



pennsylvania

DEPARTMENT OF REVENUE

BUREAU OF INDIVIDUAL TAXES

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TIPS FOR SUCCESSFULLY FILING PA SCHEDULE UE

A. Include detailed documentation for each line item (including copies and a summary page) at the time the return is filed. Examples of proper documentation, supporting specific line items, can be found at: www.revenue.pa.gov.

B. Documentation should clarify unreimbursed expense responsibilities.

Letters from employers should identify:

- Whether or not an employee is required to incur the expenses to perform the duties of the position;
- If there is any reimbursement of the expenses; and
- The method by which the reimbursement is determined.

In lieu of a letter from the employer, the department will accept a copy of the employer's employee expenses reimbursement policy or a signed affidavit. Templates for the employer letter and the affidavit will be available, during filing season, at www.revenue.pa.gov.

C. If mileage is reimbursed by an employer, even at a rate less than the federal rate, it should not be claimed as UE.

The amount of the expense determined at the federal rate less the amount reimbursed is not a deductible expense. The expense should not be reported on a taxpayer's PA Schedule UE.

D. Reminder: PA does not follow IRS rules for per-diem expenses.

If a taxpayer receives a reimbursement for any expenses where the reimbursement is based upon a per-diem rate or fixed dollar amount, the expense is not allowable and should not be included on PA Schedule UE.

E. Commuting expenses are not deductible in PA.

Commuting expenses, including mileage to and from work and parking expenses, are not allowable. For tradesmen, commuting expenses includes the mileage expense to and from any job site not more than 35 miles from the closer of the union hall or the taxpayer's home to the jobsite. Travel to a second job is considered commuting.

F. Review REV-637 for a listing of common unallowable expenses.

There is an extensive list of non-allowable business expenses detailed in REV-637, the department's brochure on UE expenses. The most common errors include:

- Claiming dues and subscriptions for professional organizations or magazines; and
- Cable or internet costs (Unless there are separate cable or internet bills for a home office).

G. Cell phones may be claimed, but, only for business purposes.

Cell phone expenses claimed should be limited to calls made for business purposes when required by an employer. The employee should maintain the type of cell phone coverage that is reasonably related to the needs of the employer's business, and the unreimbursed expense amount claimed must be reasonably calculated so as to not exceed expenses the employee actually incurred in maintaining the cell phone. Monthly phone bills may be requested. Costs for family plans, bundles, or for additional lines are not reimbursable.

H. Include breakdowns of all miscellaneous expenses.

Many software vendor programs are not supplying a breakdown of the miscellaneous expenses if there are more than two items of expense. If software supports pdf attachments, please include the breakdown via that method. If software doesn't support pdf attachments, fax the information to the department using the DEX-93, Bureau of Individual Taxes Fax Cover Sheet.

I. A separate PA Schedule UE is necessary for each taxpayer.

Taxpayer and spouse cannot file and report their expenses on a single PA Schedule UE. Taxpayers working for multiple employers – and not working out of a union hall, the only exception to this rule – must also provide separate PA Schedules UE to report expenses. Excess expenses for one employer are not deductible against the income received from a second employer.

BONUS: Department Expands Review of Personal Income Tax Deductions

For tax year 2015, the Department of Revenue will expand its systemic review of personal income tax expense deductions to include examination of PA-40 Schedule C expenses. This is in addition to the unreimbursed employee business expenses and incorrectly reported wages or withholding from W-2s that were the primary focus of enhanced review last tax year.

In cases where the department believes expenses may have been erroneously reported or claimed, it will contact taxpayers to request additional supporting information before tax examiners make any adjustments. Taxpayers and practitioners may see an increase in correspondence from the department related to these expense claims.

Instructions for PA-40 Schedule UE

Allowable Employee Business Expenses

PA-40 Schedule UE (11-16)

WHAT'S NEW

Separate filing instructions for PA-40 Schedule UE, Allowable Employee Business Expenses, have been developed by the department.

GENERAL INFORMATION**PURPOSE OF SCHEDULE**

Use PA-40 Schedule UE to report unreimbursed employee business expenses incurred in the performance of the duties of the taxpayer's job or profession.

Refer to Chapter 7 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 UE must be completed and included with an originally filed PA-40, Personal Income Tax Return, for any taxpayer reporting unreimbursed employee business expenses on Line 1b of the PA-40.

