

PA SCHEDULE W-2S
Wage Statement Summary
PA-40 Schedule W-2S (08-16) (F1) 2016

OFFICIAL USE ONLY

Summary of PA-Taxable Employee, Non-employee and Miscellaneous Compensation

Name shown first on the PA-40 (if filing jointly)

Social Security Number (shown first)

Use this schedule to list and calculate your total PA-taxable compensation and PA tax withheld from all sources.

Part A Instructions: List each federal Form W-2 for you and your spouse, if married, received from your employer(s). In the first column enter T for the taxpayer's Social Security Number that appears first on the PA tax return and enter S for the second or spouse SSN. From the Form(s) W-2, enter each employer's federal identification number. Enter the amounts from the Forms W-2 in each column. IMPORTANT: You do not have to submit a copy of your Form W-2 if you earned all your income in Pennsylvania and your employer reported your PA wages correctly and withheld the correct amount of PA income tax. You must submit a copy of your Form W-2 in certain circumstances. See the PA Schedule W-2S instructions for a list of when a copy of a W-2 is required.

Part B Instructions: List each source of income received during the taxable year on a form or statement other than a federal Form W-2. Enter each payer's name. List the payment type that most closely describes the source of your non-employee compensation. Enter the amount of other compensation that you earned. If the form or statement does not have separately stated amounts, enter the amount shown in both federal and PA columns.

IMPORTANT: You must submit a copy of each form and statement that you list in Part B, whether or not the payer withheld any PA income tax and regardless of whether or not the income was taxable in PA. CAUTION: The federal and Pennsylvania (state) wages may be different in Part A and Part B.

If you need more space, you may photocopy this schedule or make your own schedules in this format.

Table with 6 columns: T/S, Employer's identification number from Box b, Federal wages from Box 1, Medicare wages from Box 5, PA compensation from Box 16, PA income tax withheld from Box 17. Includes a Total Part A row.

Table with 8 columns: A. T/S, B. Type, C. Payer name, D. 1099R code, E. Total federal amount, F. Adjusted plan basis, G. PA compensation, H. PA tax withheld. Includes a Total Part B row.

TOTAL - Add the totals from Parts A and B. Enter the TOTALS on your PA tax return on: Line 1a, Line 13

- Payment type: A. Executor fee, B. Jury duty pay, C. Director's fee, D. Expert witness fee, E. Honorarium, F. Covenant not to compete, G. Damages or settlement for lost wages, other than personal injury, H. Other nonemployee compensation. Describe: I. Distribution from employer sponsored retirement, pension or qualified deferred compensation plan, J. Distribution from IRA (Traditional or Roth), K. Distribution from Life Insurance, Annuity or Endowment Contracts, L. Distribution from Charitable Gift Annuities, M. Distribution from Employee Stock Ownership Plan. Describe:





pennsylvania
DEPARTMENT OF REVENUE

Instructions for PA-40 Schedule W-2S

Wage Statement Summary

PA-40 Schedule W-2S (11-16)

WHAT'S NEW

Separate filing instructions for PA-40 Schedule W-2S, Wage Statement Summary, have been developed by the department.

GENERAL INFORMATION

PURPOSE OF SCHEDULE

Use PA-40 Schedule W-2S to report compensation received from employment, miscellaneous non-employee compensation and taxable distributions from retirement plans. Use PA-40 Schedule W-2S to record information regarding distributions from annuities taxable as interest income.

Refer to Chapter 7 of the PA PIT Guide for additional information.

RECORDING DOLLAR AMOUNTS

Show money amounts in whole-dollars only. Eliminate any amount less than \$0.50 and increase any amount that is \$0.50 or more to the next highest dollar.

WHO MUST COMPLETE

PA-40 Schedule W-2S must be completed and included with an originally filed PA-40, Personal Income Tax Return, for any taxpayer(s) reporting gross compensation on Line 1a of the PA-40.

An amended PA Schedule W-2S must be included with Schedule PA-40X if increases or decreases in income or changes to any information or amounts in Parts A or B of PA Schedule W-2S are discovered after an original or other amended return is filed with the department. Part III on Page 2 of Schedule PA-40X must be completed to explain any increase or decrease to the gross compensation reported on an amended PA-40, Personal Income Tax Return.

FORM INSTRUCTIONS

IDENTIFICATION INFORMATION

Name of Taxpayer Claiming Tax Forgiveness

Enter the name of the taxpayer. If a jointly filed return, enter the name of the primary taxpayer (name shown first on the PA-40, Personal Income Tax Return).

Social Security Number

Enter the Social Security number (SSN) of the taxpayer. If a jointly filed return, enter the primary taxpayer's SSN.

