

**PA SCHEDULE UE**

Allowable Employee Business Expenses

2501710053

PA-40 UE (EX) MOD 04-25 (FI)  
PA Department of Revenue**2025**

OFFICIAL USE ONLY

Name of taxpayer claiming expenses		Social Security Number (shown first)
Employer's Name	Employer's Address	Federal Employer Identification Number
Describe the duties of the job in which you incurred these expenses		Employer's Telephone Number

**CAUTION:** You must complete a separate schedule for each job or position. Spouses may not file joint **PA Schedule(s) UE**.**SECTION I – Direct Employee Business Expenses.**

1. **Union dues.** List union name(s) and amount(s) paid. Enter the total. Submit additional sheets, if needed.

Name of union(s) and amount(s).  1. 

2. **Work clothes and uniforms.** Needed for your employment and not suitable for everyday use.

Description:  2. 

3. **Small tools and supplies.** Needed for your employment and not provided by your employer.

Description:  3. 

4. **Professional license fees, malpractice insurance, and fidelity bond premiums.** Required as a condition of your employment.

Description:  4. 

5. **Total Direct Employee Business Expenses.** Add Lines 1 through 4. ....

5. **SECTION II – Business Travel Expenses.****Vehicle Expenses: Standard Mileage Rate.**

6. Enter your total business miles  and multiply by the federal standard mileage rate. .... 6.

**Vehicle Expenses: Actual Vehicle Expenses.**

7a. Total vehicle miles driven in 2025. ....	7a. <input type="text"/>
7b. Total business miles driven in 2025. ....	7b. <input type="text"/>
7c. Business use ratio. Divide Line 7b by Line 7a. See the Instructions. ....	7c. <input type="text"/>
8a. Gasoline, oil, repairs, vehicle insurance, vehicle rentals, etc. ....	8a. <input type="text"/>
8b. Depreciation. See the Instructions. ....	8b. <input type="text"/>
9. Total vehicle expenses. Add Lines 8a and 8b. ....	9. <input type="text"/>
10. Allowable Actual Vehicle Expenses. Multiply Line 9 by Line 7c. ....	10. <input type="text"/>

**Other Business Travel Expenses.**

11. Parking fees, tolls, and transportation. ....	11. <input type="text"/>
12. Travel expenses while away from home overnight. ....	12. <input type="text"/>
13. Meals expense. ....	13. <input type="text"/>
14. Entertainment expenses. ....	14. <input type="text"/>
15. <b>Total Business Travel Expenses.</b> Add Lines 6 or 10 and Lines 11, 12, 13, and 14. ....	15. <input type="text"/>

**SECTION III – Miscellaneous Expenses.** Itemize your additional expenses.

16. **Total Miscellaneous Expenses.** .... 16.

**Total Allowable PA Employee Business Expenses.** You must account for reimbursements, if any.

A. Direct Expenses from Line 5. ....	A. <input type="text"/>
B. Business Travel Expenses from Line 15. ....	B. <input type="text"/>
C. Miscellaneous Expenses from Line 16. ....	C. <input type="text"/>
D. Office or Work Area Expenses from Line 17, on Side 2. ....	D. <input type="text"/>
E. Moving Expenses from Line 20, on Side 2. ....	E. <input type="text"/>
F. Education Expenses from Line 24, on Side 2. ....	F. <input type="text"/>
G. Total Depreciation Expenses from Line 25, on Side 2. ....	G. <input type="text"/>
H. <b>Total Allowable Employee Business Expenses.</b> Add Lines A through G. ....	H. <input type="text"/>
I. <b>Reimbursements.</b> See the instructions. ....	I. <input type="text"/>
J. <b>Net expense or reimbursement.</b> Subtract Line I from Line H. Enter the difference and: ....	J. <input type="text"/>

If Line H is **MORE** than Line I, include on Line 1b, on your PA-40.If Line I is **MORE** than Line H, include the excess on Line 1a, on your PA-40.

Nonresidents and part-year residents may also need to complete PA Schedule NRH. See instructions.



