**Out of Scope if:**

Partial year NJ Resident

Anything other than W-2 with PA state withholding

PA Local Tax (e.g. Philadelphia) – unless trained

**Background: NJ – PA Reciprocity Agreement**

Withholding should be in state where TP resides, not state where TP works.

**Federal and NJ Return**

1. Same as usual – except for W-2(s) with PA in box 15 – State Information:
   1. State Information
      1. Box 15 (State Name) – Select Pennsylvania
      2. Box 16 (St Wages) – enter PA box 16 amount from W-2
      3. Box 17 (St Tax Paid) – enter 0 (zero) [So that withholding to be refunded by PA does not get added to Sch A]
   2. If W2 also has NJ wages, Click Add a State button to add NJ information
   3. If asked by software, do not create a PA State return in TaxSlayer
2. OK to e-file Federal and NJ
3. Need extra printed copies of NJ-1040 for below.

**PA Return (PA-40)**

1. Paper only – no e-file
2. PDF of PA-40 available from PA Department of Revenue website
   1. <http://www.revenue.state.pa.us>
3. Fill in electronically or print and write-in:
   1. Top part (Name, address, etc.) – Fill in as appropriate
      1. Use “99999” for School Code
   2. Line 1a, Gross compensation – enter 0 (zero)
   3. Line 13, Total PA Tax Withheld – enter PA amount(s) from W-2(s)
   4. Line 30, Refund – same as Line 13
4. Send paper package to PA:
   1. Signed PA-40 (filled out as above)
   2. State copy of W-2(s) with PA withholding
   3. Copy of NJ-1040 (no supporting forms needed)
   4. Cover letter explaining TP is resident of reciprocal state (NJ) seeking refund of withholding (Sample – see next page)
5. Copy of whole PA package to TP

**How to instruct employer to withhold for NJ instead of PA in the future**

Fill out PA form REV-419 *Employee’s Nonwithholding Application Certificate* and submit to employer. (PDF also available from PA Department of Revenue website)

**From PA-40 Instructions, page 10:**

**Resident of a Reciprocal State Filing for a Refund**

If you are a resident of a reciprocal state working in Pennsylvania and your employer withheld PA income tax, you may request a refund of the PA tax. You report zero taxable compensation on Line 1a, and the PA tax withheld on Line 13. You must submit a legible photocopy of your Form W-2, a copy of the resident income tax return that you filed with your resident state (without the supporting forms and schedules), and a statement explaining that you are a resident of a reciprocal state.

**Sample letter – see next page.**

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_

PA DEPT OF REVENUE

REFUND OR CREDIT REQUESTED

3 REVENUE PLACE

HARRISBURG PA 17129-0003

Dear Sirs:

I am a New Jersey resident seeking a refund of my Pennsylvania withholding.

Please find enclosed:

- My signed form PA-40.

- A copy of my form NJ-1040, as submitted to New Jersey

- A copy of my W-2 from my employer

Thank You,

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Printed name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_