



**2004 PGH-40**  
**CITY OF PITTSBURGH AND**  
**SCHOOL DISTRICT OF PITTSBURGH**  
**INDIVIDUAL EARNED INCOME TAX**

**TELEFILING & INTERNET FILING**

See page 2 for details

- **NEW FOR 2004 – YOU MUST WRITE YOUR SOCIAL SECURITY NUMBER(S) ON THE PGH-40 TAX RETURN**
- **SEE NEXT PAGE FOR IMPORTANT INFORMATION**
- **USE BLACK INK ONLY – DO NOT USE PENCIL OR ANY OTHER COLOR PEN**
- **WRITE IN CAPITAL LETTERS – DO NOT STAPLE ANY PAPERS TO THE RETURN**
- **ENCLOSE A READABLE PHOTOCOPY OF W-2(S)**
- **KEEP A COPY OF YOUR TAX RETURN AND ALL ATTACHMENTS FOR YOUR RECORDS**
- **ALLOW 8 WEEKS BEFORE CALLING THE REFUND TRACKING SYSTEM AT 412-393-0167 (SEE THE BOTTOM OF PAGE 5)**

**INSTRUCTIONS**

The City of Pittsburgh, Department of Finance, is using electronic data imaging equipment to process and store your tax return. Please follow all instructions so we can process your return efficiently.

The 2004 PGH-40 is the **ONLY** form that may be used to file your 2004 annual report of Earned Income to the City of Pittsburgh and School District of Pittsburgh. All other forms will be returned to the taxpayer and deemed not filed until filed using this form.

**To expedite processing and scanning, please photocopy your W-2(s) on an 8 ½ x 11 paper. Make sure it is readable.**

**[www.city.pittsburgh.pa.us/finance](http://www.city.pittsburgh.pa.us/finance)**

# IMPORTANT INFORMATION

## IMPLEMENTATION OF ACT 166

### TAXABLE W-2 WAGES

Starting in the year 2003 the City and School District of Pittsburgh taxable wages are now the same as the State of Pennsylvania taxable wages. If there is a difference between State and Local wages we use the State wages.

### UNREIMBURSED EXPENSES

The City and School District of Pittsburgh now allows the same unreimbursed employee business expenses as the State of Pennsylvania allows on the PA Schedule UE – **SEE PAGE 7**

### NET PROFITS

- Net Income from rentals, royalties, patents or copyrights that should be reported on PA-40 Line 6, **are not taxable**.
- Rental income is taxable if significant services have been provided and net profits have been reported as Pennsylvania Schedule C income.
- A limited partner, one who invests only, is no longer taxable. General partners **are still taxable**.
- An individual can offset a loss from a business (Schedule C, E non-passive, K1) against wages.
- **Only businesses that are taxable for profits can have a loss that may be offset.**
- You **cannot** offset a loss against a gain of a spouse.

**NEW THIS YEAR** – Social Security Numbers are not pre-printed on this form. You must enter your Social Security Number(s) on your PGH-40 return. On page 1 next to Primary Social Security Number and Spouse's Social Security Number, we have listed only the last 4 digits of each Social Security Number. You can verify that these last 4 digits are correct. If the last 4 digits are incorrect please check the box next to ACCT# on the PGH-40 return and finish completing the tax return.

### REFUNDS

Our experience has shown that a **complete** tax return **received before March 31** will have their refund paid by late April or early May.

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PGH-40 Tax Form WTEX

### ATTACHMENTS

PGH-40 Tax Form - PGH-40 Taxpayer Copy - Return envelope and mailing labels.

## TELEFILE & INTERNET FILING REQUIREMENTS

You may file your tax return by telephone or on our secure Internet site using the PIN number(s) provided you meet the following requirements:

- The difference between tax paid by you and your total tax liability is less than or equal to \$2.00
- You have access to a touch-tone telephone or the Internet.
- You are filing your 2004 tax return & you previously filed a 2003 PGH-40.
- You were a resident of Pittsburgh or Mt. Oliver for the entire year.
- Your filing status has not changed.
- Your residency status has not changed.
- Your name and your spouse's name have not changed.
- Your address has not changed.
- All your income and withholding credits are documented by W-2(s).
- Maximum of 7 W-2's are permitted.

**KEEP YOUR PIN IN A SAFE PLACE  
IF YOU MISPLACE IT YOU WILL HAVE TO FILE A PAPER RETURN.**

### **PERSONAL IDENTIFICATION NUMBER (PIN)**

This PIN will only be used for filing your 2004 tax return.

**VERIFY THAT THE LAST 4 DIGITS OF YOUR SSN ARE CORRECT**

Primary Social Security Number: **XXX - XX - \_ \_ \_ \_**

First PIN:

Spouse's Social Security Number:

Second PIN:

Filing Status for 2003:

Residency Status for 2003:

### **PERSONAL IDENTIFICATION NUMBER (PIN)**

Each taxpayer that filed a PGH-40 for tax year 2003 will receive a PIN to file his/her 2004 PGH-40 by Telefile or Internet. Only the pre-printed 2004 PGH-40 booklets that are mailed at the beginning of the year will have a PIN number enclosed.