2501710053

2501710053

**PA SCHEDULE UE**

Allowable Employee Business Expenses

2501810051

PA-40 UE (EX) MOD 04-25 (FI)  
PA Department of Revenue**2025**

OFFICIAL USE ONLY

Name of taxpayer claiming expenses

Social Security Number (shown first)

**SECTION IV – Office or Work Area Expenses.** You must answer ALL three questions or the Department will disallow your expenses.D1. Does your employer require you to maintain a suitable work area away from the employer's premises?  YES  NOD2. Is this work area the principal place where you perform the duties of your employment?  YES  NOD3. Do you use this work area regularly and exclusively to perform the duties of your employment?  YES  NO

If you answer YES to ALL three questions, continue. If you answer NO to ANY question, you may not claim office or work area expenses.

**Actual Office or Work Area Expenses.** Enter expenses for the entire year and then calculate the business portion.

a. Depreciation expense (homeowners only) .....	a. <input type="text"/>
b. Real estate taxes. ....	b. <input type="text"/>
c. Mortgage interest (homeowners only) .....	c. <input type="text"/>
d. Utilities. .... <i>Sales Tax License Number:</i> <input type="text"/>	d. <input type="text"/>
e. Property insurance. ....	e. <input type="text"/>
f. Property maintenance expenses from statement. See the instructions. ....	f. <input type="text"/>
g. Other apportionable expenses from statement. See the instructions. ....	g. <input type="text"/>
h. Rent (renters only). ....	h. <input type="text"/>
i. <b>Total.</b> Add Lines a through h. Enter the total here. ....	i. <input type="text"/>
j. <b>Business percentage of property.</b> Divide the total square footage of your work area by the total square footage of your entire property. Round to 2 decimal places. ....	j. <input type="text"/> %
k. <b>Apportioned expenses.</b> Multiply Line i by the percentage on Line j. ....	k. <input type="text"/>
l. Total office supplies from statement. See the instructions. ....	l. <input type="text"/>
<b>17. Total Office or Work Area Expenses.</b> Add Lines k and l. ....	17. <input type="text"/>

**SECTION V – Moving Expenses.****Distance Test.**

E1. Enter the number of miles from your old home to your new workplace. ....	<input type="text"/> miles
E2. Enter the number of miles from your old home to your old workplace. ....	<input type="text"/> miles
E3. Subtract Line E2 from Line E1 and enter the difference. ....	<input type="text"/> miles

If Line E3 is 35 miles or more, continue. If it is not at least 35 miles, you may not claim any moving expenses.

18. Transportation expenses in moving household goods and personal effects. ....	18. <input type="text"/>
19. Travel, meals, and lodging expenses during the actual move from your old home to your new home. ....	19. <input type="text"/>
<b>20. Total Moving Expenses.</b> Add Lines 18 and 19. ....	20. <input type="text"/>

**SECTION VI – Education Expenses.** You must answer ALL three questions or the Department will disallow your expenses.

F1. Did your employer (or law) require that you obtain this education to retain your present position or job? <input type="checkbox"/> YES <input type="checkbox"/> NO
If you answer YES, continue. If you answer NO, you may not claim education expenses.
F2. Did you need this education to meet the entry level or minimum requirements to obtain your job? <input type="checkbox"/> YES <input type="checkbox"/> NO
F3. Will this education, program, or course of study qualify you for a new business or profession? <input type="checkbox"/> YES <input type="checkbox"/> NO

If you answer NO to questions F2 and F3, continue. If you answer YES to either question, you may not claim education expenses.

Name of college, university, or educational institution: <input type="text"/>	
Course of study: <input type="text"/>	
21. Tuition or fees. ....	21. <input type="text"/>
22. Course materials. ....	22. <input type="text"/>
23. Travel expenses. ....	23. <input type="text"/>
<b>24. Total Education Expenses.</b> Add Lines 21 through 23. ....	24. <input type="text"/>

**SECTION VII – Depreciation Expenses.** PA law does not allow any federal bonus depreciation and follows the amount allowable by the IRC Section 179.

(a) Description of property	(b) Date acquired	(c) Cost or other basis	(d) Depreciation method	(e) Section 179 expense	(f) Depreciation expenses
<b>25. Total Depreciation Expenses.</b> Add the amounts from columns (e) and (f). ....	25. <input type="text"/>				



2501810051

2501810051



## Instructions for PA-40 Schedule UE

### Allowable Employee Business Expenses

PA-40 UE IN 04-25

#### GENERAL INFORMATION

##### PURPOSE OF SCHEDULE

Use PA-40 Schedule UE to report unreimbursed employee business expenses incurred in the performance of the duties of the taxpayer's job or profession.

