

PA SCHEDULE B

Dividend Income

PA-40 Schedule B
(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 dividend income are different. **Read the instructions.**

If your total PA-taxable dividend and capital gains distributions income (taxpayer, spouse and/or joint) is equal to the amount reported on your federal return and does not include any amounts for Lines 2 through 10 (not including subtotal Line 6) of PA Schedule B, you must report your income on Line 3 of the PA-40, but you do not have to submit PA Schedule B. If there are any amounts (taxpayer, spouse and/or joint) for any of the Lines 2 through 10 (not including subtotal Line 6), you must complete and submit PA Schedule B 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 10 (not including subtotal Line 6) of Schedule B. 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 B is prepared for a taxpayer and spouse, include only the taxpayer or spouse share of the income for each line.

PA SCHEDULE B - PA-Taxable Dividend and Capital Gains Distributions Income (See the instructions.)

Taxpayer Spouse Joint

1. Dividend income from Line 9a of your federal return. See instructions.	1.	\$
2. Dividend income from federal Schedule K-1(s). See instructions.	2.	\$
3. Pennsylvania exempt-interest dividend income. See instructions.	3.	\$
4. Other reduction adjustments. See instructions. Description: _____	4.	\$
5. Add the amounts on Lines 2, 3 and 4.	5.	\$
6. Subtract Line 5 from Line 1.	6.	\$
7. Total exempt-interest dividends. See instructions.	7.	\$
8. Other addition adjustments. See instructions. Description: _____	8.	\$
9. Capital Gains Distributions - See instructions.	9.	\$
10. Dividend income from PA S corporation(s) and partnerships, reported on your PA Schedule(s) RK-1 or federal Schedule(s) K-1.	10.	\$
11. Total PA-Taxable Dividend Income. Add Lines 6, 7, 8, 9 and 10. Enter on Line 3 of your PA-40.	11.	\$





pennsylvania
DEPARTMENT OF REVENUE

WHAT'S NEW

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

GENERAL INFORMATION

PURPOSE OF SCHEDULE

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

- U.S. corporations;
- Foreign corporations;
- Mutual Funds;
- Other corporate capital investments.

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

- Capital gains distributions;
- S corporations not electing to be taxed as an S corporation for PA tax purposes;
- Exempt-interest dividends from other states bonds; and
- Various other increase and decrease adjustments included in the following instructions.

Refer to Chapter 9 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 B must be completed and included with an originally filed PA-40, Personal Income Tax Return, if there are any amounts on Lines 2 through 9 (not including subtotal Line 6). If there are no amounts on Lines 2

through 9 (not including subtotal Line 6), do not complete and include PA-40 Schedule B with the PA-40, Personal Income Tax Return. However, the amount of dividend income received must be reported on Line 3 of the PA-40.

Separate schedules must be completed for a taxpayer and spouse if either has income on Lines 2 through 9 of PA Schedule B (not including subtotal Line 6). Both schedules must be completed and included even if only one had amounts on those lines. A joint PA-40 Schedule B 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 B.

An amended PA Schedule B must be included with Schedule PA-40X if increases or decreases in income amounts on PA Schedule B 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 dividend 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 dividend 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 dividend income for the spouse.

Taxpayer Oval

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

Spouse Oval

Complete the spouse oval to indicate the dividend 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 dividend 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 dividend income if any dividend 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 dividend income on the separate PA-40 Schedule B prepared for each.

LINE INSTRUCTIONS

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

LINE 1

Enter the amount of dividend income reported on Line 9 of the federal return. If filing a joint return and required to show the dividend income for a taxpayer and spouse separately, enter only the taxpayer or spouse's portion of the dividend income reported on Line 9 of the federal return. If a federal return is not required to be filed, see the instructions for Line 8.

LINE 2

Enter the total amount of dividend income included on Line 5 of federal

Schedule B from federal Schedule(s) K-1.

LINE 3

Enter the total amount of any tax-exempt dividends from direct obligations of the Commonwealth of Pennsylvania, direct obligations of political subdivisions of Pennsylvania and/or direct obligations of the U.S. Government (U.S. Treasury Bonds, Notes, Bills, Certificates and Savings Bonds) included in any tax exempt fund or money market fund dividends.

LINE 4

Enter any other adjustments that decrease PA dividend income and provide a description of the amounts. Examples would include, but are not limited to: dividend income for a part-year resident taxpayer during the period the taxpayer was a nonresident; nominee capital gains distributions; and dividend income from an irrevocable federal grantor trust that is required to file a PA-41, Fiduciary Income Tax Return. Do not include expenses incurred to realize dividend income.

LINE 5


Add the amounts on Lines 2, 3 and 4 and enter the result.

LINE 6

Subtract Line 5 from Line 1 and enter the result. The amount reported for this line may be a negative number.


LINE 7

Enter the total amount of any exempt-interest dividends reported in Box 10 of federal Form 1099-DIV, Dividends and Distributions, that are included in Line 8b of the federal return.

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

LINE 8

Enter any other adjustments that increase PA dividend income and provide a description of the amounts. Examples include, but are not limited to: excessive salary paid to a shareholder; nominee capital gains distributions; distributions from non-PA S corporations; tax-exempt interest dividends reported in Box 10 of Form 1099-DIV and expenses incurred to realize dividend income.

 **IMPORTANT:** If a federal return is not required to be filed, enter on this line the amount of dividend income reported in Box 1 of all federal Forms

1099-DIV, Dividends and Distributions, as well as any other federally taxable dividend income received from all sources including, but not limited to, dividends from federal Schedule K-1s.

LINE 9


Enter the amount of capital gains distributions included as capital gains on federal Schedule D.

LINE 10

Enter the amount of dividend 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.

LINE 11

Add Lines 6 through 10 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 11 (or the combined Line 11 amounts for taxpayer and spouse using the Married, Filing Jointly filing status) on Line 3 of the PA-40, Personal Income Tax Return.