**2004 PGH-40**  
**TELEFILE AND INTERNET FILING**  
**WORKSHEET INSTRUCTIONS**

The phone number for Telefiling is **412-393-0167**

The Web address for Internet filing is [www.city.pittsburgh.pa.us/finance](http://www.city.pittsburgh.pa.us/finance)

- A. Enter your Social Security number.
- B. Enter your PIN number provided in your instruction booklet.  
*If you misplaced your PIN number you must file a paper return.*
- C. Enter your spouse's Social Security number **if** filing status is "Married, Filing Jointly".
- D. Enter your spouse's PIN number **if** filing status is "Married, Filing Jointly".
- E. Check appropriate block to indicate your Residency Status.
- F. Check appropriate block to indicate your Filing Status.
- G. Check appropriate block if your residency status changed.
- H. Check appropriate block if your filing status changed.
- I. Check appropriate block if your name or your spouse's name changed.
- J. Check appropriate block if your address has changed.

If you answer "**YES**" in any one of blocks "**G**", "**H**", "**I**" or "**J**", you **CANNOT** use Telefile or the Internet to file your return.

- K. W-2 worksheet, complete 1a through 5 as follows:
  - 1a. – 1g. Enter the Federal Employer Identification Number, local W-2 wages and Local Tax Withheld per W-2. If you have more than 7 W-2's, you must file a paper return.
  - 2a. Enter the Total of all your local W-2 wages, Lines 1a. through 1g.
  - 2b. Enter the Total of all your Local Pittsburgh Tax Withheld, Lines 1a. through 1g.
  - 3. Enter the Total Earnings, Line 2a.
  - 4. Calculate the Tax Liability by multiplying Line 3 by the appropriate tax rate as shown in block "**E**", Residency Status.
  - 5. Enter the Total Local Tax Withheld from all your W-2's, line 2b.
- L. Indicate if the difference between Line 4 and Line 5 if greater than \$2.00.  
If **YES**, you **CANNOT** use Telefile or the Internet to file your return.  
If **NO**, you are now ready to Telephone or Internet file.  
Please use this worksheet to Telefile at **412-393-0167** or to Internet file go to [www.city.pittsburgh.pa.us/finance](http://www.city.pittsburgh.pa.us/finance)
- M. Enter the 12-digit Confirmation number. This number indicates that you have successfully filed your return through Telefile or the Internet. Keep your worksheet with the confirmation number for your records.

## 2004 PGH-40 TELEFILE AND INTERNET FILING WORKSHEET

The phone number for Telefiling is **412-393-0167**. The Web address for Internet filing is [www.city.pittsburgh.pa.us/finance](http://www.city.pittsburgh.pa.us/finance)

The City of Pittsburgh and School District of Pittsburgh are using Telefiling and Internet filing of Individual Earned Income tax on a limited basis. You may file your tax return by telephone or Internet if you meet the following requirements:

- The difference between tax paid by you and your total tax liability is less than or equal to \$2.00.
- You have access to a touch-tone telephone or the Internet.
- You are filing your 2004 tax return.
- The City of Pittsburgh has provided you with a PIN.
- You are a resident of Pittsburgh or Mt. Oliver for the entire year.
- Your filing status has not changed.
- Your residency status has not changed.
- Your name and your spouse's name have not changed.
- Your address has not changed.
- All your income and withholding credits are documented by W-2(s).
- Maximum of 7 W-2's are permitted.

<b>A</b> Social Security Number		<b>B</b> PIN	
<b>C</b> Spouse's Social Security Number		<b>D</b> Spouse's PIN	

<b>E</b> RESIDENCY STATUS – CHECK ONE	<b>F</b> FILING STATUS – CHECK ONE
Resident of City of Pittsburgh <b>3.0%</b> (0.03)	Single
Mt. Oliver Resident <b>2.0%</b> (0.02)	Married - Filing Jointly
Non-Residents – <b>MUST</b> file paper return	Married – Filing Separately

<b>G</b> Has your Residency Status changed? <small>If yes, you must file paper return</small>	YES	NO	<b>H</b> Has your Filing Status changed? <small>If yes, you must file paper return</small>	YES	NO
Check one			Check one		
<b>I</b> Has your name or spouse's name changed? <small>If yes, you must file paper return</small>			<b>J</b> Has your address changed? <small>If yes, you must file paper return</small>		
Check one			Check one		

K	FEDERAL EMPLOYER ID NUMBER	W-2 WAGES <small>Wages from local wage box 18</small>	PITTSBURGH CITY/SCHOOL LOCAL TAX WITHHELD
1a			
1b			
1c			
1d			
1e			
1f			
1g			
<b>TOTAL</b>		2a	2b

<b>3</b>	TOTAL EARNINGS from block 2a	
<b>4</b>	TAX LIABILITY Line 3 multiplied by tax rate	
<b>5</b>	TOTAL LOCAL TAX WITHHELD PER W-2 from block 2b	
<b>L</b>	Is the difference between Line 4 and Line 5 <b>greater than \$2.00?</b>	<small>If yes, you must file a paper return</small>
<b>M</b>	Enter your 12-digit Confirmation Number	

## GENERAL INSTRUCTIONS – 2004 PGH-40

Carefully write your SSN, and your spouse's SSN if married, on the lines provided on your PGH-40. You must enter your SSN, even if using our pre-printed PGH-40 return. Please double-check your SSN.

