

PA-20S/PA-65 Schedule OC / T

Other Credits (OC)
Gambling and Lottery Winnings (T)
Information Return
Instructions
PA-20S/PA-65 Schedule OC / T (12-09)



SCHEDULE OC – OTHER CREDITS

WHAT'S NEW THIS YEAR

Line 5 – Out of State Credits – PA Resident S Corporation only – Changed to Out-of-State Credits – S Corporation Only

Line 12 – Alternative Energy Production Tax Credit was deleted.

GENERAL INSTRUCTIONS

Purpose of Form

A partner in a partnership or PA S corporation shareholder uses PA-20S/PA-65 Schedule OC to enter its share of each credit from PA-20S/PA-65 Schedule RK-1 or NRK-1. Submit the required supporting documents for each credit claimed.

For each credit claimed, the entity must submit the required supporting documents with PA-20S/PA-65 Schedule OC.

The pass through credit is an irrevocable election and must be used by the partner or shareholder in the year the credit is passed through. If an amended return is filed, the entity cannot amend the election of credits passed through.

Credits do not have to be used by the entity or passed through to the entity's partners or shareholders in the year they are issued. The entity can carry forward the credit to following year(s) until the carry-forward provisions of the credit lapse.

Sale or Assignment of Tax Credits

The salable restricted tax credits include Research and Development Tax Credit, Film Production Tax Credit, Neighborhood Assistance Program Tax Credit, Resource Enhancement and Protection Tax Credit and Educational Improvement Tax Credit to partners, shareholders, or members (owners). The credit must first be applied to the entity's corporate tax liability, if any, for the year in which the credit is granted, prior to being passed through to its owners. If the entity has a tax liability for the tax year in which the contribution was made, the credit must first be applied to that liability. The portion of the credit that exceeds the liability may be carried forward unless the entity elects to pass through the credit to its owners. For the owners the credit may be applied up to the full amount of their liabilities.

NOTE: With the recent changes to tax law in HB 1531, the Alternative Energy Production tax credit has been put on "hiatus" for 2009/2010 and 2010/2011 fiscal years.

If an entity does not use all approved tax credits, it may elect in writing to transfer all or a portion of the credit to owners in proportion to the share of the entity's distributive income to which the owner is entitled. An owner of a pass through entity to whom a credit is transferred shall immediately claim the credit in the taxable year in which the transfer is made, not the year of the original contribution. The owner may not carry forward, carry back, obtain a refund of, sell, or assign the credit.

A request to pass through the available credits previously identified must be returned to:

PA DEPARTMENT OF REVENUE
BUREAU OF CORPORATION TAXES
DEPT 280701
HARRISBURG PA 17128-0701

Include a list of the owners and the amount of credit to be passed through to each on the entity's letterhead. The document must be signed by an authorized representative.

For each credit's carry-forward rules, applications, guidelines, and developments, refer to the description and Web site referenced for each credit.

Special rules apply for taxpayer's that sell/assign restricted tax credits. For specific information regarding these rules, review Corporation Tax Bulletin 2008-02 on the Revenue's Web site, www.revenue.state.pa.us

OVERVIEW

Employment Incentive Payments (EIP) Tax Credit

The Pennsylvania Department of Labor and Industry (L&I) administer the award of this credit. Eligibility is based on the hiring of eligible public welfare recipients and/or individuals receiving or who have received rehabilitation services through a state rehabilitation service program or the Veterans' Administration. The taxpayer receives certification for this credit from L&I.

Qualified businesses, including pass through entities, can apply the credit against the following Pennsylvania state taxes:

- Corporate net income tax
- Bank and trust company shares tax
- Title insurance company shares tax
- Mutual thrift institutions tax
- Insurance gross premiums tax
- Personal income tax

NOTE: This credit is not applicable against capitol stock/foreign franchise tax liabilities.

This tax credit is limited to 90 percent of a business' total tax liability in any given year. Unused credits may be applied to one or more of the ten immediate succeeding years, as long as credits do not exceed 90 percent of the tax liability in any year. A joint return cannot be filed if one of the taxpayers is eligible for the credit

An employer claims the credit by submitting the certification received from L&I for each employee hired and the PA Schedule W with the appropriate Pennsylvania tax return.

For more information and to apply for an Employment Incentive Payment Tax Credit, visit the Department of Revenue's Web site at www.revenue.state.pa.us

PA-20S/PA-65 Schedule OC / T

Other Credits (OC)
Gambling and Lottery Winnings (T)
Information Return
Instructions
PA-20S/PA-65 Schedule OC / T (12-09)



Job Creation Tax Credit

The Pennsylvania Department of Community and Economic Development (DCED) administer the award of this credit. Eligibility is based on employers creating 25 or more jobs or increasing employment by 20 percent within three years from a negotiated start date. The amount of credit for each job is \$1,000. This credit can be rescinded if the job is not maintained for 5 years.

