



DEPARTMENT OF REVENUE
 BUREAU OF CORPORATION TAXES
 PA S UNIT
 PO BOX 280701
 HARRISBURG PA 17128-0701

ELECTION NOT TO BE TAXED AS A PENNSYLVANIA S CORPORATION

Corporation is not subject to PA corporate net income tax; election is for PA resident shareholder purposes only.

Revenue ID	
Federal Employer Identification Number (FEIN)	
Election is to be first effective for:	
Tax year beginning:	MMDDYYYY
Tax year ending:	MMDDYYYY

↑ Please fill in Corporate Name, Address, City, State and ZIP Code above.

Election is for this corporation and its qualified subchapter S subsidiaries as identified on the included schedule showing the names and Revenue ID numbers of all subsidiaries.

(A) Name and address of each shareholder, member or partner having an interest in the corporation's stock without regard to the manner in which the stock is owned. If additional space is needed, complete a separate schedule and include it with this form. You must provide your Social Security number so the department may establish your identity and cross-reference other tax systems, as is authorized under federal law, 42 U.S.C. § 405 (c).	(B) Social Security Number or Federal Employer Identification Number	(C) Percentage of Stock Owned	(D) We, the undersigned shareholders, consent to the election of the corporation not to be taxed as a Pennsylvania S corporation.
Name Street City State ZIP Code			Signature/Date
Name Street City State ZIP Code			Signature/Date
Name Street City State ZIP Code			Signature/Date
Name Street City State ZIP Code			Signature/Date
Name Street City State ZIP Code			Signature/Date
Name Street City State ZIP Code			Signature/Date
Name Street City State ZIP Code			Signature/Date
Name Street City State ZIP Code			Signature/Date
Name Street City State ZIP Code			Signature/Date
Name Street City State ZIP Code			Signature/Date
Total = _____ 100%			

The corporate statement must be signed by an authorized officer of the corporation. The above-named corporation hereby elects not to be taxed as a Pennsylvania S corporation under Section 401 of the Tax Reform Code of 1971.

Under penalties of perjury, I declare that I have examined this Election Not To Be Taxed As A Pennsylvania S Corporation, and to the best of my knowledge and belief it is true, correct and complete.

NAME OF CORPORATE OFFICER	TELEPHONE NUMBER
SIGNATURE AND TITLE	
SOCIAL SECURITY NUMBER	DATE

GENERAL INSTRUCTIONS ELECTION NOT TO BE TAXED AS A PENNSYLVANIA S CORPORATION

Federal subchapter S corporations are no longer required to file the Pennsylvania S Corporation Election and Shareholders' Consent, REV-1640, in order to be granted Pennsylvania S corporation status. Effective for tax years beginning after Dec. 31, 2005, any corporation with a valid federal subchapter S corporation election will automatically be a Pennsylvania S corporation. Any federal subchapter S corporation that does not desire to be a Pennsylvania S corporation must file an Election Not to be Taxed as a Pennsylvania S Corporation, REV-976, on or before the due date or extended due date of the report for the first tax period in which the election is to be in effect. This election must be signed by 100 percent of the shareholders of the S corporation and once made cannot be revoked for five years.

In the case of a federal subchapter S corporation not required to file RCT-101, PA Corporate Net Income Tax Report, (does not do business in PA and is not registered to do business in PA), the Election Not to be Taxed as a Pennsylvania S Corporation, REV-976, must be filed on or before the 15th day of the fourth month following the end of the first tax period for which the election is to be in effect (the due date of RCT-101 if the corporation had been required to file this report).

Any federal subchapter S corporation doing business in Pennsylvania or registered to do business in PA that does not make this election will be taxed as a Pennsylvania S corporation and will be required to file the PA S Corporation/Partnership Information Return, PA-20S/PA-65. In addition, each resident shareholder is subject to Pennsylvania personal income tax on each shareholder's pro rata share of the S corporation income, whether distributed or not. Each nonresident shareholder is subject to tax on the shareholder's personal income from sources within PA. Filing of the PA Corporate Net Income Tax Report is not required unless the corporation has federal taxable built-in gains.

A Pennsylvania S corporation with taxable income from sources within PA is jointly liable with its nonresident shareholders for personal income tax on this income. It is authorized and required to collect this tax from its nonresident shareholders and remit the tax to the PA Department of Revenue. Use PA-40ESR (F/C) to make the first nonresident withholding payment. Thereafter, the department will provide pre-printed PA-40ES (P/S) forms. The PA-40ESR (F/C) form can be downloaded from the department's website at www.revenue.pa.gov or ordered by telephone at 1-888-PATAXES (728-2937).

Qualified Subchapter S Subsidiaries

If a qualified subchapter S subsidiary and/or parent of a qualified subchapter S subsidiary, does not desire to be taxed as a

Pennsylvania S corporation, the parent must file an election not to be taxed as a Pennsylvania S corporation for itself and all qualified subchapter S subsidiaries. The corporation must include a schedule with the election identifying the name, address, Revenue ID and federal employer identification number of each qualified subchapter S subsidiary owned by the corporation and doing business in Pennsylvania.

PA Resident Shareholders of Subchapter S Corporations in Another State

Any federal subchapter S corporation that does not make this election, and which does not do business nor is registered to do business in PA but has a PA resident shareholder, will be taxed as a Pennsylvania S corporation and will be required to file the PA S Corporation/Partnership Information Return, PA-20S/PA-65. In addition, each resident shareholder will be subject to Pennsylvania personal income tax on each shareholder's pro rata share of the S corporation income, whether distributed or not.

Filing the Election

For a federal subchapter S corporation conducting business in Pennsylvania that is required to file RCT-101: The due date for filing the Election Not to be Taxed as a Pennsylvania S Corporation, REV-976, is the due date or the extended due date of RCT-101 for the first year for which the election is to be in effect.

For a federal subchapter S corporation that is not required to file RCT-101, (does not do business in PA and is not registered to do business in PA): The due date for filing the Election Not to be Taxed as a Pennsylvania S Corporation, REV-976, is 30 days after the due date or the extended due date of the federal return. These corporations must check the box indicating "Corporation is not subject to PA Corporate Net Income Tax; election is for PA resident Shareholder purposes only".

The Election Not to be Taxed as a Pennsylvania S Corporation, REV-976, must be signed by all shareholders on the date of the election and sent via certified mail to:

PA DEPARTMENT OF REVENUE
BUREAU OF CORPORATION TAXES
PA S UNIT
PO BOX 280701
HARRISBURG PA 17128-0701

**DO NOT SEND WITH THE PA CORPORATE
NET INCOME TAX REPORT**