

2023 INSTRUCTIONS FOR COMPLETING THE LOCAL EARNED INCOME TAX RETURN:

Electronically file your tax return at: <https://efile.berkseit.org>



BERKS EARNED INCOME TAX BUREAU

1125 Berkshire Blvd · Suite 115 · Wyomissing, PA 19610
Phone: 610-372-8439 | Toll-Free: 855-372-8439 | Fax: 610-372-1102

Line 1: Gross compensation as reported on W-2(s): Earned Income from W-2(s). **W-2 forms are required.** Refer to the Pennsylvania Department of Revenue instructions for Form PA-40. 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): 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-40 Schedule UE and page one of Form PA-40 must be attached to your return. These expenses cannot exceed your wages received from your employer named on the PA-40 Schedule UE form. 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 a 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). **If less than zero, enter zero.**

Line 8: Total Taxable Earned Income and Net Profit: Add Lines 4 and 7.

Line 9: Total Tax Liability: Multiply line 8 by the appropriate tax rate for your residence. 3.6% for Reading City/Reading School District, 1.15% for New Hanover Township/Boyertown Area School District and 1% for all other Municipalities and School Districts.

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: 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 page 2 of instructions for more information.

Line 13: Total Payments and Credits: Add lines 10, 11, and 12.

Line 14: Overpayment/Refund Due: If line 9 is less than line 13, enter the overpayment to be refunded. Refunds of less than or equal to \$1 will not be issued. 1099-G will be issued for any refund.

Line 15: Credit to Taxpayer A/Taxpayer B: 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 9 is greater than line 13, enter the difference. Amounts of less than or equal to \$1 need not be paid.

Lines 17 & 18: 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%, not to exceed 15%) will apply to the amount of unpaid tax for each month, or partial month during which the tax remains unpaid. If due date is a weekend/holiday, the due date will be the next business day.

Line 19: Add lines 16, 17, and 18. Checks and money orders must be made payable to "BEITB". Credit card payments can be made through our website at www.berkseit.com. **DO NOT SEND CASH.**

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 EIT 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.

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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 and Upper Perkiomen Valley School District. If you filed Federal Form 4868 Application for Extension, send a copy along with your extension payment voucher found on our website by the due date. All taxpayers must use their physical street address in the space provided. No PO Boxes, RD, or RR.

PSD Code – to find your Resident 6-digit PSD Code, please go to www.berkseit.com.

RESIDENT TAX RATES: Reading City/Reading School District - 3.6%, New Hanover Township/Boyertown Area School District - 1.15%, all other municipalities 1%.

Part-year Residents: Declare only the earnings and tax withheld while residing within our taxing jurisdiction(s). (See proration worksheet)

OUT-OF-STATE or PHILADELPHIA CREDITS (supporting documentation required) General Rules Applicable to All Line 12 Credits:

- Credits for income taxes paid to other states must first be used against your Pennsylvania income tax liability; any credit remaining thereafter may be used against your local earned income tax liability.
- Credits for income taxes paid to political subdivisions located outside of Pennsylvania or for wage taxes paid to Philadelphia may be taken directly against your local earned income tax liability.
- In calculating your credit for income taxes paid to another state or 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.
- **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 Pennsylvania that is more than the Pennsylvania state personal income tax rate. THIS CREDIT WILL BE DISALLOWED IF THE NON-RESIDENT OR FOREIGN US STATE RETURN, PA SCHEDULE G-L FORM AND YOUR W-2 FORM SHOWING STATE INCOME TAX WITHHELD IS NOT PROVIDED.

No credits are given for state income taxes paid to states that reciprocate with the Commonwealth of Pennsylvania. These states are Maryland, New Jersey, Ohio, Virginia, West Virginia and Indiana.

Credit for Taxes Paid to Political Subdivisions Outside of Pennsylvania: You may take a credit based upon the gross earnings taxed in both another political subdivision and where you live in Pennsylvania. THIS CREDIT WILL BE DISALLOWED IF THE FOREIGN CITY RETURN AND YOUR W-2 FORM SHOWING CITY INCOME TAX WITHHELD IS NOT PROVIDED.

Credit for Taxes Paid 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 credits will be allowed for any overpayment made to Philadelphia. On line 12 of the tax return, enter the amount of Philadelphia wage tax paid.

WHERE TO SEND EARNED INCOME TAX RETURNS:

Use appropriate PO Box when mailing your return. This will ensure proper handling.

Payment Returns:

PAYMENT ENCLOSED

Berks EIT Bureau
PO Box 6365
Wyomissing, PA 19610-0365

Refund/Credit Requested Returns:

REFUND/CREDIT REQUESTED

Berks EIT Bureau
PO Box 6366
Wyomissing, PA 19610-0366

No Payment/No Refund/No Credit Returns:

NO PAYMENT/NO REFUND

Berks EIT Bureau
PO Box 6367
Wyomissing, PA 19610-0367

Make checks payable to
"BEITB"