GENERAL INSTRUCTIONS

PART A

Use Part A of PA-40 Schedule W-2S to report Pennsylvania-taxable compensation from federal Form(s) W-2.

Legible photocopies of Form W-2 must be submitted in some circumstances. See "When to Submit Form(s) W-2" later in these instructions. Otherwise, do not submit Form(s) W-2. However, the department has the statutory authority to require actual Form(s) W-2.

PART B

Use Part B of PA-40 Schedule W-2S to list all the sources of non-employee and other compensation as well as all taxable and nontaxable distributions from eligible Pennsylvania retirement plans, all distributions from IRAs, all distributions from qualified deferred compensation plans, all distributions from annuities purchased from commercial insurance or mutual companies, all distributions from employee stock ownership plans (ESOP), all distributions from endowment contracts and all distributions from charitable gift annuities. Report Pennsylvania-taxable and nontaxable compensation and any Pennsylvania tax withheld from that income. Form(s) 1099-R, 1099-MISC, and other docu-

ments reporting the income shown on Part B of PA Schedule W-2S must be included with the PA-40, Personal Income Tax Return. Do not include Form(s) 1099-MISC for income reported elsewhere on PA-40 Schedule C. Include Pennsylvania-taxable and nontaxable amounts from Form(s) 1099 that show pensions, retirement plan distributions, executor fees, jury duty pay, and other miscellaneous compensation.

LINE INSTRUCTIONS

PART A

List each federal Form W-2 for the taxpayer and/or spouse, if married, received from each employer.

T/S

Enter a T to report the income from all Forms W-2 for the taxpayer whose SSN appears first on the PA-40, Personal Income Tax Return. Enter an S for all Forms W-2 for the spouse.

Employer's Identification Number

Enter the federal employer identification number (FEIN) from Box B of the W-2 for each employer.

Federal Wages


Enter the amount of federal wages from Box 1 of the W-2 for each employer.

Medicare Wages

Enter the amount of Medicare wages from Box 5 of the W-2 for each employer.

PA Compensation

Enter the Pennsylvania compensation from Box 16 of the W-2 for each employer.

 **CAUTION:** If Box 15 of the W-2 does not indicate PA as the state, the compensation reported by the employer in Box 16 may be required to be adjusted to conform to Pennsylvania's rules. Examples of the adjustments required to be made include, but are not limited to: increasing the

compensation to include any retirement plan or qualified deferred compensation contribution amounts (Codes D, E, F, G, H and/or S in Box 12 of the W-2) not included in the Box 16 amount, decreasing the compensation to remove any group-term life insurance premiums paid (Code C in Box 12 of the W-2) included in the Box 16 amount. Complete and include the PA-40 W-2 RW, PA W-2 Reconciliation Worksheet with the PA-40, Personal Income Tax Return.

PA Income Tax Withheld

Enter the amount of Pennsylvania income tax withheld from Box 17 of the W-2 for each employer.

When to Submit Form(s) W-2

The department does not require submission of a copy of Form W-2 in all instances. A copy of Form W-2 is not required to be submitted when all the compensation income was earned in Pennsylvania and the employer reported the Pennsylvania wages correctly and withheld the correct amount of Pennsylvania personal income tax.

An actual state copy or a legible photocopy of each state copy of Form W-2 and/or a written explanation of the amount of compensation reported should be submitted with the PA-40, Personal Income Tax Return, if:

1. The PA compensation entered on Line 1a of the PA-40, Personal Income Tax Return, is not the same as Box 16 on Form W-2 (when the amount of Pennsylvania compensation or withholding is believed to be incorrect).
2. The employer provided a handwritten Form W-2.
3. The employer reported an incorrect amount on Form W-2. A written statement from the employer must also be included.
4. The employer withheld PA income tax from wages at a rate that is more than the current year's tax rate of 3.07 percent.
5. PA income tax was withheld by an employer for a resident of a reciprocal compensation agreement state.
6. The Medicare wages in Box 5 on Form W-2 are greater than PA wages in Box 16. In this case, complete and include the PA-40 W-2 Reconciliation Worksheet with the PA-40, Personal Income Tax Return.

7. A PA resident is working in another state or country and did not have PA income tax withheld by the employer.
8. A distribution from a nonqualified deferred compensation plan is included in Box 1 of Form W-2.
9. Form W-2 shows income earned or tax withheld for another state.



NOTE: If Form W-2 or a federal substitute W-2, Form 4852 is not available, evidence of the Pennsylvania compensation and tax withheld must be submitted by providing pay stubs and a statement identifying the employer and the reason Form W-2 is not available. Please submit legible photocopies. Keep all original documents.

Total Part A

Add the amounts of PA compensation and PA income tax withheld and enter the results.

PART B

List each source of income received during the taxable year on a form or statement other than a federal Form W-2.



