

**CAPITAL TAX COLLECTION BUREAU (CTCB)
GENERAL & LINE BY LINE INSTRUCTIONS
FOR FILING FORM 531 ONLINE - LOCAL EARNED INCOME TAX (EIT) RETURN**

NOTE: THESE INSTRUCTIONS CONTAIN THREE PARTS: THE FIRST PART IS GENERAL INSTRUCTIONS FOR ALL FILERS, THE SECOND PART IS FOR THOSE WHO ARE FILING THE SHORT FORM ONLINE AND THE THIRD PART IS FOR THOSE WHO ARE FILING THE LONG FORM ONLINE

ALTHOUGH THE GENERAL INSTRUCTIONS APPLY TO EVERYONE, PLEASE ONLY FOLLOW EITHER THE SHORT FORM INSTRUCTIONS OR LONG FORM INSTRUCTIONS DEPENDING THE FORM YOU ARE FILING

GENERAL INSTRUCTIONS

FILING DEADLINE - April 15th of the succeeding year for which this return is filed; or, for fiscal year returns, the 15th day of the 4th 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.

WHO MUST FILE - Any resident of a "MEMBER MUNICIPALITY AND/OR SCHOOL DISTRICT" -- for all or part of the tax year, who has taxable net profits and/or earnings, even if no tax is due. Go to www.captax.com and click on the members tab to view all the member municipalities and school districts of Capital Tax Collection Bureau (CTCB).

IF YOU HAD NO TAXABLE EARNINGS, enter information on the Taxpayer Information page by selecting the correct status (Student, Unemployed, Retired or Deceased) along with the proper date information. You will need to complete the address screen and once you accept the address you may proceed to the Summary Screen and submit the return with all zeros.

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 - CTCB follows the Pennsylvania 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 Commonwealth of Pennsylvania and CTCB tax item numbers 2 & 3 (employer contributions and income). If the plan is unfunded, however, 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 your one 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 Pennsylvania 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 other than premature distributions, disability benefits, third party sick pay, capital gains, death benefits, 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.

IF YOU MOVED and 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. When filing online, please enter all appropriate moving and work dates when requested; this will provide information for the system to prorate the return. If you need assistance with this, please contact our office.

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

IF YOU ARE SELF-EMPLOYED OR YOUR EMPLOYER DOES NOT WITHHOLD EIT TAXES OR DOES NOT WITHHOLD 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 and costs.

LOCAL FILING COMPARED TO PA PERSONAL INCOME TAX RETURN - CTCB 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, please mail a copy of your federal Schedule K-1 (Form 1120S) to CTCB. The reporting of this is for information purposes only – you will not be taxed on these amounts. This information will prevent CTCB 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.

**LINE BY LINE INSTRUCTIONS – SHORT VERSION OF ONLINE FILING
FOR FUTHER HELP, CLICK ON THE QUESTION MARK NEXT TO EACH QUESTION!**

Sign-in Screen - Enter your social security number and your personal identification number ("PIN") in the boxes as indicated. The PIN is case sensitive. If you do not have a PIN, you will need to contact CTCB and you will not be able to continue at this time.

Long Form or Short Form - Based on your situation, you will either select the long form or short form option. Read the criteria listed on the page to help you determine which form you should choose.

Personal Information Screen – Question 1: If you would like to file a combined return with your spouse, click "yes".
Question 2: If this is an amended return, click "yes". If this is an amended return, please fill in the
the
box explaining why you are filing an amended return.

Enter all personal information for you (and your spouse if filing a combined return). If you (or your spouse if filing a combined returned) were a student, unemployed, retired or are completing this return for a deceased individual, please indicate so and enter the dates as requested.

Address Screen –
House number – Enter the house number only. Do not enter any other address information on this line.
Direction – If your street address contains a direction, use the drop down menu to insert the proper direction.
Street name – Enter only the name but not the street suffix. For instance Smith Street should only be entered as "Smith"
Street Suffix – Use the drop down menu to add your street suffix such as "DR", "ST", "CIR", "AVE" etc.
County, School District and Municipality – Use the drop down menu to enter the proper information for where you reside.