Refer to the PA Personal Income Tax Guide – Gross Compensation section 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 UE must be completed and included with an originally filed PA-40, Personal Income Tax Return, for any taxpayer reporting unreimbursed employee business expenses on Line 1b of the PA-40.

An amended PA Schedule UE must be included with Schedule PA-40 X to report any changes - increases or decreases in business expense amounts on PA Schedule UE that are discovered after an original or other amended return is filed with the department. Section III on Page 2 of Schedule PA-40 X must be completed to explain any increase or decrease to the unreimbursed employee business expenses reported on an amended PA-40, Personal Income Tax Return.

#### FORM INSTRUCTIONS

##### IDENTIFICATION INFORMATION

##### NAME OF TAXPAYER CLAIMING EXPENSES

Enter the name of the taxpayer claiming the expenses. If a jointly filed return and the expenses are claimed for the spouse, enter the spouse's name.

##### SOCIAL SECURITY NUMBER

Enter the Social Security number (SSN) of the primary taxpayer (name shown first on the PA-40, Personal Income Tax Return) even if the expenses are claimed for the spouse on a jointly filed return.

##### EMPLOYER'S NAME

Enter the name of the employer for which the expenses were incurred.

##### EMPLOYER'S ADDRESS

Enter the employer's local address.

##### FEDERAL EMPLOYER IDENTIFICATION NUMBER

Enter the Federal Employer Identification Number from Box b of the W-2 for the employer.

#### DUTIES OF THE JOB

Describe the duties of the job in which the expenses were incurred.

#### EMPLOYER'S TELEPHONE NUMBER

Enter the employer's local telephone number.

#### GENERAL INSTRUCTIONS

Allowable employee business expenses for PA purposes are similar to, but not the same as, expenses for federal purposes. PA law only permits expenses required to perform the duties of a job or profession.

Allowable Pennsylvania employee business expenses must be:

1. Ordinary, customary, and accepted in the industry or occupation;
2. Actually paid while performing the duties of the employment;
3. Reasonable in amount and not excessive;
4. Necessary to enable the proper performance of the duties of the employment; and
5. Directly related to performing the duties of the occupation or employment.

**IMPORTANT:** 100 percent of the Pennsylvania-allowable unreimbursed employee business expenses may be deducted. Pennsylvania law does not have federal expense and percentage accounting limitations and thresholds.

An allowable business expense did not occur during the year if:

- A fixed-mileage allowance; a fixed expense reimbursement amount; a daily, weekly, monthly or yearly expense allowance reimbursement; or a per-diem allowance was received for the allowable business expense, and the employer did not include the allowance in compensation; or
- Allowable expenses were accounted to the employer and the employer reimbursed the employee in the exact amount of the expenses.

**EXAMPLE:** James is a regional manager for a chain of retail stores and is required by his employer to drive his personal vehicle and visit each retail location within his region at least one time per month. James' employer reimburses him at a rate of \$0.40 per mile and provides a lunch per diem of \$8.00 per travel day. James is not permitted to deduct a mileage expense on his PA-40 Schedule UE for the difference between the federal allowance and his employer's reimbursement or an expense for meals while traveling to visit the retail locations within his region unless his employer includes the reimbursements in his Pennsylvania compensation.

**CAUTION:** If an employer reimburses at a rate less than the federal rate for the mileage expense or provides a fixed or per-diem reimbursement for any expense, do not include such reimbursements in gross compensation. Do not claim such expenses on a PA-40 Schedule UE.

If an employer does not reimburse for expenses, compensation may be reduced by the allowable expenses. However, if a reimbursement is more than the allowable expenses, the excess must be reported as taxable compensation on Line 1a.

**EXAMPLE:** Dave earned compensation of \$30,000. He incurred allowable vehicle and travel employee business expenses of \$3,000 and was reimbursed \$3,500. He must complete a PA-40 Schedule UE. He includes the excess \$500 as compensation. His total net taxable compensation is \$30,500.

**IMPORTANT:** Sole proprietors, partners, shareholders, or other self-employed individuals should not use PA-40 Schedule UE to claim expenses.

