 |  |  |       |

\*CTCB collects only the School District portion for South Middleton Twp. Residents. Rate shown is for School District only.