An amended PA Schedule UE must be included with Schedule PA-40X to report any changes - increases or decreases in business expense amounts on PA Schedule UE that 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 unreimbursed employee business expenses reported on an amended PA-40, Personal Income Tax Return.

FORM INSTRUCTIONS**IDENTIFICATION INFORMATION****Name of Taxpayer Claiming Tax Forgiveness**

Enter the name of the taxpayer claiming the expenses. If a jointly filed return and the expenses are claimed for the spouse, enter the spouse's name.

Social Security Number

Enter the Social Security number (SSN) of the primary taxpayer (name shown first on the PA-40, Personal Income Tax Return) even if the expenses are claimed for the spouse on a jointly filed return.

Employer's Name

Enter the name of the employer for which the expenses were incurred.

Employer's Address

Enter the employer's local address.

Employer's Identification Number

Enter the employer identification number from Box b of the W-2 for the employer.

Duties of the Job

Describe the duties of the job in which the expenses were incurred.

Employer's Telephone Number

Enter the employer's local telephone number.


GENERAL INSTRUCTIONS

Allowable employee business expenses for PA purposes are similar to, but not the same as, expenses for federal purposes. PA law only permits expenses required to perform the duties of a job or profession.

Allowable Pennsylvania employee business expenses must be:

1. Ordinary, customary, and accepted in the industry or occupation;
2. Actually paid while performing the duties of the employment;
3. Reasonable in amount and not excessive;


4. Necessary to enable the proper performance of the duties of the employment; and
5. Directly related to performing the duties of the occupation or employment.

 **IMPORTANT:** 100 percent of the Pennsylvania-allowable unreimbursed employee business expenses may be deducted. Pennsylvania law does not have federal expense and percentage accounting limitations and thresholds.

An allowable business expense did not occur during the year if:


- A fixed-mileage allowance or a per-diem allowance was received for the allowable business expense, and the employer did not include the allowance in compensation; or
- Allowable expenses were accounted to the employer and the employer reimbursed the employee in the exact amount of the expenses.


EXAMPLE: James is a regional manager for a chain of retail stores and is required by his employer to drive his personal vehicle and visit each retail location within his region at least one time per month. James' employer reimburses him at a rate of \$0.40 per mile and provides a lunch per diem of \$8.00 per travel day. James is not permitted to deduct a mileage expense on his PA-40 Schedule UE for the difference between the federal allowance and his employer's reimbursement or an expense for meals while traveling to visit the retail locations within his region unless his employer includes the reimbursements in his Pennsylvania compensation.

 **CAUTION:** If an employer reimburses at a rate less than the federal rate for the mileage expense or provides a fixed or per-diem reimbursement for any expense, do not include such reimbursements in gross compensation. Do not claim such expenses on a PA-40 Schedule UE.

If an employer does not reimburse for expenses, compensation may be reduced by the allowable expenses. However, if a reimbursement is more than the allowable expenses, the excess must be reported as taxable compensation on Line 1a.

EXAMPLE: Dave earned compensation of \$30,000. He incurred allowable vehicle and travel employee business expenses of \$3,000, and was reimbursed \$3,500. He must complete a PA-40 Schedule UE. He includes the excess \$500 as compensation. His total net taxable compensation is \$30,500.

 **IMPORTANT:** Sole proprietors, partners, shareholders, or other self-employed individuals should not use PA-40 Schedule UE to claim expenses.


 **CAUTION:** Nonresidents must use PA Schedule NRH to apportion expenses for PA personal income tax purposes. Part-year residents may only claim 100 percent of unreimbursed business expenses if the expenses were incurred only while providing services in Pennsylvania or while a PA resident. Include a statement indicating the method used to determine the expenses for the period of residency (PA Schedule NRH may also be used for this purpose).

Non-Allowable Expenses

Pennsylvania does not allow the following business expenses, even if allowed for federal purposes:

- Personal, living, or family expenses;
- Dues to fraternal organizations, professional societies, Chambers of Commerce, or recreational club memberships;
- Dues and subscriptions to publications, including trade and professional publications;
- Political candidate or campaign contributions;
- Charitable contributions;
- Commuting expenses – driving to and from work;
- Cost of meals while working late, unless while traveling away from home overnight on business;
- Childcare or elderly care expenses;
- Life, disability income and health insurance premiums;
- Contributions to deferred compensation plans or other pension plans;

- Legal fees (except to recover back wages), fines, penalties and bad debts;
- Bribes, kickbacks, or other illegal payments;
- Job hunting or other pursuit of employment expenses;
- Malpractice insurance premiums, except when allowed in Part A;
- Moving expenses, except when allowed in Part E;
- Educational expenses, except as allowed in Part F;
- Capital expenditures; and/or
- Expenses calculated at federal per-diem rates.

