

PA SCHEDULE G-SPA-40 G-S (09-07) (FI)
PA DEPARTMENT OF REVENUE**2007**

OFFICIAL USE ONLY

PA-40 Schedule G-S (09-07)		PA SCHEDULE G - S		2007
Name of taxpayer claiming the credit			Social Security Number	
1. Name of other state or country.				
2. Class of income subject to tax in the other state or country	A. Amount of income subject to tax in PA per PA-40 Return	B. Amount of income subject to tax in other state or country	C. Lesser of Column A or B	
a. Compensation				
b. Less: adjustments				
c. Net Compensation				
d. Interest				
e. Dividends				
3. Income subject to tax in the other state or country - Add Lines 2c. thru 2e. for Column C.				
4. a. Tax due or assessed in other state or country.				
b. Tax paid in other state or country				
c. Enter the lesser of Line 4a. or Line 4b.				
d. Less: adjustments				
e. Adjusted tax paid in other state or country				
5. Line 3 x 3.07%				
6. PA Resident Credit. Enter the lesser of Line 4e. or Line 5. Individual taxpayers must enter here and in Column E on one of Lines 1 through 20 of PA Schedule G-R. Estates and trusts must total the allowable credit from Line 6 of all PA Schedules G-S and/or G-L and enter the total on Line 13 of Form PA-41, the fiduciary income tax return.				

A Pennsylvania resident can receive a credit on his/her PA-40 for income tax, wage tax, or other tax (measured by gross or net earned or unearned income) paid to another state or country when the other state or country imposes its tax on income that is also subject to the PA Personal Income Tax, in the same taxable year. For example, a PA resident who earns wages in Delaware, and pays Delaware income tax, can claim a credit on his/her PA-40, subject to the limitations described below, for the tax imposed by Delaware on his/her compensation.

PA Schedule G-S is a shorter version of the form to claim the resident credit for taxes paid to other states and countries. It is intended for use by taxpayers who ONLY have:

- Pennsylvania taxable compensation that is also subject to tax in other states or countries. For example, a PA resident who earns wages in Delaware and pays Delaware income tax can claim a credit on his/her PA-

40, subject to the limitations described below, for the tax imposed by Delaware on his/her compensation. You may file more than one PA Schedule G-S if you have compensation subject to tax in more than one state.

OR

- Pennsylvania taxable interest or dividend income that is also subject to tax in other countries from foreign sources. For example, you can have interest and dividends taxable to Germany and be eligible to file PA Schedule G-S, but not if the interest and dividends were taxable to Delaware. See the instructions below for Lines 2d and 2e, Column B, for more information.

If you wish to claim a resident credit on any other classes of income subject to tax in another state or country or interest and dividend income subject to tax in another

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state, you must see the instructions for and complete PA Schedule G-L. No credit may be given on interest and dividend income from another state unless classified as business income in Pennsylvania. To obtain Schedule G-L, use one of the Forms Ordering Services on page 3 of the PA-40 instruction booklet.

Individual taxpayers who complete one or more PA Schedule(s) G-S and/or PA Schedule(s) G-L must list the information from these schedules on one of Lines 1 through 20 of PA Schedule G-R. Resident credit will not be granted unless PA Schedule G-R is completed.

Estates and trusts must total the allowable credit from Line 6 of all PA Schedules G-S and/or G-L and enter the total on Line 13 of Form PA-41, the fiduciary income tax return.

GENERAL INSTRUCTIONS

If you can claim a resident credit as described above, your credit is the lesser amount of:

- The actual tax due to the other state or country (as may be adjusted), or
- The tax calculated using the PA classified taxable income that you earned, received, or realized in the other state or country multiplied by the 2007 Pennsylvania tax rate of 3.07 percent (0.0307).

If you file PA Schedule G-S, you are required to submit:

1. Copies of the income tax returns that you filed with the other states or countries;
2. A copy of each Form W-2 (if available) that shows the compensation that the other states or countries taxed (or a statement that shows how the compensation in the other states or countries was determined);
3. Copies of the federal partnership K-1s showing amounts of foreign interest and dividend income subject to tax and taxes paid to foreign countries along with a statement showing the interest and dividend income and taxes paid on a country-by-country basis;
4. Any other documentation from brokers, companies or banks showing the amount of foreign interest and dividend income subject to tax and the amount of foreign taxes paid;
5. A copy of Federal Form 1116 if you listed interest and dividend income from foreign countries as "VARIOUS." If you submit Federal Form 1116, individual pages from broker statements are not needed. However, you must submit a statement showing the interest and dividend income and taxes paid on a country-by-country basis. See the instructions for Lines 2d and 2e, Column B on page 3; and/or,
6. Individual taxpayers are required to submit PA Schedule G-R in order to claim resident credit.

You may also be required at a later date to provide additional documentation to the Department such as (but not limited to): checks, money orders, or foreign currency transaction statements; and other related documents in order to substantiate income taxes paid or the amount of tax reported to

other states or countries as due and payable before any credits for taxes withheld, estimated tax payments or other payments are applied on a return to or notice from the other states or countries.