### HOW TO FILE YOUR RETURN AND PAY YOUR TAX

**USE BLACK INK ONLY and DO NOT STAPLE ANY PAPERS TO THE TAX FORM**

#### WHO MUST FILE A TAX RETURN?

Every resident individual, trust and estate receiving earned income during 2004.

Every resident individual, trust and estate that realizes net income from the operation of a business, profession or other activity (net profit) during 2004.

Every non-resident of Pennsylvania receiving earned income for 2004, from sources within Pittsburgh.

Every non-resident of Pennsylvania who realizes net income for 2004, from sources within Pittsburgh.

A retired person whose income is derived from pensions, annuities, Social Security, interest and/or dividends, and who has received no earned income should write the word "**RETIRED**" in the block marked occupation and enter the year of retirement and sign the return. The form with this information should be filed with the City by using the envelope provided. The next year, you should not get a PGH-40.

The return for a "**DECEASED**" person must be filed by the executor, administrator, trustee or other person charged with the care of the property. A joint return is not allowed for the year of death. The deceased individual's return shall cover the period beginning with the taxable year in which the death occurs and ending with the date of death. If the taxpayer died during 2004, fill in **#4** under filing status "**DECEASED**" and indicate the date of death.

A resident who is required to file a Pennsylvania tax return (PA-40) but **DOES NOT** have any earned income subject to the City and School District Earned Income Tax for 2004 should attach a statement describing the sources of income and return the form to the City in the envelope provided.

#### WHO IS A RESIDENT OF PITTSBURGH?

A resident is a person or entity domiciled in the taxing district for the entire tax year. Domicile is the place where one lives and has a permanent home to which one has the intention of returning whenever one is absent.

#### WHO IS A MT. OLIVER RESIDENT?

A Mt. Oliver resident is a person or entity domiciled in Mt. Oliver Boro for the entire tax year. Mt. Oliver residents are liable for the Pittsburgh School District Earned Income Tax. Please complete the non-resident exemption certificate, form **WTEX**. This form is located on page 10. This form must be signed by your local tax collector. If you were a resident of both Pittsburgh and Mt. Oliver during the current year, please contact our office at **412-255-8821** for assistance in calculating your tax liability. You are liable for the Pittsburgh School District earned income tax and to the Boro of Mt. Oliver for the local portion of the earned income tax.

#### WHO IS A NON-RESIDENT OF PENNSYLVANIA?

A non-resident of the state means that your real and permanent home was in another state and/or country for the entire tax year. If you have a temporary residency in the City of Pittsburgh and/or outside the City limits during the tax year and receive income from sources inside the City, you are liable for taxes on that income at **1%**. If you are a non-resident of Pennsylvania, enter the name of the state and/or country in which you reside on the line provided. You must attach a copy of your out of state tax return as proof of your out of state residency. If your state does not have an income tax, attach a copy of your Federal Tax return and other proof, which will verify your residency i.e. Drivers License, Deed to your house or valid rental lease. **DO NOT** complete form WTEX. Form WTEX is for Pennsylvania residents only. A person on a Visa must submit a copy of their Visa along with a brief explanation of the reasons for and duration of their stay in Pittsburgh.

If you were a non-resident of Pennsylvania and moved to or from the City during the current tax year, fill in residency status, **#4-Part Year Resident of Pittsburgh**. **DO NOT** use residency status **#3, Non-Resident of PA**. Include copies of both state tax returns. Copies of the return for the State of PA and the other state where you were a resident.

**INDIVIDUALS ON VISA** pay a **1%** local wage tax to the municipality in which they **WORK, NOT LIVE**. If you reside in a municipality other than Pittsburgh, but are working in Pittsburgh, then you are liable to Pittsburgh for a 1% wage tax. If you are living in Pittsburgh, but are working in a municipality outside of Pittsburgh, you would be liable to **THAT** municipality. If you haven't applied for your Green Card, include a copy of your VISA and I-94 card to document that your stay is temporary when you file your PGH-40 tax return. Individuals on a VISA should check residency status **#3, Non-Resident of PA**.

**NON-RESIDENT ALIENS** please note, that the date that you apply for your Green Card, (**PERMANENT RESIDENT STATUS**), we consider you to be domiciled in the U.S.A. If your status changed during the current tax year, please contact our office at **412-255-8821** for assistance.

#### WHO IS A PART-YEAR RESIDENT?

If you changed your permanent residence during the year from a place outside the City to the City of Pittsburgh with the intent of residing here permanently; or from the City to a place outside the City of Pittsburgh with the intent of residing there permanently, you are subject to the City and School tax at **3%** on earned income as a resident for that part of the year in which you were a resident.

