FORM 531 INSTRUCTION SHEET

CITY OF BETHLEHEM TAX BUREAU

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** Keep this page for your records **

		Your S.S. #	
1. Gross Earnings as reported on W-2. Enclose W-2(s) with your return (photocopies of W-2s are accepted)	1.		
2. Allowable Non-reimbursed Employee Business expenses. Include statement of expenses (UE-1, UE-2)	2.		
3. Taxable W-2 earnings (1 minus 2) Audit may be required if all W-2s & supporting schedules are not enclosed	3.		
4. Net Loss (Use line 6 for any Net profits) Include PA Schedules C, F,RK1 and/or NRK1	4.		
5. Subtotal (Line 3 minus line 4) IF LESS THAN ZERO, ENTER ZERO	5.		
6. Net Profits (Use line 4 for any Net Losses) Include Federal Schedules C, F,RK1 and/or NRK1	6.		
7. Total Earned Income subject to this tax (Line 5 plus line 6)	7.		
8. Tax Liability- Line 7 multiplied by Tax rate 1% (.01)	8.		
9. Quarterly Estimated Payments	9.		
10. Earned Income Tax withheld as per W-2	10.		
11. Credit From Last Year (If Credit Due)	11.		
12. Miscellaneous credits (i.e. Philadelphia Tax or Out-of-State Tax Credit)	12.		
13. Total of 9 + 10 + 11 + 12	13.		
14. REFUND/CREDIT: (Line 13 minus line 8) Enter amount and check one box below: NO Refunds or Credits under $1.00 ☐ Credit to next year ☐ Refund	14.		
15. TAX DUE: (Line 8 minus line 13)	15.		
16. Interest, Penalties & Late Fee...*LEAVE BLANK IF PAID WHEN DUE*	16.		
17. TOTAL AMOUNT DUE (Lines 15 + 16)	17.		

IMPORTANT - The accompanying tax return must be filed with this office by the indicated due date even if no tax is due or if all has been withheld by your employer. Failure to file your return may subject you to a fine of up to $500.00. A HUSBAND AND WIFE MAY NOT FILE JOINTLY ON THIS FORM. TAX CALCULATIONS MUST BE REPORTED SEPARATELY. JOINT FILING (I.E., COMBINING INCOME, ETC.) IS NOT PERMITTED. Failure to receive a Local Earned Income Tax Return is no excuse for a taxpayer not filing a return.

WHO MUST FILE A FINAL RETURN: All residents of the City of Bethlehem, Freemansburg or Hanover Township, (Northampton County) who are employed or self-employed and all non-residents who work or are self-employed within the City of Bethlehem, Freemansburg or Hanover Township, (Northampton County). If you received a tax form but did NOT work, you must still return the form and indicate the reason that no income is shown (full time student, homemaker, disabled, retired, unemployed, etc.)

INSTRUCTIONS FOR COMPLETING THE LOCAL EARNED INCOME TAX RETURN FORM 531

Line 1: List GROSS earnings (wages, salaries, commisions, etc.) regardless where received. Attach a copy of the withholding statements (W-2) from each employer. If you had no earnings, indicate the reason why (homemaker, disabled, unemployed etc.)

Line 2: Business expenses for which an employee has NOT been reimbursed are allowed as a deduction from gross wages, provided such expenses are required by the employer in order for the taxpayer to keep his present job. (Refer to section on Unreimbursed Business Expenses.) Business deductions must be taken with regard to each business SEPARATELY as a deduction from the business income thereof and CANNOT be consolidated in any form. Attach appropriate schedules.

Line 3: Line 1 minus line 2.

Line 4: Allowable business loss.

Line 5: Self-explanatory.

Line 6: This line is to be used by all who are SELF-EMPLOYED. List Net Profits. Refer to section on Net Profits. If a loss is incurred, zero must be entered. Losses may be applied only in the year in which the loss was actually incurred and may not be carried over to subsequent years. The Net Profit and Loss of each business must be SEPARATELY stated and Net Profit or Net Loss is to be determined SEPARATELY for each business enterprise. Attach appropriate PA Schedule(s).

Line 7-8: Self-explanatory.

Line 9-12: Complete line 9 if you have made Quarterly payments; complete line 10 if you had the tax withheld by your employer: complete line 11 if you had any prior credit. Enter any miscellaneous credits on line 12.

Line 13: Self-explanatory.

Line 14: Self-explanatory. Refunds or credits of $10.00 or more must be reported by us to the Internal Revenue Service. No refunds or credits under $1.00.

Line 15: Self-explanatory. Payment must be RECEIVED in this office ON or BEFORE the due date. There will be a $20.00 fee for returned checks.