NOTE: If you use PA Schedule W-2S to report your compensation and you claim a resident credit for taxes paid to other states or countries on compensation, you must include copies of any Forms W-2 for the compensation subject to tax in the other states or countries.

CAUTIONS: If you paid income tax to another country on a tax return that is in a foreign language, you are required to submit a translation of the return, or a copy of the return, in English, with all amounts converted to U.S. dollars and provide the conversion rate utilized. If the other country does not have a tax return system, please submit Federal Form 1116, Foreign Tax Credit, whether or not you file this form with your Form 1040 return. Submit the information return that shows your taxable income from the other country.

If claiming a resident credit from more than one state or country, you must file a separate PA Schedule G-S for each state or country (unless as otherwise provided for by the limitations shown in the instructions for Lines 2d and 2e, Column B). Individual taxpayers must list the credits from each PA Schedule G-S in Column E on one of Lines 1 through 20 of PA Schedule G-R. Estates and trusts must total the allowable credit from Line 6 of all PA Schedules G-S and/or G-L and enter the total on Line 13 of Form PA-41, the fiduciary income tax return.

Pennsylvania income tax law does not allow a resident credit for taxes paid to political subdivisions of other states. Ask your local taxing authority if you are eligible for a credit for the tax paid to a political subdivision outside Pennsylvania, or for the difference between the tax you paid to another state and the credit you claimed on your PA Schedule G-S.

SPECIFIC INSTRUCTIONS

Enter the name of the taxpayer or spouse who is claiming the credit. Taxpayers using the "Married Filing Jointly" status may not claim the credit on a "joint" basis for any classes of income except interest and dividend income. A separate PA Schedule G-S must be prepared to report the income for a taxpayer and spouse for all other classes represented on PA Schedule G-S. Enter the Social Security Number of the taxpayer or spouse as appropriate. Enter only the primary Social Security Number for "Married Filing Jointly" status claims on interest and dividend income from foreign sources. A taxpayer and spouse with compensation and jointly received interest and dividend income all subject to tax in the same country must report their income and tax on a separate PA Schedule G-S for the compensation, but may include the interest or dividend income on a separately prepared combined PA Schedule G-S for the interest or dividend income or include one-half of the interest and dividend income on each of separately prepared PA Schedules G-S.



IMPORTANT: When using fractions or ratios to determine any amounts for this schedule, calculate and use the ratios up to six decimal places.

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Line 1. Enter the name of the other state or country to which you owed/paid income tax. A separate PA Schedule G-S should be filed for each state or country in which you claim a resident credit. Do not enter Pennsylvania. Taxpayers claiming a credit for foreign taxes paid on interest and dividend income only may combine the income and taxes from various countries and write "VARIOUS" on Line 1. However, a separate statement must be included to illustrate the amounts of income and taxes paid for each country in order to receive credit for the combined amounts reported. You may not claim a credit for interest or dividend income subject to tax in another country on which no income tax was paid.

COMPENSATION

Line 2a, Column A. If a taxpayer has compensation subject to tax in another state or country, enter the amount of gross compensation subject to tax in PA from Line 1a of the PA-40. Otherwise, leave this area blank. Report only the compensation attributable to the name at the top of the PA Schedule G-S.

Line 2a, Column B. If a taxpayer has compensation subject to tax in another state or another country, enter the amount of gross compensation subject to tax in the other state or country. Include a copy of the Form W-2 that shows the amount of compensation taxed by the other state or country. If a Form W-2 does not show the amount of income subject to tax in the other state or country a supplementary statement must be included illustrating how the amount of compensation for the other state or country was determined.

Enter only the taxpayer's or spouse's portion of the compensation subject to tax in the other state or country. You must file a separate PA Schedule G-S and PA Schedule G-R to claim credit for the other spouse's compensation that was taxed in another state or country.

Line 2a, Column C. No entry is required.

Line 2b, Column A. If Line 2a, Column A is completed and the taxpayer or spouse claimed unreimbursed business expenses, enter the amount of unreimbursed business expenses from Line 1b of the PA-40. Otherwise leave this line blank.

Line 2b, Column B. No entry is required.

Line 2b, Column C. No entry is required.

Line 2c, Column A. Subtract Line 2b, Column A, from Line 2a, Column A. Enter the result here.

Line 2c, Column B. Enter the amount from Line 2a, Column B.

Line 2c, Column C. Compare Line 2c, Column A with Line 2c, Column B and enter the lesser of the two amounts here. You cannot claim more wages subject to tax in other states or countries than are subject to tax in PA. Also, you cannot claim

that retirement benefits withheld or paid for by your employer are subject to tax in any state or country other than PA.

INTEREST AND DIVIDENDS

Lines 2d and 2e, Column A. If you are claiming a resident credit for taxes paid on foreign interest and/or dividend income, enter the total amounts of interest and/or dividend income subject to tax in PA on Lines 2d and/or 2e from lines 2 and 3 (respectively) of your PA-40 return.