Qualified businesses, including pass through entities and individuals, can apply the credit against the following Pennsylvania state taxes:

- Capital stock/ foreign franchise tax
- Corporate net income tax
- Bank and trust company shares tax
- Mutual thrift institutions tax
- Insurance gross premiums tax
- Utilities gross receipts tax
- Title insurance company shares tax
- Personal income tax

The credit can be used to offset 100 percent of the entity's tax liabilities. The individual credit is based on the percentage of ownership. Credits cannot be used against employer withholding taxes.

An employer claims the credit by submitting the claim form with the certification received from DCED for each job created to:

PA DEPARTMENT OF REVENUE
BUREAU OF CORPORATION TAXES
DEPT 280701
HARRISBURG PA 17128-0701

If this certification form is not received, the credit will not be awarded. The credit must be claimed by the taxpayer within 5 years of the effective date.

For more information and to apply for a Job Creation Tax Credit, visit the Department of Community and Economic Development's Web site at www.newpa.com, or call the DCED Customer Service Center at 1-800-379-7448.

Research and Development (R&D) Tax Credit

This tax credit is available to businesses and individuals performing qualified research in Pennsylvania, to encourage businesses in the commonwealth to conduct research, especially research of a technological or scientific nature.

Qualified businesses, including pass through entities and individuals may apply the credit against the following Pennsylvania state taxes:

- Capital stock/foreign franchise tax
- Corporate net income tax
- Personal income tax

For more information and to apply for a Research & Development Tax Credit, visit Revenue's Online Customer Service Center at www.revenue.state.pa.us and complete form REV-545.

To sell/assign an R&D tax credit, visit the Department of Community and Economic Development's Web site at www.newpa.com, or call the DCED Customer Service Center at 1-800-379-7448.

Film Production Tax Credit

The Pennsylvania Department of Community and Economic Development (DCED) administer the award of this credit to individuals or companies that produce a feature film, television film, television talk or game show series, television commercial, television pilot or each episode of a television series intended as programming for a national audience.

Qualified businesses, including pass-through entities and individuals may apply the credit against the following Pennsylvania state taxes:

- Capital stock/foreign franchise tax
- Corporate net income tax
- Personal income tax

The individual credit is based on the percentage of ownership. Credits cannot be used against employer withholding taxes.

For more information and to apply for a Film Production tax Credit, visit the Department of Community and Economic Development's Web site at www.newpa.com, or call the DCED Customer Service Center at 1-800-379-7448.

Organ and Bone Marrow Donor Tax Credit

Revenue's Bureau of Corporation Taxes administer the award of this credit to eligible businesses that provide paid leave of absences to employees for organ or bone marrow donation.

The amount of the credit is equal to the employee compensation paid during the leave of absence, the cost of temporary replacement help and any miscellaneous expenses authorized by regulation incurred with the leave of absence period.

Qualified businesses, including pass through entities can apply the credit against the following Pennsylvania state taxes:

- Capital stock/ foreign franchise tax
- Corporate net income tax
- Bank and trust company shares tax
- Mutual thrift institutions tax
- Title insurance company shares tax
- Insurance gross premiums tax (excluding surplus lines, unauthorized, domestic/foreign marine)
- Personal income tax

For more information and to apply for an Organ and Bone Marrow Donor Tax Credit, visit the Department of Revenue's Web site <http://www.revenue.state.pa.us> at and complete form REV-984.

Keystone Innovation Zone (KIZ) Tax Credit

The Pennsylvania Department of Community and Economic Development (DCED) administer the award of this credit to businesses and individuals that create designated geographic zones to foster innovation and create entrepreneurial opportunities by aligning the combined resources of educational institutions and the private sector.

Qualified businesses, including pass through entities and individuals with business activity in a KIZ can apply this credit against the following Pennsylvania state taxes:

- Capital stock/foreign franchise tax
- Corporate net income tax
- Personal income tax

PA-20S/PA-65 Schedule OC / T

Other Credits (OC)
Gambling and Lottery Winnings (T)
Information Return
Instructions
PA-20S/PA-65 Schedule OC / T (12-09)



The individual credit is based on the percentage of ownership. Credits cannot be used against employer withholding taxes.

For more information, to apply for a Keystone innovation Zone Tax Credit or to sell/assign/pass through a credit, visit the Department of Community and Economic Development's Web site at www.newpa.com, or call the DCED Customer Service Center at 1-800-379-7448.

Resource Enhancement and Protection (REAP) Tax Credit

The program is administered by the State Conservation Commission (SCC) for farmers and businesses to earn tax credits in exchange for best management practices on agricultural operations that will enhance farm production and protect natural resources.