If you were a resident of the City and moved to or from another state during the current tax year, you are subject to pay the City and School tax on income earned as a resident for that part of the year you were a resident. You may not file as a non-resident of Pennsylvania.

## GENERAL INSTRUCTIONS

### WHO IS A PART-YEAR RESIDENT? (con't)

You must indicate the length of time you were a part-year resident on the PGH-40 form. **If you were a part-year resident of a municipality within Pennsylvania** (other than Pittsburgh), you must complete the form WTEX and have it certified by the local tax collector of that municipality. **If you were a part-year resident of another state, DO NOT** complete the form WTEX, but include copies of your PA and out of state tax returns.

### WHO IS A NON-RESIDENT OF THE CITY OF PITTSBURGH?

A non-resident of the City of Pittsburgh is a person or entity domiciled in a Pennsylvania municipality other than the City of Pittsburgh and Mt. Oliver Boro for the entire tax year. A PGH-40 tax return must be filed in order to receive a refund for wage taxes erroneously sent to the City and School District of Pittsburgh. You must have the non-resident exemption certificate, form WTEX, completed and signed by your local tax collector. This form is located on page 10. **If you were a resident of more than one municipality, a WTEX must be completed for EACH municipality.** Contact our office at **412-255-2524** for additional forms.

### WHEN TO FILE

The 2004 PGH-40 must be filed no later than April 15, 2005. Fiscal year taxpayers must file a completed return within 105 days of the close of their fiscal year. **LOCAL TAX LAW DOES NOT PROVIDE FOR AN EXTENSION OF TIME TO FILE.** The City recommends that you file and pay all tax on a tentative return and file an amended return later, if necessary.

### AMENDED RETURN

The City of Pittsburgh does not have a separate amended tax form. It is suggested that you obtain a PGH-40 return by contacting our office at **412-255-2524**. Check Amended Return, located at the top of the form.

**Be sure to include copies of all W-2 forms and schedules.**

### ADDITIONAL FORMS

If additional forms and/or information is needed, please contact our office at **412-255-2524**.

Or use our web site at [www.city.pittsburgh.pa.us/finance](http://www.city.pittsburgh.pa.us/finance)

### HOW LONG SHOULD TAX RECORDS AND RETURNS BE KEPT?

It is suggested that you keep all tax records and tax returns for a minimum of 3 years for City and School District of Pittsburgh tax purposes. If you have not filed a PGH-40 tax return, there is no statute of limitation for compliance enforcement.

### HOW TO PAY

The balance of tax due on form PGH-40 should be paid in full with your return.

Make payable to: **TREASURER, CITY OF PITTSBURGH. Include your City Account number on the check.**

A **\$30.00** fee will be assessed for any check returned from the bank for any reason.

Where the amount due is less than \$2.00, payment should not be made. The laws of the City and School District of Pittsburgh **DO NOT** provide for an extension of time for filing your return. All tax payments not made by the due date will be subject to penalty and interest.

### THE CITY'S PGH-40 TAX FORM IS THE ONLY FORM THAT MAY BE USED TO FILE YOUR ANNUAL REPORT OF NET PROFITS TAX OR COMPENSATION TO THE CITY AND SCHOOL TREASURER.

### REFUNDS

Returns that claim an overpayment must have the following information completed:

- Residency status classification completed.
- All supporting schedules included.
- Non-residents or part-year residents of the City of Pittsburgh who are residents of Pennsylvania, must have the Non-Resident Exemption Certificate, Form WTEX, signed by the local tax collector. See page 10.
- Part-year residents of Pittsburgh who came from or went to another state must include a copy of both state tax returns.
- Non-resident Aliens claiming a refund under a Visa status must include a copy of their Visa (see page 4).
- Non-residents of Pennsylvania must include a copy of their state income tax return. If your state does not have an income tax, include appropriate proof of residency. If you were a part-year resident of Pennsylvania you also need to include a copy of your state tax return.
- All information on the tax return should be completed. **YOU MUST ENTER YOUR SOCIAL SECURITY NUMBER(S).**
- The tax return must be signed. If filing a joint return, **BOTH** must sign. The appropriate **REFUND** or **CREDIT** area must be checked.
- **ALLOW 8 WEEKS** before calling the Refund Tracking System to check on your current year PGH-40 refund at **412-393-0167**. If filed in April, allow 10 weeks. You will need the Social Security number and the amount of refund requested on the return.

In accordance with the Local Taxpayers Bill of Rights, Act 50 of 1998, a taxpayer shall file a written request for a refund or a credit on the prescribed form within 3 years of the due date of the tax return, or 1 year after actual payment of the tax, whichever is later. 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 the City of Pittsburgh, Department of Finance at **412-255-2524** between the hours of 8:00 a.m. to 4:00 p.m.

Failure to complete the above information will prevent processing of a refund. An overpayment of \$2.00 or less will not be paid or credited.