Line 16: If received after the due date, add penalty and interest at the rate of 1% per month. The late filing fee of $10.00 will be charged for any form received after the due date.

Line 17: Self-explanatory.

WHAT IS INCLUDED IN EARNED INCOME

Examples of earned income (without intending in any way to limit the provisions of the Resolutions/Ordinances to these examples) are salaries, wages; commissions, bonuses; drawing accounts (if amounts received as a drawing account exceed the salary or commissions earned, the tax is payable on the amounts received. If the employee subsequently repays to the employer any amounts not in fact earned, the tax shall be adjusted accordingly); incentive payments; tips; fees; benefits accruing from employment, including, but not limited to annual leave, vacation, holiday, sickness and separation payments; National Guard pay (except active duty outside PA), 1-W classification pay; stipends paid to graduate assistants; or all other forms of compensation for an employee's services. Neither the kind nor rate of payment, nor the manner of employment exempts an employee from the tax. Compensation received in the form of property shall be taxed at its fair market value at the time of receipt.

WHAT IS INCLUDED IN NET PROFITS

Examples of "net profits" (without intending in any way to limit the provisions of the Resolutions/Ordinances to these examples) are: The net profits of a business or profession or of farm operations conducted by an individual or by a husband and wife, as computed according to the laws, regulations and procedure for computing PA Personal Income Tax "net profits" or "net farm profits" as required to be reported on PA Personal Income Tax portion thereof resulting from things not taxed by the Resolutions/Ordinances, (such as capital gains or interest); royalties received by authors, inventors, etc.; income from the operation of hotels, motels, trailer camps, tourist homes, boarding houses and other similar businesses; income from the business of renting of personal property; all other net profits of an enterprise, venture, or other activity, whether such activities are conducted within or outside the Taxing District. PLEASE NOTE - The net profit and loss of each business must be SEPARATELY stated and the net profit or net loss is to be determined SEPARATELY for each business enterprise. Persons engaged in more than one business activity during the tax year may not offset a loss in one activity against the gain in another.

WHAT IS CONSIDERED A NET LOSS

A taxpayer may offset a business loss against wages, and other compensation (W-2 earnings-line 1). This offset is allowed based on the PA Supreme Court decision in the O'Reilly vs. Fox Chapel School District Case decided March 16, 1989. A taxpayer may not offset a loss from one business entity against a net profit from another business entity, Aronson vs. City of Pittsburgh, 485 A. 2d 890 (1985). All allowable business losses must be reported on line 4. Supporting documentation required: PA Schedules C, F, E (non passive) or RK1 and/or NRK1.

WHAT IS NOT SUBJECT TO THE TAX

The following are not considered to be earned income and are not subject to the tax: sickness, disability or retirement benefits paid (except regular wages); payments made under any public assistance or unemployment compensation legislation; compensation bonuses paid by a State or the United States for active military service in the Armed Forces, except National Guard and 1-W pay; death benefit payments to an employee's beneficiary or estate, whether payable in a lump sum or otherwise; proceeds of Life Insurance policies; cash or property received as a gift, by Will or statutes of descent and or distribution; interest and dividends; value of meals and lodging furnished to domestics or other employees by the employer for the latter's convenience; capital gains; social security benefits damages for personal injuries; scholarships; profits from limited partnerships engaged in real estate, oil, gas, mining leases or other similar investments.

UNREIMBURSED BUSINESS EXPENSES

The fact that an expense is deductible for Federal tax purposes does NOT mean that it is an allowable business expense for Earned Income Tax purposes. To be an allowable business expense, the expense must be ordinary, actual, reasonable and necessary. Examples of deductible expenses include union dues, license fees, cost of small tools, uniforms and work clothing not suitable for everyday use. Examples (but not limited to) of expenses which may NOT be deducted are travel to and from work, costs of meals and lodging for salesmen and truck drivers, etc., unless the "away from home overnight" test as established by the Federal Government is met; dues to Chambers of Commerce or recreational club memberships, occupational privilege taxes; fines; penalties; office space and facilities unless required by employer; personal expenses such as medical contributions, interest, other taxes, educational expenses not required by taxpayer's employer to keep his present job and moving expenses not required by present employer, child care, etc; Self-Employment Retirement Plans, Individual Retirement Accounts (IRA) or Keough Plans.

THESE INSTRUCTIONS ARE ONLY A SUMMARY OF THE TAX BUREAU'S RULES AND REGULATIONS. COPIES OF THE RULES AND REGULATIONS ARE AVAILABLE, FREE OF CHARGE, AT THE CITY OF BETHLEHEM TAX OFFICE.