 **TIP** A separate PA-40 Schedule UE must be filed for each employer and each taxpayer. Spouses may not report joint expenses on a PA Schedule UE, even if filing jointly and even from the same employer. An incomplete schedule may result in delays in the processing of a return and/or denial of the expenses.

Keep Your Records


The department has the legal authority to require evidence that the expenses claimed on a PA Schedule UE are allowable for PA purposes. Keep all necessary documents, receipts, vouchers and other records for at least four years.

PA-40 Schedule UE - Side 1

Side 1 of the PA-40 Schedule UE is for the most common expenses claimed on PA income tax returns.

PA-40 Schedule UE - Side 2

Side 2 of the PA-40 Schedule UE is for reporting office or work area expenses, moving expenses, education expenses and/or depreciation expenses claimed as unreimbursed business expenses on PA income tax returns.

 **TIP** Taxpayers may wish to provide with the PA-40 Schedule UE a copy of a letter from the employer verifying that expenses are required to be incurred to perform the duties of the position for which the expenses are claimed and the method of any reimbursement by the employer for those expenses. Form REV-757, Employer Letter Template, should be completed by the employer for such purposes. In lieu of an employer letter, a taxpayer may provide a copy of the employer's employee expense reimbursement policy or Form REV-775, Personal

Income Tax Employee Business Expense Affidavit. Reviews of the department's Tips For Successfully Filing PA Schedule UE (REV-489) and Unreimbursed Allowable Employee Business Expenses For PA Personal Income Tax Purposes brochure (REV-637) should also be conducted prior to completing PA-40 Schedule UE.

LINE INSTRUCTIONS

PA-40 SCHEDULE UE SIDE 1

PART A, DIRECT EMPLOYEE BUSINESS EXPENSES

Direct employee business expenses are those paid directly or through a withholding arrangement with an employer. These expenses are necessary to perform or maintain a job. Itemize the nature and amount of the expenses claimed in Part A.

LINE 1

Enter the amount of union dues, assessments, and initiation fees paid if the amounts are:

- Paid as a condition of continued membership in the union, and membership is related directly to the job for which the expense is claimed; or
- A required payment of a wage deduction under an agency shop agreement.

LINE 2

Enter the amount paid for purchasing and maintaining uniforms and work clothing used for the protection from bodily injury if the uniforms and clothing are both:

- Of a type specifically required by the employer to be purchased as a condition of continued employment; and
- Not adaptable to general usage.

LINE 3

Enter the amount paid for small tools and supplies that the employer does not provide, but are required to perform the duties of the job. Depreciation is

the annual deduction that must be taken to recover the cost of business property having a useful life beyond the taxable year. If any of these tools or supplies has a useful life of more than one year, depreciate or amortize the cost in Part G.

LINE 4

Enter the amount of trade, professional or occupational license fees required as a condition of employment as well as any malpractice insurance and fidelity bond premiums where required by law or by the employer.


LINE 5

Add Lines 1 through 4 and enter the result.

PART B, BUSINESS TRAVEL EXPENSES

LINE 6

Enter the amount from federal Form 2106 or federal Form 2106-EZ. Otherwise, enter the total business miles and multiply by the federal mileage allowance to calculate the allowable business mileage expense.

 **CAUTION:** Depreciation may not be claimed on any vehicle on which the standard mileage rate method is used.

Commuting Expenses

The costs of public transportation or driving a car between a home and the main place of work may not be claimed. These are personal commuting expenses. Commuting expenses may not be deducted no matter how far a home is from the regular place of work. Commuting costs between different jobs for different employers are also not allowable. For tradesmen, commuting costs also include mileage for any job 35 miles or fewer from the closer of the union hall or personal residence to the jobsite.

Vehicle Expenses – Actual

Pennsylvania does not follow the federal floor limitations on allowable expenses. Allowable actual vehicle expenses may always be claimed for Pennsylvania purposes. Start with the federal form and adjust for PA purposes.

LINE 7

Enter the actual vehicle expenses from federal Form 2106.