## GENERAL INSTRUCTIONS

### WHO MUST COMPLETE A FORM WTEX – NON-RESIDENT EXEMPTION CERTIFICATE?

A Mt. Oliver resident, a part-year resident of the City of Pittsburgh and a municipality within Pennsylvania or a non-resident of the City of Pittsburgh but domiciled in Pennsylvania.

All blank spaces on the WTEX form must be filled in with the required information as pertains to income earned for this tax year in the other municipality. Incomplete WTEX forms will be returned and may result in the assessment of penalties and interest. Incomplete WTEX forms will delay the processing of refunds and credits. The **WTEX** form **MUST** be signed by your local income tax collector.

### HOW TO REPORT YOUR 2004 EARNED INCOME

A taxpayer filing on either a calendar or fiscal year basis must report all earned income received during the tax year on the same basis that it is reported on your state tax return. Earned income is salaries, wages, commissions, bonuses, incentive payments, fees, tips, and other compensation received by a person or their personal representative for services rendered whether directly or through an agent, and whether in cash or in property.

**STATE OF PA WAGES (BOX 16) SHOULD EQUAL LOCAL WAGES (BOX 18), IF DIFFERENT USE STATE WAGES.**

### HOW TO REPORT YOUR INCOME IF YOU ARE A MEMBER OF A PARTNERSHIP ETC.

A member of a partnership, joint venture, or other entities must report their share of income distributed or distributable during 2004. Your share of income should be entered on Line 4 of the PGH-40, along with any other sources of earned income other than compensation. One member of the partnership must include a copy of the Form 1065 with his/her PGH-40. A copy of Schedule E – non-passive or 1065 K-1 must be filed by all members of the partnership and included with their PGH-40. As of 1-1-03 limited partners are no longer taxable as long as they provide no services to the partnership.

### PITTSBURGH CITY AND SCHOOL DISTRICT EARNED INCOME TAX LEVIES

The City of Pittsburgh Earned Income Tax is levied at the rate of **1%** under Act 511. The Pittsburgh School District Earned Income Tax is levied at the rate of **2%** under the School District Earned Income Enabling Legislation (Act 508).

### EXAMPLES OF THE TYPES OF TAXABLE INCOME

Wages	Military Reserve Pay	Educational stipends, unrelated to scholarships
Salaries	Severance Pay	Monetary Value of Covenant, not to compete
Bonuses	Director's Fees	Business Rental Income Schedule C
Net Profits	Executor's Fees	Royalty Income Schedule C
Lump Sum Payments	Partnership, Joint Venture	Stock Options related to employment

Form W-2, Form 1099 Misc. and all other applicable schedules must be included with the return to support each item of income. The City and School District of Pittsburgh do not recognize plans, which serve to reduce taxable income for federal purposes (i.e. 401K, 403B plans). Contributions by the employee to this type of plan cannot reduce taxable wages for the City and School District earned income tax.

Estates or Trusts located within the taxing jurisdiction of the City and School District of Pittsburgh (resident estates and trusts) and engaged in an income producing activity must file a return and pay the tax based upon its net income. The estate or trust is subject to the tax whether or not distributions have been made to its beneficiaries.

Income from non-resident estates and trusts distributed to residents of Pittsburgh must be reported on the resident's PGH-40.

Commission, if reported on a W-2 include on Line 1; if 1099 income is reported on State Income Tax return on LINE 1 compensation, then 1099 income is reported on LINE 1 of the PGH-40.

### EXAMPLES OF THE TYPES OF NON-TAXABLE INCOME

Social Security	Passive Rents PA Schedule E	Unemployment Compensation Payments
Pensions	Royalties PA Schedule E	<i>(made by any governmental agency)</i>
Interest	Active Duty Military Pay	Disability & Sickness Payments
Dividends	Public Assistance Payments	<i>(other than regular wages)</i>
Capital Gains	Group Term Life as stated on W-2	
Strike Benefits	Supplemental Unemployment Benefits	

Payments arising under Worker's Compensation Acts, Occupational Disease Acts or similar legislation.

**YOU MAY OFFSET A LOSS FROM YOUR BUSINESS(ES) AGAINST YOUR INDIVIDUAL WAGES (W-2 WAGES). IF FILING JOINTLY YOU CANNOT OFFSET ONE SPOUSE'S LOSS AGAINST THE OTHER SPOUSE'S WAGES.** Where a person is engaged in more than one business venture, but all of the ventures are engaged in the same activity, the person may offset the gains and losses within the same type of activity. On a joint return, a spouse cannot offset a loss with a gain of the other spouse. When a joint return is filed, the couple assumes joint and severable tax liability. **BOTH** must sign the return.



## GENERAL INSTRUCTIONS

### FORM W-2

Form W-2 is provided by employers and sets forth, among other information, total earnings and local taxes withheld for the year. A taxpayer that has worked for more than one employer during the year should submit a W-2 from each employer. If a taxpayer is unable to furnish a form or a substitute form, evidence of compensation paid and tax withheld (such as copies of all pay stubs for the year) should be attached to the PGH-40 along with a statement explaining the reason the form is not available. If the W-2 form submitted does not indicate the amount withheld for the City and School District, it will be assumed that none was withheld.

