

**PA SCHEDULE A**

Interest Income

PA-40 Schedule A  
(08-16) (FI)

**2016**

OFFICIAL USE ONLY

Name shown first on the PA-40 (if filing jointly)

Social Security Number (shown first)

**CAUTION:** Federal and PA rules for taxable interest income are different. **Read the instructions.**

If your total PA-taxable interest income (taxpayer, spouse and/or joint) is equal to the amount reported on your federal return and you have no amounts for Lines 2 through 15 (not including subtotal Lines 4 and 10) of PA Schedule A, you must report your income on Line 2 of the PA-40, but you do not have to submit PA Schedule A. If there are any amounts (taxpayer, spouse and/or joint) for any of the Lines 2 through 15 (not including subtotal Lines 4 and 10) of the schedule, you must complete and submit PA Schedule A with your PA-40. A taxpayer and spouse must complete separate schedules to report their income if any amounts are reported on Lines 2 through 15 (not including subtotal Lines 4 and 10) of Schedule A. However, if all the income is earned on a joint basis, one schedule may be completed. Complete the oval to indicate whether the income included on the schedule is from the taxpayer, spouse or joint. If a separate PA Schedule A is prepared for a taxpayer and spouse, include only the taxpayer or spouse share of the income for each line.

**PA SCHEDULE A - PA-Taxable Interest Income** (See the instructions.)

Taxpayer  Spouse  Joint

1. Interest income reported on your federal return. <b>See instructions.</b>	1.	\$
2. Tax-exempt interest income reported on Line 8b of your federal return.	2.	\$
3. Other addition adjustments. <b>See instructions.</b> Description: _____	3.	\$
4. Add Lines 1, 2 and 3.	4.	\$
5. Interest income from federal Schedule(s) K-1. <b>See instructions.</b>	5.	\$
6. Interest income from direct obligations of the Commonwealth of Pennsylvania and/or its municipalities.	6.	\$
7. Interest income from direct obligations of the U.S. government.	7.	\$
8. Other reduction adjustments. <b>See instructions.</b> Description: _____	8.	\$
9. Add Lines 5, 6, 7 and 8.	9.	\$
10. Subtract Line 9 from Line 4.	10.	\$
11. Distributions from Life Insurance, Annuity or Endowment Contracts included in federal taxable income.	11.	\$
12. Distributions from Charitable Gift Annuities included in federal taxable income.	12.	\$
13. Distributions from IRC Section 529 Qualified Tuition Programs for non-educational purposes.	13.	\$
14. Distributions from Health/Medical Savings Accounts included in federal taxable income.	14.	\$
15. Interest income from PA S corporations and partnership(s), reported on your PA Schedule(s) RK-1 or federal Schedule(s) K-1.	15.	\$
<b>16. Total PA-Taxable Interest Income.</b> Add Lines 10 through 15. Enter on Line 2 of your PA-40.	16.	\$





**pennsylvania**  
DEPARTMENT OF REVENUE

## WHAT'S NEW

Separate filing instructions for PA-40 Schedule A, Interest Income, have been developed by the department.

## GENERAL INFORMATION

### PURPOSE OF SCHEDULE

Use PA-40 Schedule A to report the amount of interest income earned and reported for federal income tax purposes from:

- Bank deposits;
- Savings and loan associations;
- Credit unions;
- Bonds;
- Certificates of deposit;
- Interest bearing checking accounts;
- Interest on state, federal, local and foreign tax refunds;
- Mutual savings banks and cooperative banks;
- GNMA and FNMA certificates and other obligations that are guaranteed by the U.S. government (but not direct obligations of the U.S. government);
- Obligations of other states and countries; and
- Other deposits, investments, and obligations.

PA-40 Schedule A also adjusts the federal income to determine the PA-taxable interest income by reporting income and adjustments from:

- Tax-exempt bonds for other states' obligations;
- Direct obligation of the U.S. government;
- 529 plan distributions for non-educational purposes;
- Distributions from life insurance and endowment contracts;
- Taxable distributions from Medical/Health Savings accounts; and
- Various other increase and decrease adjustments included in the following instructions.

Refer to Chapter 8 of the PA PIT Guide 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 A must be completed and included with an originally filed PA-40, Personal Income Tax Return, if there are any amounts on Lines 2 through 15 (not including subtotal Lines 4 and 10). If there are no amounts on Lines 2 through 15 (not including subtotal Lines 4 and 10), do not complete and include PA-40 Schedule A with the PA-40. However, the amount of interest income received must be reported on Line 2 of the PA-40.

Separate schedules must be completed for a taxpayer and spouse if either has income on Lines 2 through 15 (not including subtotal Lines 4 and 10). Both schedules must be completed and included even if only one had amounts on those lines. A joint PA-40 Schedule A may be completed only if all amounts of interest income are earned on a joint basis. If some income is earned on a joint basis while other income is not, the joint income must be split and the taxpayer and spouse must report their separate share of the income from the jointly owned accounts on each PA-40 Schedule A.

An amended PA Schedule A must be included with Schedule PA-40X if increases or decreases in income amounts on PA Schedule A are discovered after an original or other amended return is filed with the department. Part III on Page 2 of Schedule PA-40X must

be completed to explain any increase or decrease to the amount of interest income reported on an amended PA-40, Personal Income Tax Return.