LINE 8

Enter the federal "Inclusion Amount" since this rule does not apply for PA purposes.

LINE 9


Enter the amount of depreciation expense determined for the vehicle. Any generally accepted depreciation method may be used except any of the bonus depreciation elections enacted for federal purposes. If using a different method for Pennsylvania purposes, enter the method used and the adjusted expense here. If the adjusted basis for determining Pennsylvania depreciation is different than the federal basis, the straight-line depreciation method must be used for determining Pennsylvania depreciation.

LINE 10

Add Lines 7, 8, and 9 and enter the result.

Other Business Travel Expenses

Enter the actual amount of these expenses that were incurred.

 **CAUTION:** Deductible expenses may not be based upon federal per-diem allowances. Only those expenses actually paid while performing the duties of the employment may be deducted.

LINE 11

Enter the amount of parking fees, tolls and transportation expenses incurred while in an overnight or business travel status.

LINE 12

Enter the amount of hotel or motel accommodation expenses incurred while in an overnight travel status.

LINE 13

Enter only the actual expenses incurred for meals and entertainment expenses.

 **IMPORTANT:** Meals and entertainment expenses are 100

percent allowable for Pennsylvania purposes. However, meals while not in overnight traveling status (e.g. meals while working late) and federal per-diem rates for meals and incidental expenses are not allowable.


LINE 14

Add Lines 6 or 10, and Lines 11, 12, and 13 and enter the result.

PART C, MISCELLANEOUS EXPENSES

Enter the description and amount of all Pennsylvania-allowable expenses incurred not required to be listed elsewhere on PA-40 Schedule UE in the space provided. If there are more than two miscellaneous expenses, a separate statement that itemizes and describes in detail these expenses must be provided. Additional examples of expenses that may be claimed include:

- Breakage fees or cash shortages required to be paid to the employer;
- Fees or income included in Pennsylvania-taxable compensation on Form W-2 that is required to be paid to the employer as a condition of employment;
- Costs incurred by blind employees to pay readers who assist them in performing their job duties;
- Business gifts that are ordinary, necessary, reasonable, and actually incurred for business purposes. Pennsylvania does not follow federal percentage limits on such expenses.

 **CAUTION:** Pennsylvania law does not contain statutory employee provisions. If a statutory employee for federal purposes, the W-2 income must be claimed as compensation on PA-40 Schedule W-2S and the business expenses on PA-40 Schedule UE. All other income and expenses should be reported on PA-40 Schedule C and Line 4 of the PA-40, Personal Income Tax Return. If applicable, enclose the necessary PA Schedule C.

For more information on statutory employees, see Chapter 7 of the PA PIT Guide.

TIP A PA-40 Schedule C may be used to report the allocated business expenses of a statutory employee. Enter "See Attached Schedule C" in the Miscellaneous Expenses description line along with the total allocated expenses. Include a copy of the PA-40 Schedule C to support the amount of expenses allocated to the PA-40 Schedule UE. The allocated expense PA-40 Schedule C should include "Statutory Employee Expenses" as the main business activity on Line A and should not include income on Lines 1 through 5 of the schedule as the income will be reported on PA-40 Schedule W-2S. A separate PA-40 Schedule C for any other business income and expenses may also need to be completed for any related non-statutory employee activity.

LINE 15

Add the miscellaneous expenses listed and enter the result.

TIP If there are no expenses for an office or work area (Part D), moving (Part E), education (Part F), or depreciation (Part G), Skip Side 2 of the PA-40 Schedule UE and complete Lines H through J of the Schedule.

TOTAL ALLOWABLE PA EMPLOYEE BUSINESS EXPENSES

LINES A THROUGH G

Complete Lines A through G by entering the amounts of allowable expenses from each completed part of PA-40 Schedule UE.

LINE H

Add Lines A through G and enter the result.

CAUTION: Nonresident or part-year residents who earned income and incurred expenses within and outside Pennsylvania must complete PA Schedule NRH.

LINE I

If an employer included the reimbursement in PA-taxable compensation on Form W-2, do not enter that reimbursement here. If the employer did not include the reimbursement on Form W-2, enter the amount received from the employer for reimbursements not

determined on a fixed rate or per-diem basis.

LINE J

Determine the net expense reimbursement by subtracting Line I from Line H. Report the amount as:

- Unreimbursed employee business expenses on Line 1b of the PA-40, Personal Income Tax Return, if Line H is more than Line I; or
- Additional compensation on Line 1a of the PA-40, Personal Income Tax Return, if Line I is more than Line H.