### FORM 1099

Form 1099 is provided by payers for income other than wages.

### CREDIT FOR PAYMENTS TO OTHER JURISDICTIONS

Payments by residents of the City of Pittsburgh of a tax on income to any state other than Pennsylvania, or any political subdivision located outside of Pennsylvania, or to the City of Philadelphia, can be credited against the City's 1% Earned Income Tax. Act 511 allows credit up to **1%**, **BUT ONLY** on the total earned income taxed in those jurisdictions.

The School District tax law does not permit any credit.

City of Pittsburgh wages are not to be included when calculating your allowable credits. A taxpayer cannot offset the same credit against Pittsburgh Earned Income taxes that he applies to the Commonwealth of Pennsylvania Income Tax. A schedule showing the calculation of the credit and a copy of the PA-40 (Pennsylvania's state tax return) must be included with the return.

### DEDUCTION OF UNREIMBURSED EMPLOYEE BUSINESS EXPENSES

The guidelines under Act 166 of 2002, which took effect in 2003, follows the State of PA for allowable employee expenses. Pittsburgh therefore allows a deduction of "allowable employee business expenses" for which the taxpayer was not reimbursed. In order to be claimed as an expense, the items must be ordinary, necessary, reasonable and actually incurred in performing the duties of the job and directly related to present employment. The PA Schedule UE covers these expenses; one must be attached to claim allowable employee business expenses. **DEDUCTIONS FOR UNREIMBURSED BUSINESS EXPENSES ARE PERMITTED AS FOLLOWS:** business related auto expenses; union dues; professional license fees; small tools required for employment; and uniforms or work clothing not suitable for everyday use. Contributions to deferred income plans such as IRA's, 401K's, and Keoghs cannot be deducted from taxable income. **PERSONAL EXPENSES ARE NOT DEDUCTIBLE.** Unreimbursed transportation and expenses while away from home overnight (lodging, food, etc.) incurred as a condition of employment and required by the employer are allowed as a deduction less the amount of reimbursement. Persons claiming unreimbursed expenses **MUST** indicate their occupation on the PGH-40. Non-Residents of Pennsylvania who work in the City of Pittsburgh may only take those expenses incurred while performing their job in Pittsburgh.

### EMPLOYEES WHOSE TAX HAS NOT BEEN WITHHELD

If the City and School taxes are not withheld by an employer for any reason, the employee must pay the taxes on a quarterly basis directly to the Treasurer. The tax must be calculated on the actual income earned during the quarter. The due dates for these quarterly payments are April 30, July 31, October 31 and January 31 of the succeeding year. To receive the necessary form to file the tax on a quarterly basis, **FORM WT-4**, contact our office at **412-255-2524**.

### ESTIMATED INCOME TAX DECLARATION

Only taxpayers who are self-employed, i.e. sole proprietors, persons with non-passive rental income and members of partnerships, should file a quarterly estimated income tax declaration. Contact our office at **412-255-2524** to receive the necessary form, **NP-5**. If you are employed for wages, see above paragraph.

### CALENDAR YEAR TAXPAYER

A calendar year taxpayer that is self-employed is subject to the net profit tax and must file and pay declarations of estimated tax on a quarterly basis. Due dates for estimates are April 15, June 15, September 15 and January 15 of the succeeding year. Quarterly payments for the previous year are not to be made at the time of filing PGH-40.

### FISCAL YEAR TAXPAYER

A fiscal year taxpayer that is self-employed or is otherwise subject to the net profit tax must file and pay declarations of estimated tax on a quarterly basis. Due dates are the 15<sup>th</sup> day of the fourth month of the fiscal year, the 15<sup>th</sup> day of the sixth month of the fiscal year, the 15<sup>th</sup> day of the ninth month of the fiscal year and the 15<sup>th</sup> day of the month following the close of the fiscal year.

**Failure to make the required quarterly wage tax or estimated tax payments will result in the imposition of a penalty & interest charge.**

### UNDERPAYMENT OF ESTIMATED TAX FOR INDIVIDUALS, TRUSTS AND ESTATES

An underpayment of estimated tax by an individual, trust or estate will result in the imposition of penalty and interest computed on the amount and duration of the underpayment. The amount of the underpayment subject to penalty and interest is the difference between the amount actually paid and the amount of installment, which would have been required to be paid if the estimated tax had been equal to **75%** of the tax shown on the final return for the taxable period. The sum total of each installment paid should amount to at least **25%**, or at least **75%**, of the entire amount due for such taxable year.

## SPECIFIC INSTRUCTIONS FOR THE PGH-40

You must enter your SSN and spouse's SSN (if joint return) in the space provided on the tax return. If the name and address information pre-printed on the tax return is incorrect, or if there is no information printed, enter the name(s), address and Zip Code, on the form in the space provided. If the last 4 digits of your SSN pre-printed on page 1 are incorrect, please indicate by checking the block to the right of the account number on the tax return. All information requested must be completed even if only part of the information printed on the form is incorrect.