Qualified businesses, including pass through entities and individuals can apply the credit against the following Pennsylvania state taxes:

- Capital stock/ foreign franchise tax
- Corporate net income tax
- Bank and trust company shares tax
- Mutual thrift institutions tax
- Title insurance company shares tax
- Insurance gross premiums tax
- Personal income tax

The individual credit is based on the percentage of ownership. Credits cannot be used against employer withholding taxes.

For projects to be eligible for the tax credit, farms, farmers and sponsors must apply to the SCC. REAP tax credits can be used by the farmer for up to 15 years, and they are transferable and can be sold to other taxpayers.

For more information, to apply for a Resource Enhancement and Protection Tax Credit or to sell/assign/pass through a credit, visit the Dept. of Agriculture's Web site at <http://www.agriculture.state.pa.us> or call 717-787-8821.

Neighborhood Assistance Program (NAP) Tax Credit

The Pennsylvania Department of Community and Economic Development (DCED) administer the award of this credit to businesses and individuals that contribute to neighborhood organizations and engage in activities that promote community economic development in impoverished areas.

Qualified businesses, including pass through entities and individuals can apply the credit against the following Pennsylvania state taxes:

- Capital stock/ foreign franchise tax
- Corporate net income tax
- Bank and trust company shares tax
- Alternative bank shares tax
- Mutual thrift institutions tax
- Title insurance company shares tax
- Alternative title insurance companies tax
- Insurance gross premiums tax
- Excise tax on foreign corporations
- Personal income tax

The individual credit is based on the percentage of ownership. Credits cannot be used against employer withholding taxes.

For more information, to apply for a Neighborhood Assistance Program Tax Credit or to sell/assign/pass through a credit, visit the Department of Community and Economic Development's Web site at www.newpa.com, or call the DCED Customer Service Center at 1-800-379-7448.

Strategic Development Area Job Creation Tax Credit

The Pennsylvania Department of Community and Economic Development (DCED) administer the award of this credit to eligible businesses and individuals whose business activities contribute to economic development and foster growth in designated areas. Income earned in a strategic development area is exempt from tax in a similar fashion as income earned in a Keystone Opportunity Zone. Job credits are also available for businesses to maintain and create new jobs in these areas. Credit is available for tax years beginning on or after Jan. 1, 2008.

Qualified businesses, including pass through entities and individuals can apply the credit against the following Pennsylvania state taxes:

- Capital stock/ foreign franchise tax
- Corporate net income tax
- Bank and trust company shares tax
- Mutual thrift institutions tax
- Title insurance company shares tax
- Insurance gross premiums tax
- Utilities gross receipts tax
- Personal income tax

The individual credit is based on the percentage of ownership. Credits cannot be used against employer withholding taxes.

For more information and to apply for a Strategic Development Area Tax Credit visit the Department of Community and Economic Development's Web site at www.newpa.com, or call the DCED Customer Service Center at 1-800-379-7448.

Educational Improvement Tax Credit

The Pennsylvania Department of Community and Economic Development (DCED) administer the award of this credit to eligible businesses and individuals contributing to scholarship organizations (including pre-kindergarten scholarship organizations) and educational improvement organizations, in order to promote expanded educational opportunities for students in Pennsylvania.

Qualified businesses, including pass through entities and individuals can apply the credit against the following Pennsylvania state taxes:

- Capital stock/ foreign franchise tax
- Corporate net income tax
- Bank and trust company shares tax
- Mutual thrift institutions tax
- Title insurance company shares tax
- Insurance gross premiums tax (excluding surplus lines, unauthorized, domestic/foreign marine)
- Personal income tax

The individual credit is based on the percentage of ownership. Credits cannot be used against employer withholding taxes.

For more information and to apply for an Educational Improvement Tax Credit, visit the Department of Community and Economic Development's

PA-20S/PA-65 Schedule OC / T

Other Credits (OC)
Gambling and Lottery Winnings (T)
Information Return
Instructions
PA-20S/PA-65 Schedule OC / T (12-09)



Web site at www.newpa.com, or call the DCED Customer Service Center at 1-800-379-7448.

To make an irrevocable election to pass through an EITC to partners, members or shareholders, a business should visit the Department of Revenue's Web site at www.revenue.state.pa.us and complete form REV-1123. A separate election must be completed for each year the credit is awarded and not used in whole or in part.

SPECIFIC INSTRUCTIONS – Schedule OC

Line 1. Employment Incentive Payments Credit

If you employ welfare recipients and/or individuals receiving or who have received rehabilitation services through a state rehabilitation service program or the Veterans' Administration, you may be eligible for this credit. Enter the amount of credit from the Pennsylvania Department of Labor & Industry certification sent to you. Submit a completed PA Schedule W with all supporting documents.

Line 2. Job-Creation Tax Credit

Enter the amount of credit that the Pennsylvania Department of Community and Economic Development approved on the certification sent to you.