## SCHEDULE INSTRUCTIONS

### IDENTIFICATION INFORMATION Name

Enter the name of the taxpayer. If a jointly filed return, enter the name of the primary taxpayer (name shown first on the PA-40, Personal Income Tax Return). Enter the primary taxpayer's name when reporting the interest income for the spouse.

### Social Security Number

Enter the Social Security number (SSN) of the taxpayer. Enter the primary taxpayer's SSN also when reporting interest income for the spouse.

### Taxpayer Oval

Complete the taxpayer oval to indicate the interest income reported is from the taxpayer whose name appears on the name line.

### Spouse Oval

Complete the spouse oval to indicate the interest income reported was earned by the spouse listed on a PA-40, Personal Income Tax Return, filed using the Married, Filing Jointly filing status.

### Joint Oval

Complete the joint oval if all the interest income reported by the taxpayer and spouse is earned and being reported on a joint basis.

 **NOTE:** Do not use the joint oval to report joint interest income if any interest income is earned by the taxpayer and/or spouse separately. In such cases, the joint income must be split and the taxpayer and spouse must show the separate share of the joint interest income on the separate PA-40 Schedule A prepared for each.

## LINE INSTRUCTIONS

**IMPORTANT:** If a separate PA-40 Schedule A is prepared for a taxpayer and spouse, include only the taxpayer or spouse share of the interest income for each line.

### LINE 1

Enter the amount of interest income reported on Line 8a of the federal return. If filing a joint return and are required to show the interest income for a taxpayer and spouse separately, enter only the taxpayer or spouse's portion of the interest income reported on Line 8b of the federal return. If a federal return is not required to be filed, see the instructions for Line 3.

### LINE 2

Enter the total amount of tax-exempt interest income included in Line 8b of the federal Form 1040, or Form 1040A.

**CAUTION:** Do not include the amount of exempt-interest dividends included in Line 8b of the federal return in this amount.

### LINE 3

Enter any other adjustments for items that increase PA-taxable interest income and provide a description of the amounts. Examples of deductions from federal interest income that must be added back include, but are not limited to: self-charged interest; amortization of bond premium; nominee interest; or expenses incurred to realize interest income.

**IMPORTANT:** If a federal return is not required to be filed, enter on this line the amount of any interest income reported in Box 1 of all federal Forms 1099-INT, Interest Income, as well as any other federally taxable interest income received from all sources including, but not limited to, U.S. government interest or interest from federal Schedule K-1s.

### LINE 4

Add the amounts on Lines 1 through 3 and enter the result.

### LINE 5

Enter the total amount of interest income included in the amounts

reported in Line 1 of federal Schedule B from federal Schedule(s) K-1.

### LINE 6

Enter the amount of tax-exempt interest from direct obligations of the Commonwealth of Pennsylvania and/or direct obligations of political subdivisions of Pennsylvania. Include on this line any interest income from obligations issued by the commonwealth, a public authority, commission, board or other agency created by the commonwealth or political subdivision of the commonwealth.

### LINE 7

Enter the amount of any interest income from direct obligations of the U.S. Government (U.S. Treasury Bonds, Notes, Bills, Certificates and Savings Bonds). Do not include amounts from US obligations reported on federal Schedule K-1(s) or on Line 3 of federal Schedule B in this amount.

### LINE 8

Enter any other adjustments that decrease PA interest income and provide a description of the amounts. Examples include, but are not limited to: interest income earned while a nonresident; interest on installment obligations that are included as gain on the sale of property for PA purposes; forfeited interest penalty; interest income from an irrevocable federal grantor trust that is required to file a PA-41, Fiduciary Income Tax Return; and amortization of bond premium. An example of the description for interest income earned while a nonresident would be "Non-Residency Period Interest". Do not include expenses incurred to realize interest income. Include a statement providing the descriptions and amounts if more than one type of adjustment is included in the amount reported for this line.

### LINE 9

Add the amounts on Lines 5 through 8 and enter the result.

### LINE 10

Subtract the amount on Line 9 from the amount on Line 4 and enter the result.

### LINE 11

Enter amounts reported on federal Form 1099-R with Box 7 codes 1, 2, 3, 4 or 7 that also include code D.

### LINE 12

Enter the amount of charitable gift annuity income taxable for federal income tax purposes.

### LINE 13

Enter the amount of any distributions from IRC Section 529 plans that are for non-educational purposes. The cost recovery method must be used to determine the taxable amount for contributions made in tax years 2005 and earlier. The total amount of distributions claimed as deductions for tax years 2006 and later is taxable.

### LINE 14

Enter the amount of any distributions from Health/Medical Savings accounts included as Other income on Line 21 of federal Form 1040.

### LINE 15

Enter the amount of interest income from PA S corporations and partnerships. Include the amounts reported from all PA Schedule(s) RK-1, or federal Schedule(s) K-1 if an RK-1 is not provided. Include any U.S. government interest from federal Schedule(s) K-1, where PA Schedule(s) RK-1 is/are not provided, on Line 8 of PA-40 Schedule A.

### LINE 16

Add the amounts on Lines 10 through 16 and enter the result.

**TIP** This amount cannot be a negative number. If the result is negative, an amount has not been included on an addition line or excess adjustments have been recorded.

Include the total from Line 16 (or the combined Line 16 amounts for taxpayer and spouse using the Married, Filing Jointly filing status) on Line 2 of the PA-40, Personal income Tax Return.