Disclosure of your Social Security number(s) is mandatory. This disclosure is authorized under the authority of the Federal Privacy Act of 1974-5 U.S.C. Section 552a; the Social Security Act, 42 U.S.C. Section 405(c) (2) (C) (i) and the City Code chapter 201.04. Your Social Security number is necessary to insure proper administration of these taxes. In addition, Federal Income Tax information has been made available to the City and this information will be used to compare tax returns.

### FILING STATUS

Enter the information concerning your filing status; make certain that your name and Social Security number and that of your spouse appears on the return, even if a joint return is not filed.

### RESIDENCY STATUS

Indicate your residency status. If you are a resident of a state other than Pennsylvania or another country, fill in **#3** and enter the name of the state or country in which you reside. Non-residents of Pennsylvania must include a copy of their state income tax return or visa. If your state does not have an income tax, include appropriate proof of residency (see page 4). If you are a part-year resident of the City fill in **#4**, indicate the dates of your term of residency in the City and include a schedule showing the calculation of earned income. If you are a resident of Pennsylvania but not a resident of Pittsburgh for the entire year, fill in **#5** and show municipality of residence. Include proper forms to prove non-residency (see pages 4 and 5 of the general instructions).

### INCLUDE SCHEDULES AND FORMS

Include copies of relevant schedules including Pennsylvania UE form; W-2, 1099; Schedules C, E non-passive, RK-1, 1065 and/or K-1. Your name and Social Security number must be entered on all schedules.

**DO NOT STAPLE ANY PAPERS TO THE RETURN.**

**LINE 1 EARNINGS** - Enter all compensation such as salaries, wages, commissions and tips for taxable period. **State wages (box 16) should equal local wages (box 18), if different use State wages.** Include all forms in support of these entries. Employee contributions to a deferred compensation plan cannot be deducted from gross wages for the City and School District Earned Income tax. Earned Income is taxable from S-Corporations to the extent that earnings represent compensation for services and should be reported on the W-2.

**LINE 2 UNREIMBURSED EMPLOYEE BUSINESS EXPENSES** - Enter the deduction for unreimbursed employee expenses on LINE 2 and include a copy of PA UE form with the PGH-40. Unreimbursed employee business expenses allowed on PA Schedule UE are allowable for the City and School District of Pittsburgh. If you do not claim unreimbursed expenses, enter zero (0). Occupation must be noted.

**LINE 3 TAXABLE EARNINGS** - On this line enter the difference after subtracting LINE 2 from LINE 1.

**LINE 4 NET PROFITS** – Per Act 166 a limited partner, one who invests only, is no longer taxable. (General partners remain taxable). Net income from rentals, royalties, patents or copyrights that should be reported on PA-40 Line 6, **are not taxable**. The net income from the operation of a business, profession or other activity by a sole proprietor, income from partnerships, business rents, estates, etc. is computed by subtracting from gross receipts, the cost of goods sold and all ordinary and necessary expenses of doing business. Deductions in determining net income shall not include taxes based on income, or payments to individual retirement plans or pension plans to the extent the payments are made on behalf of the taxpayer. Where a person is engaged in more than one business venture, but all the ventures are engaged in the same activity, the person may offset the gains and losses within the same type of activity. A person cannot offset a loss against a gain of a spouse. **YOU MAY OFFSET A LOSS FROM YOUR BUSINESS(ES) AGAINST YOUR INDIVIDUAL WAGES (W-2 WAGES). IF FILING JOINTLY YOU CANNOT OFFSET ONE SPOUSE'S LOSS AGAINST THE OTHER SPOUSE'S WAGES.** If filing jointly, attach a detailed worksheet showing what losses you used against what wages. This will show how you arrived at your total earned income, LINE 5. LINE 3 and LINE 4 will equal LINE 5, which is your total Earned Income. **If LINE 5 is a negative number, enter 0.** Your individual losses from your business(es) cannot exceed your wages. Husband and wife that have joint equal ownership of any business and that business has a loss, each spouse can offset their percent of loss against their own wages. If the losses exceed the wages, the excess loss cannot be used against spouse's wages.

**LINE 5** Enter total of LINE 3 and LINE 4.

**LINE 6 TAX** – Multiply the amount of LINE 5 by the appropriate tax for your residency status. City residents **3.0%** (0.03); Mt. Oliver residents **2.0%** (0.02); Non-residents of Pennsylvania **1%** (0.01). Persons checking residency status **#5** and having completed the Non-Resident Exemption Certificate, Form WTEX, verifying they have paid at least a 1% wage tax to their PA municipality of residence should place zero (0) on LINE 6. Residency status #5 does not apply to part-year residents or residents of another state or country.

**LINE 7** Enter the total City of Pittsburgh and/or School District of Pittsburgh tax withheld by your employer as shown on your W-2. All W-2's showing withholding must be submitted for credit to be given.

**SPECIFIC INSTRUCTIONS**

**LINE 8** Enter the total Estimated Payments reported on Form NP-5 and your Social Security number.

**LINE 9** Enter the total tax paid on Form WT-4 and Social Security number. This entry is to be made by those employees who make quarterly payments because their employer does not withhold the tax. Taxpayer is responsible for paying wage tax directly to the City on Form WT-4.