IMPORTANT: A copy of each form and statement for amounts listed in Part B must be submitted with the PA-40, Personal Income Tax Return, whether or not the payer withheld any PA income tax and regardless of whether or not the income was taxable in PA.



CAUTION: The federal and Pennsylvania (state) wages may be different in Part A and Part B.

COLUMN A

Enter a T if the payment or distribution was to the primary taxpayer shown first on the PA-40 or S if the payment or distribution was to the spouse.

COLUMN B

Enter the letter designation for the type of payment(s) from the following list:

- A Executor fee;
- B Jury duty pay;
- C Director's fee;
- D Expert witness fee;
- E Honorarium;
- F Covenant not to compete;

- G Damages or settlement for lost wages other than personal injury;
- H Other non-employee compensation (enter description in space provided);
- I Distribution from employer sponsored retirement, pension, or qualified deferred compensation plan;
- J Distribution from IRA (Traditional or Roth);
- K Distribution from life insurance, annuity or endowment contracts;
- L Distribution from charitable gift annuities; and/or
- M Distribution from employee stock ownership plan (enter description in space provided).



NOTES: If the type of payment listed on Form 1099-R is not known, contact the payer for more information regarding the distribution to properly report the type of payment. For distributions from an IRA, the box next to Box 7 on the 1099-R will have an X entered to indicate a distribution from a traditional IRA, SEP IRA or SIMPLE IRA. Distributions from Roth IRAs will have either code J or T included in Box 7 of the 1099-R. Distributions from qualified deferred compensation plans should be listed on Form(s) W-2 or W-2P.

COLUMN C

Enter the payer's name.

COLUMN D

If the payment being reported is from a federal Form 1099-R, enter the distribution code(s) listed in Box 7 of the 1099-R.

COLUMN E

Enter the total amount of the payment from a federal Form 1099-MISC or from another document and/or any distribution from federal Form 1099-R Box 1. If the payment is from a federal Form 1099-MISC or from another document other than a 1099-R, enter the same amount in Column G.

COLUMN F

If the distribution code in Column D is 1, 2, J, L, S or U from the 1099-R, enter the amount of the adjusted basis in the

plan. The adjusted basis in the plan or IRA is generally equal to the sum of the contributions to the plan or IRA minus the sum of prior distributions which were previously treated as nontaxable as a recovery of such contributions.

COLUMN G

If the distribution code in Column D is 1, 2, 8, 9, J, L, S or U from the 1099-R, subtract the amount in Column F from Column E and enter the resulting amount (but not less than zero) here. If any other 1099-R code was entered in Column D, enter a zero in Column G (there is no PA-taxable compensation from these codes). If the distribution code in Column D is a 7, or 7D, or 2D, 3D, or 4D and the payment type listed in Column B is K or L, these types of payments are not taxable as compensation, but are taxable as interest income to the extent there is income included in federal gross income. Although not taxable as compensation, they must be included to allow for reconciliation with amounts reported for federal income tax purposes. See the PA PIT Guide Chapter 7 and the instructions for additional information regarding 1099-R codes and their taxability.

If a payment from a 1099-MISC or from another document other than a 1099-R was entered, enter the amount from Column E.

CAUTION: Although the income reported on Form 1099-R may not be taxable as compensation due to the code reported in Box 7 of the 1099-R, there may be taxable income from a distribution reported on 1099-R form(s) bearing codes 1D, 2D, 3D, 4D, 6 or 7D in other classes of income. Codes 1D, 2D, 3D, 4D or 7D are reported as taxable interest income on PA-40 Schedule A. If cash or boot is involved in the transaction for Code 6 distributions, report any gain on the transaction on PA-40 Schedule D. Refer to PA PIT Guide Chapters 8 and 12 and the instructions for PA-40 Schedules A and D.

COLUMN H

If the payer withheld PA state income tax from the distribution or payment, enter the amount withheld from that distribution or payment.

TIP The following filing tips are provided to assist with the completion of PA-40 Schedule W-2S Parts A and B.

1099-R DISTRIBUTION CODE 2

A taxpayer with a distribution Code 2 on Form(s) 1099-R must determine if he/she received the distribution from an eligible employer-sponsored retirement or pension or retirement plan eligible for PA tax purposes. Additionally, the taxpayer must have been eligible by meeting the age or service conditions of the plan. If these conditions are met, the taxpayer should input the same amount in Column F as was reported in Column E. Otherwise, the cost or adjusted basis of the plan must be included in Column F.

A taxpayer with distribution code 1 or 2 on Form(s) 1099-R from a retirement plan from the State Employees' Retirement System, the Pennsylvania School Employees' Retirement System, the Pennsylvania Municipal Employees' Retirement System or the U.S. Civil Service Commission Retirement Disability Plan should input the same amount in Column F as was reported in Column E.