Lines 2d and 2e, Column B. If you have interest and/or dividend income subject to tax in another country, enter the interest or dividend income subject to tax in the other countries on the respective lines. You may combine amounts of income and taxes from various countries and include it all on one PA Schedule G-S. However, you must include a separate statement to illustrate the amounts of income and taxes paid for each country in order to receive credit for the combined amounts reported and you must calculate the allowable credit on a country-by-country basis on this statement prior to entering the amounts on the PA Schedule G-S. The statement showing the amounts of income, tax paid, and credit calculated on a country-by-country basis may show the name of stock, type of income, or transaction taxed in lieu of the country's name.

Lines 2c through 2e, Column B. Individual taxpayers: add 2c, 2d, and 2e of Column B and enter the total on PA Schedule G-R, in Column C of one of Lines 1 through 20. Losses may be offset against gains in this total, as long as offsetting is allowed in the other state or country.

CAUTION: If you have interest and/or dividend income that has been classified as business or rental income according to PA PIT rules that is subject to tax in another state, you must use PA Schedule G-L to claim the credit on that income. Also, if you claim a credit for taxes paid to a foreign country on interest and/or dividend income, that income must be classified as interest and/or dividend income in PA in order to claim the income on these lines of PA Schedule G-S.

Lines 2d and 2e, Column C. Compare the amounts on Lines 2d and 2e from Columns A and B. Enter the lesser of the two amounts.

Line 3. Add the amounts on Lines 2c through 2e for Column C and enter the result here. If you have amounts on lines 2d and/or 2e for Column C, you should not have an amount on Line 2c for Column C unless the amounts on Lines 2d and 2e for Column C are from one country and are from the same country as the amount for line 2c for Column C.

Line 4a. Enter the amount of income tax reported to the other state or country as due and payable before any credits for taxes withheld, estimated tax payments, or other payments are taken into account. This amount is generally the tax liability as determined on the other state's return. However, any special tax credits awarded or claimed must be used to reduce this amount.

Line 4b. Enter the amount of income tax actually paid to the other state or country in the form of estimated taxes, withholding taxes, extension payments, and other payments (additional assessments of taxes). Other payments

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include payments that you intend to make with the filing of the return if there is a balance due after the application of estimated taxes, withholding taxes, and extension payments. If you do not make the payment of taxes due with the return or do not intend to make the payment, do not include the balance due on the return with this amount.

Individual taxpayers: the amount on Line 4b of each PA Schedule G-S or G-L should be carried to PA Schedule G-R, in Column D on one of Lines 1 through 20.

Line 4c. Enter the lesser of Line 4a or 4b.

Line 4d. If a taxpayer has more compensation income subject to tax in the other state or country than in PA (Line 2c, Column B is greater than Line 2c, Column A), an adjustment to the amount of tax paid to the other state is required. Subtract Line 2c, Column A from Line 2c Column B and divide the result by Line 2c, Column B. Multiply that ratio by the amount on Line 4c and enter the product here.

Line 4e. Subtract Line 4d from Line 4c and enter the result here.

Line 5. Multiply Line 3 by 3.07 percent (0.0307) and enter the result here.

Line 6. Individual taxpayers must enter the lesser of Line 4e or Line 5 here and in Column E on one of Lines 1 through 20 of PA Schedule G-R. Estates and trusts must total the allowable credit from Line 6 of all PA Schedules G-S and/or G-L and enter the total on Line 13 of Form PA-41, the fiduciary income tax return.

Example: Mary has compensation of \$400,000 in PA. Mary's employer requires her to work out of the office in Philadelphia as well as the company's offices in Dover, Delaware. Mary incurs travel expenses and meals and entertainment expenses of \$50,000 for which her employer does not provide reimbursement. Mary pays taxes of \$10,500 on wages of \$360,000 for the time she spends in her company's Delaware office. Mary must make an adjustment to her taxes paid to Delaware of \$292 ($[(360,000 - 350,000) / 360,000] \times 10,500 = 292$) as the amount she would report on Line 2c, Column B is more than the amount she would report on Line 2c, Column A. Mary would be entitled to a credit of \$10,208 for the taxes paid to Delaware. Mary also has investments in stocks and bonds in several international companies and receives interest and dividend income from those companies. Before she receives the interest and dividend income from those companies, they are required to withhold the taxes that would be due to the country where the companies are headquartered. Each of the foreign countries in which she has investments in companies levies a tax except one country. Mary can claim the credit for taxes paid on the interest and dividend income to the foreign countries on one separately prepared PA Schedule G-S. However, Mary must provide with that PA Schedule G-S a statement providing a list of the countries, amounts of interest and dividend income subject to tax in each country, the tax paid in each country, and the amount of the resident credit (lesser of 3.07% or tax paid) for each country on a country-by-country basis. Mary may not claim a credit for taxes paid to the country in which her interest or dividend income was not taxed.