**LINE 10** Enter all other tax credits you may be entitled to, such as an overpayment from a prior year or payments to other jurisdictions located outside of Pennsylvania, or to the City of Philadelphia. You must include a schedule identifying the source of the credit.

**LINE 11** Enter the total of LINES 7, 8, 9 and 10.

**LINE 12** If LINE 11 is more than LINE 6 enter the amount overpaid. Indicate whether you want the money refunded to you or applied as a credit against next year's tax. If neither is checked, the overpayment will be refunded or credited based on the label used to mail the return. Overpayments of less than \$2.00 will not be paid or credited.

**DO NOT COMPLETE LINES 13, 14 OR 15 IF APPLYING FOR A REFUND OR CREDIT.**

**RETURNS THAT CLAIM A REFUND MUST HAVE THE FOLLOWING INFORMATION COMPLETED:**

- Residency status classification completed.
- All supporting schedules included.
- Non-residents or part-year residents of the City of Pittsburgh who are residents of Pennsylvania, must have the Non-Resident Exemption Certificate, Form WTEX, signed by the local tax collector (see back of return).
- Part-year residents of Pittsburgh who came from or went to another state must include a copy of both state tax returns.
- Non-residents of Pennsylvania must include a copy of their Visa or out of State Income Tax return. If your state does not have an income tax, include appropriate proof of residency. If you were a part-year resident of Pennsylvania you also need to include a copy of your state tax return.
- All information on the tax return should be completed. **YOU MUST ENTER YOUR SOCIAL SECURITY NUMBER(S).**
- The tax return must be signed. If filing a joint return, **BOTH** must sign. The appropriate **REFUND** or **CREDIT** area must be checked on LINE 12.
- **ALLOW 8 WEEKS** before calling the Refund Tracking System to check on your current year PGH-40 refund at **412-393-0167**.
- If filed in April allow 10 weeks. You will need the Social Security number and the amount of refund requested on the PGH-40 return.

Failure to complete the above information will prevent processing of a refund. An overpayment of \$2.00 or less will not be paid or credited.

In accordance with the Local Taxpayers Bill of Rights, Act 50 of 1998, a taxpayer shall file a written request for a refund or a credit on the prescribed form within 3 years of the due date of the tax return, or 1 year after actual payment of the tax, whichever is later. 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 the City of Pittsburgh, Department of Finance at **412-255-2524** during the hours of 8:00 a.m. to 4:00 p.m.

**LINE 13** If LINE 11 is less than the amount on LINE 6, enter the amount you owe. If amount due is less than \$2.00 it should not be paid.

**LINE 14 PENALTY AND INTEREST** - If the amount on LINE 13, the amount due, is paid after April 15, 2005, penalty and interest will be assessed on the unpaid balance. April 16<sup>th</sup> you would owe an additional 1%, May 16<sup>th</sup> you would owe a total of 2% on the amount due on LINE 13 etc. Total is 1% per month. (Interest is ½% per month and Penalty is ½% per month).

**LINE 15 TOTAL AMOUNT DUE** – Add LINES 13 and 14 and enter the total. Include a check for the entire amount.

Make payable to: **TREASURER, CITY OF PITTSBURGH. Write your City Account number on the check.**

A **\$30.00** fee will be assessed for any check returned from the bank for any reason.

**Before mailing your return, CAREFULLY check to make sure you reported all of your income and claimed the credits to which you are entitled. Also, CHECK ALL ENTRIES to make sure they are correct. Any error could prevent the processing of your return.**

**BE SURE TO SIGN YOUR RETURN.** If you are filing a joint return, **BOTH** you and your spouse must sign the return. If your return was prepared for a fee, the PREPARER must sign your return in the appropriate space.

The U.S. Postal Service Postmark is the only accepted proof of timely filing. The City and School District will assume no responsibility for tax returns mailed to an incorrect Post Office Box or address. All requested information must be included with the PGH-40 for a return to be accepted as filed.

**SEND COMPLETED TAX RETURN TO THE APPROPRIATE ADDRESS BELOW**

<b>REFUND REQUESTED</b> TREASURER CITY OF PITTSBURGH 414 GRANT ST PITTSBURGH PA 15219-2476	<b>CREDIT REQUESTED</b> TREASURER CITY OF PITTSBURGH 414 GRANT ST PITTSBURGH PA 15219-2476	<b>NO TAX DUE – NO REFUND</b> TREASURER CITY OF PITTSBURGH PO BOX 2701 PITTSBURGH PA 15230-2701
<b>TAX DUE WITH PARTIAL OR NO PAYMENT</b> TREASURER CITY OF PITTSBURGH 414 GRANT ST PITTSBURGH PA 15219-2476	<b>TAX DUE WITH FULL PAYMENT</b> TREASURER CITY OF PITTSBURGH PO BOX 642583 PITTSBURGH PA 15264-2583	

