

PA SCHEDULE G

Credit for Taxes Paid by PA Residents to other States or Countries

PA-40 G (09-00) (I)

PA DEPARTMENT OF REVENUE

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OFFICIAL USE ONLY

Name(s) as shown on your PA tax return:

Social Security Number:

Attach a separate PA Schedule G and a copy of each signed return that you filed in the other state or country.

If you paid income tax to more than one state or country, you may make photocopies of this schedule or make your own schedules in this format.

Table with 5 rows for tax information: 1. Name of other state or country, 2. Income subject to tax in Pennsylvania and the other state or country, 3. Tax due and paid to the other state or country, 4. Multiply Line 2 by 2.8% (0.028), 5. PA Resident Credit.

Pennsylvania allows a Resident Credit ONLY on income you earned in the other state or country. You may NOT claim a Resident Credit on the amount of income the other state uses to determine its tax rate.

GENERAL INSTRUCTIONS

PA residents may claim a Resident Credit for the tax they paid to another state or country on income that is also taxable for PA purposes. This credit is the lower of:

- The actual tax you paid to the other state or country; or
The tax calculated using PA taxable income earned in the other state or country multiplied by the current PA tax rate (2.8 percent or 0.028).

To claim your Resident Credit, you must submit a completed PA Schedule G and a copy of the signed income tax return and Form(s) W-2 that you filed with the other state or country.

The Department will disallow your Resident Credit if you do not provide a copy of the signed other tax return (or other evidence).

If claiming a Resident Credit in more than one state or country, not including Pennsylvania, you must file a separate PA Schedule G for each state or country.

Compensation Earned in Indiana, Maryland, New Jersey, Ohio, Virginia, or West Virginia by PA Residents. The Department will not allow a Resident Credit for the income tax you pay on compensation you earn in these states that is subject to employer withholding.

The Department will not allow a Resident Credit for taxes you paid to a political subdivision of another state. Your local taxing authority may allow a credit against your local earned income tax for the taxes you paid to a political subdivision outside Pennsylvania.

LINE INSTRUCTIONS

Line 1. Enter the name of the state or country to which you paid income tax. Do not include Pennsylvania.

Line 2. Determine the amount of income subject to both Pennsylvania's income tax and the income tax of the other state or country.

Step 1. You must now determine how much of the income from the other state or country is taxable for PA purposes, as if you earned or received that income in Pennsylvania.

- All costs, expenses, and other deductions allowed by Pennsylvania or the other state or country; and
How the receipts, proceeds, or other items of income are classified by the other state or country for its tax purposes.

Step 2. You must separately determine, for each class of PA taxable income or gain, the amount of costs and expenses allowable for PA purposes. Compute the amount of taxable income within each class.

- The tax laws of the other state; and
Losses where costs and expenses exceed the total amount of gains and gross income within the class.

Note: Another state may not tax the retirement income of a Pennsylvania resident. Also, do not add or include in Line 2 the employer contributions made pursuant to a taxpayer's election under a qualified retirement plan.

Important. Downward adjustments may be necessary if you have net income or gain in the other state and a net loss in the same PA income class in another state, (including Pennsylvania) or country. Example. You have a net profit of \$4,000 from a business in New York and a net loss of \$2,500 from a business in Pennsylvania.

Step 3. Add the amounts for each class of PA taxable income computed in Step 2 to determine your income subject to tax in both Pennsylvania and the other state or country.

Line 3. Enter only the amount of tax actually due and paid to the other state or country. You determine your Resident Credit on the final amount of tax due and paid on your non-PA return.

Lines 4 and 5. Self-explanatory.