CAUTION: Nonresident or part-year residents who earned income and incurred expenses within and outside Pennsylvania must complete PA Schedule NRH. Report the amount on Line H of the PA-40 Schedule UE on Line 13 of Section D of the PA-40 Schedule NRH. Include PA-40 Schedule NRH with the PA-40, Personal Income Tax Return.

PA-40 SCHEDULE UE SIDE 2

PART D, OFFICE OR WORK AREA EXPENSES

Office or work area expenses may be claimed when an employer does not provide an employee with a suitable work area and the answer to each of the following questions is YES:

- D1. Does your employer require you, as a condition of employment, to maintain a suitable work area away from the employer's premises?
- D2. Is this work area the principal place where you perform the duties of your employment?
- D3. Do you use this work area regularly to perform the duties of your employment?

If an employer provides a suitable work area, or the answer to one or more of the above questions is NO, office or work area expenses cannot be claimed.

CAUTION: The department does not permit the use of the federal safe harbor deduction for a home office or work area. Actual expenses must be used to determine the amount of the deduction.

ACTUAL OFFICE OR WORK AREA EXPENSES

Enter the actual expenses incurred if claiming office or work area expenses on this schedule. Include statements detailing property maintenance and other apportionable expenses from Lines f and g.

LINE a

Enter the depreciation expense for a home only. Do not include depreciation for furniture and fixtures.

LINE b

Enter the total amount of real estate taxes paid.

LINE c

Enter the total amount of mortgage interest paid for a home only.

LINE d

Enter the total amount of utilities for gas, electric, fuel oil, kerosene, steam, and/or telephone.

CAUTION: Certain utilities, which are not subject to sales and use tax when purchased exclusively for residential use, become subject to sales and use tax when used for commercial purposes. If including electricity, natural gas, fuel oil, or kerosene in the calculation of home office expense, use tax on the prorated expense amount should be reported Line 25 of the PA-40, PA-40, Personal Income Tax Return.

LINE e

Enter the amount paid for property insurance.

LINE f

Enter the amount paid for property maintenance expenses. Include a statement listing the expenses by type and amount. Do not include capital expenditures that improve the useful life or value of the property.

LINE g

Enter the amount of other expenses related to the property. Do not include

personal living expenses. Include a statement listing the expenses by type and amount.

LINE h

If a renter, enter the amount of rent paid for the dwelling.

LINE i

Add Lines a through h and enter the result.

LINE j

Calculate the percentage of the property used for business by dividing the square footage of the property used for a work area by the total square footage of the entire property or dwelling. Enter the amount as a percentage and carry the amount to two decimal places.

LINE k

Calculate the apportioned expenses. Multiply the amount on Line i by the percentage on Line k and enter the result.

LINE l

Enter the total amount paid for office supplies used exclusively for business purposes. Include a statement listing the expenses by type and amount.

LINE 16

Add Lines k and l and enter the result here and on Line D on Side 1 of this PA-40 Schedule UE.

PART E, MOVING EXPENSES

Moving expenses incurred to retain employment may be deducted. Moving expenses may also be deducted if the expenses are related to reporting to a new location after obtaining employment. However, the Distance Test described below must be met.

Allowable expenses incurred in moving yourself, your immediate family, household goods, and personal belongings, including the cost of transportation to the new home, using actual out-of-pocket costs or the federal mileage allowance may be deducted. Expenses for storing household goods, for meals

and lodging on the way, including such costs on the day of arrival, and parking fees and tolls may be deducted.

The following expenses may not be deducted:

- selling or purchasing a house;
- breaking a lease;
- house hunting;
- temporary lodging prior to or after moving to the new location;
- seeking new employment;
- moving for your own convenience;
- relocating to a new job or workplace less than 35 miles farther than the old commute to work; or
- moving anywhere other than within or into Pennsylvania.

Distance Test

The new workplace must be at least 35 miles farther from the old residence than the old workplace was. To determine if this test is met, complete Lines E1, E2, and E3.

LINE E1

Enter the number of miles from the old home to the new workplace by the shortest route.

LINE E2

Enter the number of miles from the old home to the old workplace by the shortest route.

LINE E3

Subtract Line E2 from Line E1. If less than 35 miles, moving expenses may not be deducted. Do not complete Lines 17, 18 and 19.

