

INSTRUCTIONS FOR FILING WAGE TAX REFUND PETITION

(Salary and Hourly Employees Only)

You must attach the applicable W-2 indicating Federal, Medicare, State and Local wages to the petition. A separate petition must be filed for each W-2 issued by employers that may have overwithheld Wage Tax.

2011 TAX RATES

Resident Rate: January 1, 2011 to December 31, 2011 = 3.928% (.03928)

Non-Resident Rate: January 1, 2011 to December 31, 2011 = 3.4985% (.034985)

Statute of Limitations - any claim for refund must be filed within three (3) years from the date the tax was paid or due, whichever date is later.

Only non-resident employees are eligible for a refund based on work performed outside of Philadelphia. Resident employees are taxable whether working in or out of Philadelphia, but they may use this form to apply for a refund based on allowable employee business expenses on Line 2G.

Employees petitioning for a refund who worked 100% outside of Philadelphia need to submit a letter from their employer stating that the employee neither lived nor worked in Philadelphia. The employer must identify the employee's actual work location. Employers have no obligation to withhold wage tax on work performed by non-residents outside of Philadelphia.

Both the employer and employee must sign the petition for refund. A petition for refund of "erroneously withheld wage tax from an employee must be made by the employer for and on behalf of the employee" (General Regulations Section 306 (2)). The authorizing official signing this form should do so only if they know of the employee's whereabouts as they relate to this petition, as well as an understanding of how this information applies to Sections 401, 402, 403, 404, 405 and 407 of the Philadelphia Income Tax Regulations. These regulations are available at www.phila.gov/revenue.

Partial Year: In the context of this form, a partial year is one in which your liability or status for Wage Tax changes. It could be the result of becoming a resident, starting a new job, terminating a job, etc. In any of these situations you need to indicate the period for which you were liable for Wage Tax with a particular employer.

Line 1: Enter your **Gross Compensation** (generally the highest compensation figure on the W-2). **Pension plan contributions (such as 401k contributions) are subject to wage tax and are not deductible from gross compensation.**

Line 1A: The only income excludable from gross compensation would be income received as the result of exercising an employee stock option. **Stock option must reflect on W-2.**

Line 2: If you work partial days in and out of Philadelphia, complete this form using hours, not days. Converting hours into days is not acceptable.

Line 2B: Non-work days (hours) include any time not worked by the employee, e.g. weekends, vacation, holidays, sick or any type of leave time. Terminal or severance pay is taxable at the employee's historical percentage of time worked in the City.

Line 2C: If computing overtime, file in hours **and** include overtime hours in Line 2A.

Line 2G - Expenses: An entry on Line 2G must be supported by Federal Form #2106. If unreimbursed employee expenses are claimed on Federal Schedule A, you must also include Schedule A. Photocopies are acceptable. Expenses are deductible if (a) the total expenses are reduced by any amounts reimbursed by your employer; (b) they are ordinary, necessary and reasonable; and (c) they are recognized as deductions from adjusted gross income in the Internal Revenue Code. **Examples of expenses which are not deductible are: transportation to and from work, educational expenses, dues, subscriptions, and pension plan payments. Note: If your Federal #2106 has an entry on Line 4, you must submit a breakdown of those expenses.**

Mail completed petition to:

CITY OF PHILADELPHIA
DEPARTMENT OF REVENUE
P.O. BOX 1137
PHILADELPHIA, PA 19105-1137

For further information you may reach the Revenue Department Refund Unit at:

215-686-6574, 6575 or 6578

Send e-mail to revenue@phila.gov

 www.phila.gov/revenue