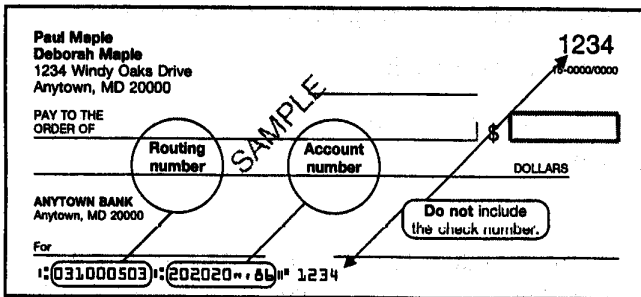
Residency Summary – Review the information listed on this page and if you need to make and changes click on the "Edit" button. If no changes are necessary, click "Next".

Income Screen - Short Form filers will only be able to add W-2 earnings. If you chose Short Form and need to enter income other than W-2 income, you will need to end out and start again using the long form.

W-2 Screen - Enter the wages and other information as it shows on your W-2. If you have un-reimbursed business expenses, click "Yes" on question 2. If the withholdings are from Philadelphia or out of state you will need to use the Long Form option in order to take any credit. Do not enter LST or PAUC as withholding. Only local withholding is to be entered.

Summary Screen - This screen will show your final return based on the information that you entered. Review all the information and if you need to make any corrections or additions click on the proper tab at the top of the screen. If the information is correct you will need to enter your PIN (and your spouse's PIN if filing a combined return), prior to submitting the return. If you have a balance due you will have the option to pay by credit card if you click on the "Pay Balance Now" option. If you do not select this option it will default to "No" and a voucher will print out for your remittance. Once you click "Continue" your return will be submitted. This will automatically take you to the confirmation screen and give you a "Return ID". If it does not take you to the confirmation screen, an error message should appear and explain what you need to correct. If you do not get a confirmation screen with a Return ID, you did not successfully submit a return.

Refund to be Directly Deposited - Enter the portion of your 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, enter taxpayer, spouse or both in the block(s) under direct deposit information to indicate which taxpayer is requesting direct deposit of their refund. 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 (9) digits and is enclosed by these symbols "1:" (e.g., 1305000130:1 tnuocca ehT .rebmun tnuocca ruoy retne nehT .23 hguorht 12 ro 21 hguorht 10 eb tsum stigid owt tsrif ehT .(: 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 CTCB for help.



Note: The routing and account numbers may be in different places on your check.

**LINE BY LINE INSTRUCTIONS – LONG VERSION OF ONLINE FILING
FOR FUTURE HELP, CLICK ON THE QUESTION MARK NEXT TO EACH QUESTION!**

Sign-in Screen - Enter your social security number and your personal identification number (“PIN”) in the boxes as indicated. The PIN is case sensitive. If you do not have a PIN, you will need to contact CTCB and you will not be able to continue at this time.

Long Form or Short Form - Based on your situation you will either select the long form or short form option. Read the criteria listed on the page to help you determine which one you should choose.

Personal Information Screen – Question 1: If you would like to file a combined return with your spouse, click “yes”.
Question 2: If this is an amended return, click “yes”. If this is an amended return, please fill in the
the
box explaining why you are filing an amended return.

Enter all personal information for you (and your spouse if filing a combined return). If you (or your spouse if filing a combined return) were a student, unemployed, retired or completing this return for a deceased individual, please indicate so and enter the dates as requested.

Address Screen – Please indicate the time period that you lived at this address.

House number – Enter the house number only. Do not enter any other address information on this line.

Direction – If your street address contains a direction, use the drop down menu to insert the proper direction.

Street name – Enter only the name but not the street suffix. For instance Smith Street should only be entered as “Smith”

Street Suffix – Use the drop down menu to add your street suffix such as “DR”, “ST”, “CIR”, “AVE” etc.

County, School District and Municipality – Use the drop down menu to enter the proper information for where you reside.

Residency Summary – Review the information listed on this page and if you need to make and changes click on the “Edit” button. If no changes are necessary, click “Next”.

Income Screen - Long form filers will be able to enter W-2 wages, 1099s, Schedules C and F and K-1 Schedules.