EXAMPLE: If the old workplace was three miles from the old residence, the new workplace must be at least 38 miles from the old residence. Measure the distance using the shortest of the most commonly traveled routes.



IMPORTANT: Persons in the military do not have to meet the distance test if the move is a permanent change of duty station. If a military family with dependents are moving to the new duty station from different locations, all the allowable expenses for each family member and dependent may be claimed.

LINE 17

Enter the amount of actual allowable transportation expenses paid directly by the taxpayer for moving the household goods and personal effects as well as an in-transit storage fees.

LINE 18

Enter the amount out-of-pocket costs paid for qualifying expenses for travel, meals and lodging along the way, parking fees and tolls during the move.

LINE 19

Add Lines 17 and 18 and enter the result here and on Line E on Side 1 of this PA-40 Schedule UE.

PART F, EDUCATION EXPENSES

The federal and PA rules for educational expenses are similar, but not exactly the same. For PA purposes, costs for education expenses that are paid or incurred are allowable only if:

- The education is specifically required by law or by the employer to retain an established employment status or rate of compensation; and
- The education is not part of a program that would qualify an employee for a new occupation, trade, or business, even if the employee does not intend to enter that new occupation, trade, or business.

Unlike federal rules, education expenses incurred to maintain or improve skills may not be deducted.

EXAMPLE: Anthony is a licensed professional in a position that, by law, requires a specific number of continuing education credits every other year. If Anthony fails to obtain these credits, he will lose his license. Anthony also takes courses in using a computer to improve his job performance. Anthony may claim the cost of his continuing education courses. He may not claim the computer courses.

LINE F1

An answer must be provided for question F1 for all education expenses

even if reporting the expense as a miscellaneous expense in Part C on Side 1 of this PA-40 Schedule UE. If the answer is YES, continue. If the answer is NO, education expenses may not be claimed.

LINES F2 AND F3

Answers to questions F2 and F3 must also be provided. If the answer is NO to both questions, continue. If the answer is YES to either question, no education expenses may be claimed.

Enter the name of the college, university, or educational institution attended, and the specific course of study. All education expenses must meet the requirements described above.

LINE 20


Enter the amount of tuition or fees actually paid.

LINE 21

Enter the costs of books and other materials required for the courses.

LINE 22

Enter the cost of travel to and from the educational facility. Pennsylvania follows the federal rules for travel expenses for education.

 **CAUTION:** Travel as educational expenses may not be deducted even if claiming that the travel itself constitutes a form of education.

LINE 23


Add Lines 20, 21 and 22 and enter the result here and on Line F on Side 1 of this PA-40 Schedule UE.

PART G, DEPRECIATION EXPENSES

Depreciation is the amount of expense claimed over the useful life of property used in performing the duties of employment. A depreciation expense is allowable if the property:

- Has a useful life exceeding one year; and
- Is required to be regularly and predominantly used to perform the duties of employment; and
- Is required and not provided or supplied by the employer.

PA law allows generally accepted depreciation methods and current expensing. PA law does not allow federal bonus depreciation. PA law limits IRC Section 179 expensing. The department accepts most generally accepted methods of calculating depreciation used for federal purposes.

 **TIP** Do not use Part G to report all depreciation. Use Part B for vehicles and Part D for office or work area depreciation of a home. Fair market value of property is not an acceptable other basis. Part G may be used to report depreciation of office furniture, fixtures and equipment used in the work or office area reported in Part D. Part G should also be used to report depreciation for any other

equipment required to be purchased by an employee to perform the duties of the employment.

Column (a)

Enter the description(s) of the property being depreciated.

Column (b)


Enter the date the property being depreciated was acquired.

Column (c)

Enter the cost or adjusted basis of the property being depreciated.

Column (d)

Enter the depreciation method chosen for calculating the depreciation expense.

 **IMPORTANT:** Once a depreciation method has been selected, it must be consistently used and may not change without permission from the PA Department of Revenue.

Column (e)

Enter any PA Section 179 expense claimed on the asset. Refer to Informational Notice Personal Income Tax 2012-05 - IRC Section 179 Expense Deductions for additional information.

Column (f)

Enter the amount of depreciation expense for the year using the depreciation method described in Column (d).

LINE 24

Add Columns (e) and (f) and enter the total here and on Line G on Side 1 of this PA-40 Schedule UE.