**CAUTION:** Nonresidents must use PA Schedule NRH to apportion expenses for PA personal income tax purposes. Part-year residents may only claim 100 percent of unreimbursed business expenses if the expenses were incurred only while providing services in Pennsylvania or while a PA resident. Include a statement indicating the method used to determine the expenses for the period of residency (PA Schedule NRH may also be used for this purpose).

### NON-ALLOWABLE EXPENSES

Pennsylvania does not allow the following business expenses, even if allowed for federal purposes:

- Personal, living, or family expenses;
- Dues to fraternal organizations, professional societies, Chambers of Commerce, or recreational club memberships;
- Dues and subscriptions to publications, including trade and professional publications;
- Political candidate or campaign contributions;
- Charitable contributions;
- Commuting expenses – driving to and from work;
- Cost of meals while working late, unless while traveling away from home overnight on business;
- Childcare or elderly care expenses;
- Life, disability income, and health insurance premiums;
- Contributions to deferred compensation plans or other pension plans;
- Legal fees (except to recover back wages), fines, penalties, and bad debts;
- Bribes, kickbacks, or other illegal payments;
- Job hunting or other pursuit of employment expenses;
- Malpractice insurance premiums, except when allowed in Section I;
- Moving expenses, except when allowed in Section V;
- Educational expenses, except as allowed in Section VI;
- Capital expenditures; and/or
- Expenses calculated at federal per-diem rates.

**TIP** A separate PA-40 Schedule UE must be filed for each employer and each taxpayer. Spouses may not report joint expenses on a PA Schedule UE, even if filing jointly and even from the same employer. An incomplete schedule may result in delays in the processing of a return and/or denial of the expenses.

### KEEP YOUR RECORDS

The department has the legal authority to require evidence that the expenses claimed on a PA Schedule UE are allowable for PA purposes. Keep all necessary documents, receipts, vouchers, and other records for at least four years.

### PA-40 SCHEDULE UE - SIDE 1

Side 1 of the PA-40 Schedule UE is for the most common expenses claimed on PA income tax returns.

### PA-40 SCHEDULE UE - SIDE 2

Side 2 of the PA-40 Schedule UE is for reporting office or work area expenses, moving expenses, education expenses, and/or depreciation expenses claimed as unreimbursed business expenses on PA income tax returns.

**TIP** Taxpayers may wish to provide with the PA-40 Schedule UE a copy of a letter from the employer verifying that expenses are required to be incurred to perform the duties of the position for which the expenses are claimed and the method of any reimbursement by the employer for those expenses. Form REV-757, Employer Letter Template, should be completed by the employer for such purposes. In lieu of an employer letter, a taxpayer may provide a copy of the employer's employee expense reimbursement policy or Form REV-775, Personal Income Tax Employee Business Expense Affidavit. Review the department's Tips For Successfully Filing PA Schedule UE REV-489 prior to completing PA-40 Schedule UE.

### LINE INSTRUCTIONS

#### PA-40 SCHEDULE UE, SIDE 1

##### SECTION I

###### DIRECT EMPLOYEE BUSINESS EXPENSES

Direct employee business expenses are those paid directly or through a withholding arrangement with an employer. These expenses are necessary to perform or maintain a job. Itemize the nature and amount of the expenses claimed in Section I.

##### LINE 1

Enter the amount of union dues, assessments, and initiation fees paid if the amounts are:

- Paid as a condition of continued membership in the union and membership is related directly to the job for which the expense is claimed; or
- A required payment of a wage deduction under an agency shop agreement.

## LINE 2

Enter the amount paid for purchasing and maintaining uniforms and work clothing used for the protection from bodily injury if the uniforms and clothing are both:

- Of a type specifically required by the employer to be purchased as a condition of continued employment; and
- Not adaptable to general usage.

## LINE 3

Enter the amount paid for small tools and supplies that the employer does not provide, but are required to perform the duties of the job. Depreciation is the annual deduction that must be taken to recover the cost of business property having a useful life beyond the taxable year. If any of these tools or supplies has a useful life of more than one year, depreciate or amortize the cost in Section VII.

## LINE 4

Enter the amount of trade, professional, or occupational license fees required as a condition of employment as well as any malpractice insurance and fidelity bond premiums where required by law or by the employer.