IRA CONVERSIONS

A taxpayer with a conversion of a traditional IRA to a Roth IRA (or vice versa) with distribution code 1 in Box 7 of the 1099-R may be eligible to report the amount as nontaxable income when a direct transfer from trustee to trustee occurs and/or the when the entire distribution from the original IRA account (including taxes withheld) is paid into the new IRA account within 60 days of the date of the distribution. In such cases, input the same amount in Column F as reported in Column E. If the distribution is not a direct transfer from trustee to trustee, or the entire distribution is not paid into the new IRA account as a result of the conversion of the original IRA account, the distribution must be reported as two separate distributions on PA Schedule W-2S. The distributions will be reported on separate lines of Column E with the net amount converted into the new IRA (gross distribution from Box 1 of the Form 1099-R less amounts not repaid into the new IRA account) being

reported as the first distribution and amounts not repaid into the new IRA account reported as the second distribution. The amount reported in Column E for the first distribution will not be taxable (input the same amount in Column F as reported in Column E). The amount reported in Column E for the second distribution may be taxable since Column F will reflect the cost or adjusted basis of the IRA.

DISTRIBUTIONS FROM ANNUITY OR ENDOWMENT CONTRACTS AND CHARITABLE GIFT ANNUITIES

A taxpayer with distributions from an annuity purchased from a commercial insurance or mutual company, an endowment contract or a charitable gift annuity having a distribution code 7 or 7D in Box 7 of the 1099-R must record the distributions on PA Schedule W-2S and also report the amount of income taxable for federal income tax purposes as PA-taxable interest income. When recording the distribution on PA Schedule W-2S, input the same amount in Column F as reported in Column E. Report the federal taxable amount of any annuities or endowments on Line 3 of PA Schedule A. Report the federal taxable amount of any charitable gift annuities on Line 4 of PA Schedule A.

DISTRIBUTIONS FROM AN EMPLOYEE STOCK OWNERSHIP PLAN

A taxpayer with a distribution from an employee stock ownership plan (ESOP) should enter the amount of the distribution in Column G if the stock in the ESOP has not been allocated to the participants. Use payment type M H in Column B and the description "Non-Allocated ESOP Stock Dividend" in the space to describe the payment. If the stock has been allocated to the participants, input the same amount in Column F as reported in Column E and enter payment type M H in Column B and the description "Allocated ESOP Stock Dividend" to describe the payment. Allocated ESOP stock dividends are taxable as dividend income for PA purposes. If a distribution from an ESOP is related Enter the name of the company and amount of the distribution on Line 7 of PA Schedule B.

DISTRIBUTIONS OF EXCESS CONTRIBUTIONS

A taxpayer with distributions of excess contributions and earnings on the excess contributions (distribution codes 8 and/or P in Box 7 of the 1099-R) must determine if the contributions being returned are from taxpayer contributions/deferrals or employer contributions. In cases where the excess contributions being returned are taxpayer contributions/deferrals, only the amount of excess contributions should be entered in Column F. Earnings on the excess contributions should not be included in the adjusted basis of previously taxed contributions. In cases where the excess contributions and earnings being returned are employer contributions, no entry should be made in Column F. In either case, a letter from the employer/plan administrator is required to provide whether or not the contributions being returned are taxpayer contributions/deferrals and a breakdown between the excess

contributions and the earnings on the excess contributions when the excess contributions and earnings are from employee contributions/deferrals.

1099-R DISTRIBUTION CODE 4

A taxpayer with a distribution Code 4 (without Code D) on Form(s) 1099-R should also include the amount in Box 1 in eligibility income for Schedule SP, Special Tax Forgiveness purposes. The amount should be included in Part C, Eligibility Income, of Schedule SP on Line 4, Insurance proceeds and inheritances.

ACTIVE DUTY MILITARY PAY

Taxpayers with military pay for active duty outside PA should complete PA Schedule W-2S and include the W-2 in Part A of PA Schedule W-2S. If any income is earned by a PA resident while on active duty status within

PA, that income should be included in the "PA compensation from Box 16" column. Do not include compensation earned while on active duty outside PA or if a nonresident on active duty within PA. If any PA income tax is withheld from the military pay, include the amount in the "PA income tax withheld from Box 17" column. See the Military Pay – Members of the Armed Forces instructions on Page 37 of the PA-40IN, Pennsylvania Personal Income Tax Instructions Booklet, for more information.

TOTAL PART B

Add the amounts for Columns G and H enter the results.

TOTAL LINE

Add the amounts from PA compensation and PA tax withheld from the Total Part A and Total Part B lines and enter the results here and on Lines 1a and 13 of the PA-40, Personal Income Tax Return.