Line 3. Research and Development Tax Credit

Enter the amount from the Pennsylvania Department of Revenue certification sent to you.

Line 4. Film Production Tax Credit

Enter the amount of credit from the Pennsylvania Department of Revenue or Pennsylvania Department of Community and Economic Development certification sent to you.

Line 5. Out-of-State Credits - S Corporations Only

Certain S corporations are not taxed as S corporations (taxed as a C corporation) in other states or countries. In such cases an entity must account for taxes paid to other states or countries in order to claim the correct resident tax credit. Note a C corporation return must be submitted.

IMPORTANT: Only Pennsylvania resident shareholders can claim credit for taxes paid to other states or countries.

Calculate all other states' apportioned income using the Pennsylvania tax rate. The result of this calculation cannot exceed the tax paid to the other state. The Pennsylvania-apportioned income and the other states' apportioned income together cannot exceed 100 percent.

The C corporation from another state that is an S corporation for Pennsylvania reports on Line 5 the lesser of the amount of tax paid on the apportioned income as compared to the tax rate of Pennsylvania. The entity then distributes the amount reported on Line 5 according to ownership percentage.

EXAMPLE

Total Income from Everywhere:

	\$100,000
PA-Source Income	25,000
Other State's Income	75,000 x 2.00 percent (0.0200) = \$1,500
Other State's Income also taxed in Pennsylvania	75,000 x 3.07 percent (0.0307) = \$2,302
Lesser of the two	= \$1,500

The amount of credit reported on Line 5 is \$1,500 because it is less than the amount paid to Pennsylvania.

NOTE: Do not include out-of-state credit calculated according to PA-40 Schedule G-L instructions. Out-of-state credit calculated according to PA-40 Schedule G-L instructions should be reported on the PA-20S/PA-65 Information Return, Part V, Line 13b.

Line 6. Organ and Bone Marrow Donor Tax Credit

Enter the amount of credit from the Pennsylvania Department of Revenue certification sent to you.

Line 7. Keystone Innovation Zone Tax Credit

Enter the amount of credit from the Pennsylvania Department of Community and Economic Development certification sent to you.

Line 8. Resource Enhancement and Protection Tax Credit

Enter the amount of credit from the Pennsylvania Department of Revenue certification sent to you.

Line 9. Neighborhood Assistance Program Tax Credit

Enter the amount of credit from the Pennsylvania Department of Community and Economic Development certification sent to you.

Line 10. Strategic Development Area Jobs Creation Tax Credit

Enter the amount of credit from the Pennsylvania Department of Community and Economic Development certification sent to you.

Line 11. Educational Improvement Tax Credit

Enter the amount of credit from the Pennsylvania Department of Community and Economic Development certification sent to you.

Line 12. Total Pennsylvania Other

Add Lines 1 through 11. Enter the total here and on the PA-20S/PA-65 Information Return, Part V, Line 13a.

PA-20S/PA-65 Schedule OC / T

**Other Credits (OC)
Gambling and Lottery Winnings (T)
Information Return
Instructions
PA-20S/PA-65 Schedule OC / T (12-09)**



**SCHEDULE T – GAMBLING AND LOTTERY
WINNINGS**

WHAT’S NEW THIS YEAR

Line 5 – the instructions were changed to the following, for clarification.

“Subtract Line 4 from Line 3 in Column (a) and Column (b). Enter the amount from Column (a) on PA-20S/PA-65 Information Return, Part III, Line 8b. Subtract Column (a) from Column (b) and enter the difference on PA-20S/PA-65 Information Return, Part III, Line 8a.”

GENERAL INSTRUCTIONS

Purpose of Form

Use PA-20S/PA-65 Schedule T to report gambling and lottery winnings of PA S corporations and partnerships.

SPECIFIC INSTRUCTIONS – Schedule T

Column (a) PA-Source Winnings

Report all taxable gambling and lottery winnings from sources within Pennsylvania.

Column (b) Total Winnings Everywhere

Report all taxable gambling and lottery winnings from all sources, whether receiving a federal Form W-2G or not.

Line 1. Enter your total winnings from all federal Forms W-2G.

Line 2. Enter your total winnings from all other gambling, betting, and lottery activities. Include cash and the fair market value or stated value of property, trips, services, etc.

Line 3. Total Winnings

Add Lines 1 and 2.

Line 4. Enter your total costs for tickets, bets, and other wagering. Do not include any expenses (travel, meals, programs, tip sheets, etc.) you incurred to play a game of chance.

Line 5. Total Gambling and Lottery Winnings

Subtract Line 4 from Line 3 in Column (a) and Column (b).

Enter the amount from Column (a) on PA-20S/PA-65 Information Return, Part III, Line 8b.

Subtract Column (a) from Column (b) and enter the difference on PA-20S/PA-65 Information Return, Part III, Line 8a.