## LINE 5

Add Lines 1 through 4 and enter the result.

## SECTION II

### BUSINESS TRAVEL EXPENSES

## LINE 6

Enter the total business miles and multiply by the federal mileage allowance to calculate the allowable business mileage expense.

 **CAUTION:** Depreciation may not be claimed on any vehicle on which the standard mileage rate method is used.

 **NOTE:** If the IRS has changed the federal mileage allowance during the tax year, use the higher allowance. Do not use both when calculating the allowable business mileage expense.

### COMMUTING EXPENSES

The costs of public transportation or driving a car between a home and the main place of work may not be claimed. These are personal commuting expenses. Commuting expenses may not be deducted no matter how far a home is from the regular place of work. Commuting costs between different jobs for different employers are also not allowable. For tradesmen, commuting costs also include mileage for any job 35 miles or fewer from the closer of the union hall or personal residence to the jobsite.

### ACTUAL VEHICLE EXPENSES

If using the actual vehicle expense method to calculate business travel expenses, Complete Lines 7a through 10.

 **IMPORTANT:** If more than one vehicle was used for business purposes, Lines 7a through 10 must be completed and included on a separate Schedule UE for each vehicle driven. In place of separate Schedules UE, a statement may be included that shows the amounts for each vehicle for Lines 7a through 10. Add the Line 10 total expense amount from each vehicle and include the result in the amount for Line 15, Total Business Travel Expenses.

## LINE 7a

Enter the total vehicle miles driven in 2025 including any miles driven for a vehicle that was rented during the time a regular vehicle was being repaired.

## LINE 7b

Enter the total business miles driven in 2025 including any business miles driven for a vehicle that was rented during the time a regular vehicle was being repaired. Do not include commuting miles from home to workplace and workplace to home in the total business miles driven.

## LINE 7c

Divide Line 7b by Line 7a and enter the result rounded to six decimal places.

## LINE 8a

Enter the amount of the total expenses for gasoline, oil, repairs, insurance, tires, license plates, vehicle registration, car washes, and other similar items. If the vehicle driven for business purposes was rented or leased, enter the cost of renting. Also enter the cost of temporary rentals for vehicles rented during the time a regular vehicle was being repaired. Do not enter temporary vehicle rentals included in Line 11.

## LINE 8b

Enter the amount of depreciation expense for the vehicle. Federal vehicle depreciation limits do not apply for PA personal income tax purposes. In addition, PA follows the amount allowable by the IRC Section 179. You must include a statement showing the description of the vehicle, date acquired, cost or other basis, depreciation method, Section 179 expense (if taken), accumulated depreciation previously taken, and the depreciation expense for the year. Do not report the depreciation expense for vehicles in Section VII. Refer to Personal Income Tax Bulletin 2023-02 - IRC Section 179 Expense Deductions for additional information.

## LINE 9

Add the amounts on Lines 8a and 8b and enter the total here.

## LINE 10

Multiply Line 9 by the ratio on Line 7c and enter the result here. If more than one vehicle was used for business purposes, add the amounts from Line 10 for each vehicle reported on separate Schedules UE (or separate statement) and include the total from all vehicles in the amount reported on Section II, Line 15, Total Business Travel Expenses.

## OTHER BUSINESS TRAVEL EXPENSES

Enter the actual amount of these expenses that were incurred.

**CAUTION:** Deductible expenses may not be based upon federal per-diem allowances. Only those expenses actually paid while performing the duties of the employment may be deducted.

### LINE 11

Enter the amount of parking fees, tolls, and transportation expenses incurred while in an overnight or business travel status.

### LINE 12

Enter the amount of hotel or motel accommodation expenses incurred while in an overnight travel status.

### LINE 13

Enter only the actual expenses incurred for meals expense.

**IMPORTANT:** Meals expense is 100 percent allowable for Pennsylvania purposes. However, meals while not in overnight traveling status (e.g. meals while working late) and federal per-diem rates for meals and incidental expenses are not allowable.

### LINE 14

Enter only the actual expenses incurred for entertainment expenses.

**IMPORTANT:** Entertainment expenses for business purposes are 100 percent allowable for Pennsylvania purposes. However, entertainment expenses calculated using federal per-diem rates are not allowable.

