

PENNSYLVANIA ORGAN & BONE MARROW DONOR TAX CREDIT APPLICATION INSTRUCTIONS

PER ACT 65 of 2006

GENERAL INSTRUCTIONS:

To claim the PA Organ & Bone Marrow Donor Tax Credit, it is necessary for a taxpayer to provide one or more paid leaves of absence to employees for the specific purpose of donating organ or bone marrow. The qualifying leave of absence period per employee cannot exceed five days.

For purposes of the PA Organ & Bone Marrow Donor Tax Credit, a "business firm" is defined as an entity subject to PA Personal Income Tax, PA Corporate Net Income Tax, PA Capital Stock/Franchise Tax, Bank and Trust Company Shares Tax, Title Insurance Companies Shares Tax, Insurance Premiums Tax, or Mutual Thrift Institutions Tax. The term also includes a natural person as such or as a member of a partnership or a shareholder in a PA S corporation. The term also includes estates and trusts and beneficiaries of estates and trusts.

A taxpayer must apply for the PA Organ & Bone Marrow Donor Tax Credit by the 15th day of the fourth month following the close of the business firm's taxable year. The Department will notify all taxpayers of the approved amount of PA Organ & Bone Marrow Donor Tax Credit. The taxpayer may apply the approved credit against PA Personal Income Tax, PA Corporate Net Income Tax, PA Capital Stock/Franchise Tax, Bank/Trust Company Shares Tax, Title Insurance Companies Shares Tax, Insurance Premiums Tax, or Mutual Thrift Institutions Tax for the taxable year in which the leave of absence was granted. Any unused credits may be carried over to no more than the three succeeding taxable years. Credits may not be carried back and are not refundable. The credit cannot be applied against any tax withheld by an employer from an employee under Article III of the Tax Reform Code.

A "pass-through entity" is defined as a partnership or PA S corporation as defined in Section 301 of the Tax Reform Code. The PA Organ & Bone Marrow Donor Tax Credit applicable to a pass-through entity may be claimed by each partner, member, or shareholder on a pro-rata basis in proportion to the partner, member or shareholder's portion of the pass-through entity's income.

A business firm that is taxable in more than one state is required to apportion the credit to determine the proportion of the credit that may be claimed in Pennsylvania. The apportionment of the credit is determined by multiplying the available credit by a payroll factor. The numerator of the factor is the total amount paid in the Commonwealth during the tax period for compensation and the denominator of which is the total compensation paid everywhere during the tax period.

LINE ITEM INSTRUCTIONS:

Enter the Business Firm's Name, Address, Pennsylvania Account ID (Box Number/SSN) and Federal Employer Identification Number.

Check the block associated with the structure that best identifies the Business Firm (check more than one if applicable).

Line 1. Enter the beginning and ending dates of the Business Firm's tax period.

Line 2. Enter the number of employees donating an organ or bone marrow during the tax period.

Line 3. Enter the employee name, Social Security Number (SSN), Beginning Date of Leave of Absence, Ending Date of Leave of Absence, and Gross Compensation **per employee** donating an organ or bone marrow during the tax period.

Leave of Absence – The period, not exceeding five working days or the hourly equivalent of five working days per employee, during which a business firm provides a paid leave of absence to the employee for the purpose of organ or bone marrow donation. The leave of absence does not include a period during which an employee utilizes any annual leave or sick days that the employee has been given by the employer.

Employee Compensation - Gross Compensation; Compensation for purposes of calculating the credit includes salaries and other regular hourly wage payments paid for the period of absence. Compensation for the period of absence does not include bonuses paid for prior (or future) performance of services during the period of absence, sales commissions paid for prior performance of services during the period of absence, non-cash compensation paid during the period of absence (such as personal use of company vehicles), stock options exercised during the period of absence, distributions or payments of previously deferred compensation paid during the period of absence, payments for employee health plans, reimbursements of expenses and other items of compensation not included in the normal compensation of an employee.

Line 4. Enter total employee compensation paid for the leaves of absence.

Line 5. Enter the temporary help, Federal Employer Identification Number (FEIN) or SSN, Reference Number, Beginning Date of Service, Ending Date of Service and Temporary Help Paid per employee referenced above.

Temporary Help – Agency or, if not using an agency, individual hired to cover the leave of absence of the employee donating an organ or bone marrow.

Reference Number – Line number associated with the employee for which this temporary help is engaged to cover. (e.g. If Temporary Help is a replacement for employee 3a listed above, enter 3a.)

Temporary Help Paid – Invoice amount paid to a temporary help agency or gross compensation paid to an individual.

Line 6. Enter total temporary help paid for the leaves of absences of the employees donating an organ or bone marrow.

Line 7. Organ & Bone Marrow Donor Tax Credit Before Apportionment (Line 4 plus Line 6)

Line 8. Apportionment Factor – Apportionment is determined by multiplying the available credit by a payroll factor. The numerator of the factor is the total amount paid in the Commonwealth during the tax period for compensation and the denominator of which is the total compensation paid everywhere during the tax period. The apportionment factor is equal to 1.0 for business firms whose total compensation paid is entirely in the Commonwealth of Pennsylvania.

Line 9. PA Organ & Bone Marrow Donor Tax Credit (Line 7 multiplied by Line 8, Apportionment Factor)

REQUIRED ATTACHMENTS:

For each employee listed on Line 3, include:

1. Employee Pay Statement for absence period and periods immediately preceding and following the absence period.
2. Letter from a Physician describing the procedure and dates of absence; must reference the employee's full name.

For each temporary help occurrence listed on Line 5, include:

1. Invoice statement from temporary help agency; must show cost per day, not to exceed five days.
2. Pay statement to temporary help employee; must list beginning and ending date of service, not to exceed five days.

The Department may contact the taxpayer for any additional documentation necessary to verify the tax credit.

Send completed applications (including signature) to:

Bureau of Corporation Taxes
CD&S Division - OBMD Unit
PO Box 280700
Harrisburg, PA 17128-0700