W-2 Screen – Enter the wages and other information as it shows on your W-2. If you have un-reimbursed business expenses click “Yes” on question 2. If the withholdings are from Philadelphia or out of state do not enter any withholdings in “Local Withholding” box just enter 0. You will need to complete the crediting area in order to claim withholding. Also, do not enter LST or PAUC as withholding. Only local withholding is to be entered.

Un-reimbursed Business Expenses – You should have your PA UE Schedule completed to help assist you in completing this section. Direct expenses would be the expenses reported in Part A of the PA UE Schedule and Indirect Expenses would be reported in Part B, C, D, E and F. Use the drop down menu to make your selection.

1099 Screen – Do not report 1099 Int or 1099 Div to our Bureau since they are not taxable for local purposes. Early distribution of retirement, miscellaneous income and non-employee compensation are to be reported using the 1099 screen.

Schedule C Screen – Use this screen to report your profit or loss from a sole proprietorship. You must use the same figures that were reported to the PA Department of Revenue, which may be different than what was reported to the IRS.

Schedule F Screen - Use this screen to report your profit or loss from operation of a farm. You must use the same figures that were reported to the PA Department of Revenue, which may be different than what was reported to the IRS.

Schedule K-1 Screen – Use this screen to report your profits from a K-1 Schedule. You must use the same figures that were

reported to the PA Department of Revenue, which may be different than what was reported to the IRS. Do not report profits from a Subchapter S corporation; however, you should report your W-2 earnings from this company using the W-2 screen discussed earlier. This line is for information purposes only and that figure comes from your Federal K-1 Schedule.

Credit Screen - Long form filers will be able to enter various credits such as estimated payments, out of state credits, Philadelphia credit etc.

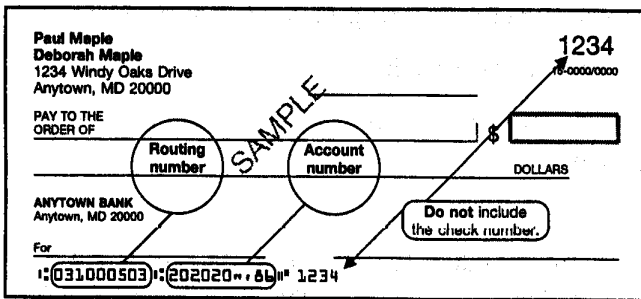
Quarterly Payment Screen - Enter the date, check number if known and the amount for the current year estimated payments. Do not enter any carryover from the previous year. Carryovers need to be reported using the Credit from Prior Year Screen found in the Credit Screen drop down menu.

Credit From Prior Year Screen - Enter the credit carryover from a prior year. NOTE: Most credits will come from the immediate preceding year. Credits from years prior to the immediate preceding years can only be used under special situations and you should contact the Bureau to see if they are available to be used.

Philadelphia Credit Screen - This screen can only be opened if you indicated that you had wages subject to Philadelphia tax when entering your W-2 wages. If you are unable to open this section please click on the Income tab and edit your W-2 figures that you previously entered. Enter the wages that are subject to local tax where you reside and also subject to the Earned income and Net Profits Tax in Philadelphia. Enter on line 2 the amount of withholding or actual Philadelphia tax paid. The system will calculate your maximum credit.

Summary Screen - This screen will show your final return based on the information that you entered. Review all of the information and if you need to make any corrections or additions click on the proper tab at the top of the screen. If the information is correct you will need to enter your PIN (and your spouse's PIN, if filing a combined return), prior to submitting the return. If you (or your spouse if filing a combined return) have a balance due, you will have the option to pay by credit card if you click on the "Pay Balance Now" option. If you do not select this option, it will default to "No" and a voucher will print out for your remittance. Once you click "Continue", your return will be submitted. This should automatically take you to the confirmation screen and give you a "Return ID". If it does not take you to the confirmation screen, an error message should appear and explain what you need to correct. If you do not get a confirmation screen with a Return ID, you did not successfully submit a return.

Refund to be Directly Deposited - Enter the portion of your 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, enter taxpayer, spouse or both in the block(s) under direct deposit information to indicate which taxpayer is requesting direct deposit of their refund. 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 (9) digits and is enclosed by these symbols "1:" (e.g., 1305000130:1wt tsrif ehT .(:o 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 CTCB for help.



Note: The routing and account numbers may be in different places on your check.