### LINE 15

Add Lines 6 or 10, and Lines 11, 12, 13, and 14 and enter the result. If more than one vehicle was used for business purposes and actual expenses were reported for those vehicles, add the amounts from Line 10 of the separate Schedules UE or the separate statement prepared for the additional vehicles.

## SECTION III

### MISCELLANEOUS EXPENSES

Enter the description and amount of all Pennsylvania-allowable expenses incurred not required to be listed elsewhere on PA-40 Schedule UE in the space provided. If there are more than two miscellaneous expenses, a separate statement that itemizes and describes in detail these expenses must be provided. Additional examples of expenses that may be claimed include:

- Breakage fees or cash shortages required to be paid to the employer;
- Fees or income included in Pennsylvania-taxable compensation on Form W-2 that is required to be paid to the employer as a condition of employment;

- Costs incurred by blind employees to pay readers who assist them in performing their job duties;
- Business gifts that are ordinary, necessary, reasonable, and actually incurred for business purposes. Pennsylvania does not follow federal percentage limits on such expenses.

**CAUTION:** Pennsylvania law does not contain statutory employee provisions. If a statutory employee for federal purposes, the W-2 income must be claimed as compensation and the business expenses on PA-40 Schedule UE. All other income and expenses should be reported on PA-40 Schedule C and Line 4 of the PA-40, Personal Income Tax Return. If applicable, enclose the necessary PA Schedule C.

For more information on statutory employees, see the PA Personal Income Tax Guide – Gross Compensation Section.

**TIP** A PA-40 Schedule C may be used to report the allocated business expenses of a statutory employee. Enter “See PA Schedule C for expenses” in the Miscellaneous Expenses description line along with the total allocated expenses. Include a copy of the PA-40 Schedule C to support the amount of expenses allocated to the PA-40 Schedule UE. The allocated expense PA-40 Schedule C should include “Schedule UE Miscellaneous Expenses” as the main business activity on Line A and should not include income on Lines 1 through 5 of the schedule as the income will be reported on PA-40 Line 1a. A separate PA-40 Schedule C for any other business income and expenses may also need to be completed for any related non-statutory employee activity.

### LINE 16

Add the miscellaneous expenses listed and enter the result.

**TIP** If there are no expenses for an office or work area (Section IV), moving (Section V), education (Section VI), or depreciation (Section VII), Skip Side 2 of the PA-40 Schedule UE and complete Lines H through J of the Schedule.

## TOTAL ALLOWABLE PA EMPLOYEE BUSINESS EXPENSES

### LINES A THROUGH G

Complete Lines A through G by entering the amounts of allowable expenses from each completed section of PA-40 Schedule UE.

### LINE H

Add Lines A through G and enter the result.

**CAUTION:** Nonresident or part-year residents who earned income and incurred expenses within and outside Pennsylvania must complete PA Schedule NRH.

### LINE I

If an employer included the reimbursement in PA-taxable compensation on Form W-2, do not enter that reimbursement here. If the reimbursements from an employer exceeded the expenses, enter the reimbursement here.

Otherwise, if a reimbursement from an employer was received for any type of expense included on PA Schedule UE, even though the amount was less than the total amount of the expense incurred, do not include the reimbursements for those expenses and do not include the expense on PA Schedule UE. The expense is not an unreimbursed expense.

### LINE J

Determine the net expense reimbursement by subtracting Line I from Line H. Report the amount as:

- Unreimbursed employee business expenses on Line 1b of the PA-40, Personal Income Tax Return, if Line H is more than Line I; or
- Additional compensation on Line 1a of the PA-40, Personal Income Tax Return, if Line I is more than Line H.

**⚠ CAUTION:** Nonresident or part-year residents who earned income and incurred expenses within and outside Pennsylvania must complete PA Schedule NRH. Report the amount on Line H of the PA-40 Schedule UE on Line 13 of Section D of the PA-40 Schedule NRH. Include PA-40 Schedule NRH with the PA-40, Personal Income Tax Return.

## PA-40 SCHEDULE UE, SIDE 2

### SECTION IV

#### OFFICE OR WORK AREA EXPENSES

Office or work area expenses may be claimed when an employer does not provide an employee with a suitable work area and the answer to each of the following questions is YES:

- D1. Does your employer require you, as a condition of employment, to maintain a suitable work area away from the employer's premises?
- D2. Is this work area the principal place where you perform the duties of your employment?
- D3. Do you use this work area regularly to perform the duties of your employment?

If an employer provides a suitable work area, or the answer to one or more of the above questions is NO, office or work area expenses cannot be claimed.

**⚠ CAUTION:** The department does not permit the use of the federal safe harbor deduction for a home office or work area. Actual expenses must be used to determine the amount of the deduction.

#### ACTUAL OFFICE OR WORK AREA EXPENSES

Enter the actual expenses incurred if claiming office or work area expenses on this schedule. Include statements detailing property maintenance and other apportionable expenses from Lines f and g.

### LINE a

Enter the depreciation expense for a home only. Do not include depreciation for furniture and fixtures.

### LINE b

Enter the total amount of real estate taxes paid.

### LINE c

Enter the total amount of mortgage interest paid for a home only.

### LINE d

Enter the total amount of utilities for gas, electric, fuel oil, kerosene, steam, and/or telephone.

**⚠ CAUTION:** Certain utilities, which are not subject to sales and use tax when purchased exclusively for residential use, become subject to sales and use tax when used for commercial purposes. If including electricity, natural gas, fuel oil, or kerosene in the calculation of home office expense, use tax on the prorated expense amount should be reported. The use tax on these utilities should be paid via the online Use Tax Return or if you are required to file a sales tax return as part of that return. Please visit the my-PATH website at [mypath.pa.gov](http://mypath.pa.gov) to file the Use Tax Return or to register for a use tax account if you have regular recurring use tax liability on utilities.

### LINE e

Enter the amount paid for property insurance.

### LINE f

Enter the amount paid for property maintenance expenses. Include a statement listing the expenses by type and amount. Do not include capital expenditures that improve the useful life or value of the property.

### LINE g

Enter the amount of other expenses related to the property. Do not include personal living expenses. Include a statement listing the expenses by type and amount.

### LINE h

If a renter, enter the amount of rent paid for the dwelling.

### LINE i

Add Lines a through h and enter the result.

### LINE j

Calculate the percentage of the property used for business by dividing the square footage of the property used for a work area by the total square footage of the entire property or dwelling. Enter the amount as a percentage and carry the amount to two decimal places.

### LINE k

Calculate the apportioned expenses. Multiply the amount on Line i by the percentage on Line k and enter the result.

## LINE I

Enter the total amount paid for office supplies used exclusively for business purposes. Include a statement listing the expenses by type and amount.

## LINE 17

Add Lines k and l and enter the result here and on Line D on Side 1 of this PA-40 Schedule UE.

## SECTION V

### MOVING EXPENSES

Moving expenses incurred to retain employment may be deducted. Moving expenses may also be deducted if the expenses are related to reporting to a new location after obtaining employment. However, the Distance Test described below must be met.

Allowable expenses incurred in moving yourself, your immediate family, household goods, and personal belongings, including the cost of transportation to the new home, using actual out-of-pocket costs or the federal mileage allowance may be deducted. Expenses for storing household goods, for meals and lodging on the way, including such costs on the day of arrival, and parking fees and tolls may be deducted.

The following expenses may not be deducted:

- selling or purchasing a house;
- breaking a lease;
- house hunting;
- temporary lodging prior to or after moving to the new location;
- seeking new employment;
- moving for your own convenience;
- relocating to a new job or workplace less than 35 miles farther than the old commute to work; or
- moving anywhere other than within or into Pennsylvania.

### DISTANCE TEST

The new workplace must be at least 35 miles farther from the old residence than the old workplace was. To determine if this test is met, complete Lines E1, E2, and E3.

## LINE E1

Enter the number of miles from the old home to the new workplace by the shortest route.

## LINE E2

Enter the number of miles from the old home to the old workplace by the shortest route.

## LINE E3

Subtract Line E2 from Line E1. If less than 35 miles, moving expenses may not be deducted. Do not complete Lines 18, 19, and 20.

**EXAMPLE:** If the old workplace was three miles from the old residence, the new workplace must be at least 38 miles from the old residence. Measure the distance using the shortest of the most commonly traveled routes.

**IMPORTANT:** Persons in the military do not have to meet the distance test if the move is a permanent change of duty station. If a military family with dependents are moving to the new duty station from different locations, all the allowable expenses for each family member and dependent may be claimed.

## LINE 18

Enter the amount of actual allowable transportation expenses paid directly by the taxpayer for moving the household goods and personal effects as well as any in-transit storage fees.

## LINE 19

Enter the amount of out-of-pocket costs paid for during the move. Qualifying expenses include: travel, meals, lodging, parking fees, and tolls.

## LINE 20

Add Lines 18 and 19 and enter the result here and on Line E on Side 1 of this PA-40 Schedule UE.

## SECTION VI

### EDUCATION EXPENSES

The federal and PA rules for educational expenses are similar, but not exactly the same. For PA purposes, costs for education expenses that are paid or incurred are allowable only if:

- The education is specifically required by law or by the employer to retain an established employment status or rate of compensation; and
- The education is not part of a program that would qualify an employee for a new occupation, trade, or business, even if the employee does not intend to enter that new occupation, trade, or business.

Unlike federal rules, education expenses incurred to maintain or improve skills may not be deducted.

**EXAMPLE:** Anthony is a licensed professional in a position that, by law, requires a specific number of continuing education credits every other year. If Anthony fails to obtain these credits, he will lose his license. Anthony also takes courses in using a computer to improve his job performance. Anthony may claim the cost of his continuing education courses. He may not claim the computer courses.

## LINE F1

An answer must be provided for question F1 for all education expenses even if reporting the expense as a miscellaneous expense in Section III on Side 1 of this PA-40 Schedule UE. If the answer is YES, continue. If the answer is NO, education expenses may not be claimed.

## LINE 2 & F3

Answers to questions F2 and F3 must also be provided. If the answer is NO to both questions, continue. If the answer is YES to either question, no education expenses may be claimed.

Enter the name of the college, university, or educational institution attended, and the specific course of study. All education expenses must meet the requirements described above.

### LINE 21

Enter the amount of tuition or fees actually paid.

### LINE 22

Enter the costs of books and other materials required for the courses.

### LINE 23

Enter the cost of travel to and from the educational facility. Pennsylvania follows the federal rules for travel expenses for education.

 **CAUTION:** Travel as educational expenses may not be deducted even if claiming that the travel itself constitutes a form of education.

### LINE 24

Add Lines 21, 22, and 23 and enter the result here and on Line F on Side 1 of this PA-40 Schedule UE.

## SECTION VII

### DEPRECIATION EXPENSES

Depreciation is the amount of expense claimed over the useful life of property used in performing the duties of employment. A depreciation expense is allowable if the property:

- Has a useful life exceeding one year; and
- Is required to be regularly and predominantly used to perform the duties of employment; and
- Is required and not provided or supplied by the employer.

PA law allows generally accepted depreciation methods and current expensing. PA law does not allow federal bonus depreciation. PA follows the amount allowable by the IRC Section 179. The department accepts most generally accepted methods of calculating depreciation used for federal purposes.

 **TIP** Do not use Section VII to report all depreciation. Use Section II for vehicles and Section IV for office or work area depreciation of a home. Fair market value of property is not an acceptable other basis. Section VII may be used to report depreciation of office furniture, fixtures, and equipment used in the work or office area reported in Section IV. Section VII should also be used to report depreciation for any other equipment required to be purchased by an employee to perform the duties of the employment.

#### COLUMN (a)

Enter the description(s) of the property being depreciated.

#### COLUMN (b)

Enter the date the property being depreciated was acquired.

#### COLUMN (c)

Enter the cost or adjusted basis of the property being depreciated.

#### COLUMN (d)

Enter the depreciation method chosen for calculating the depreciation expense.

 **IMPORTANT:** Once a depreciation method has been selected, it must be consistently used and may not change without permission from the PA Department of Revenue.

#### COLUMN (e)

Enter any IRC Section 179 expense claimed on the asset. Refer to Personal Income Tax Bulletin 2023-02 - IRC Section 179 Expense Deductions for additional information.

#### COLUMN (f)

Enter the amount of depreciation expense for the year using the depreciation method described in Column (d).

### LINE 25

Add Columns (e) and (f) and enter the total here and on Line G on Side 1 of this PA-40 Schedule UE.