

APPENDIX C
CLASSIFICATION OF FEDERAL K-1 INCOME FOR PA PIT PURPOSES

Federal K-1 Box #			PA Return Line
1065	1120S	Description or Breakdown:	
1	1	Business	4 or breakdown
2	2	Rental	6
3	3	Other rental	6
4		Guaranteed payments	4 or 6
5	4	Interest	2
5	4	Addtl stmt - us gov't interest	PA exempt
6a	5a	Dividends	3
6b	5b	Qualified dividends	N/A
7	6	Royalties	6
8	7	Short term capital gain (loss)	5
9a	8a	Long term capital gain (loss)	5
9b	8b	Collectibles (28%) gain (loss)	N/A
9c	8c	Unrecaptured section 1250 gain	N/A
10	9	Section 1231 gain (loss)	5
		other income:	
11A	10A	Section 988 gain (loss)	5
11A	10A	Section 987 gain (loss)	5
11A	10A	Other portfolio income (loss)	5
11B	10B	Involuntary conversions	Footnote D
11C	10C	Section 1256 gain (loss)	5
11D	10D	Mining exploration costs recapture	N/A
11E	10E	Cancellation of debt	4 or 6 (Footnote B)
11F	10F	QEF ordinary income	3
11F	10F	QEF capital gains	3
11F	10F	QEF income exclusion	3
11F	10F	Ordinary income from REMICS	3
11F	10F	REIMIC excess exclusion	3
11F	10F	Interest	2
11F	10F	US gov't interest	PA exempt
11F	10F	Dividends	3
11F	10F	Subpart F dividend	3 no losses allowed
11F	10F	Section 475 (F) income (loss)	5
11F	10F	Swap income	5
11F	10F	Short term capital gain (loss)	5
11F	10F	Long term capital gain (loss)	5
11F	10F	Other income (loss)	4
11F	10F	Ordinary income	4
11F	10F	Other business expenses	Footnote A
		other information:	
12	11	Section 179	4
13A	12A	Contributions	Footnote A
13H	12H	Investment interest expense	Footnote A
13J	12J	Section 59(e)(2) expenses	Footnote A
13K&L	12K&L	Portfolio	Footnote A
16D	14D	Foreign income	Footnote C
16L	14L	Foreign taxes paid	Footnote C
			2 unless break-down provided
18A	16A	Tax exempt interest	
20O&P	17M&N	Section 453 items	Footnote A
20Y	17U	If 50% M&E non-deductible	4

Footnote A - not allowable for PA purposes.

Footnote B - reportable unless the amount is related to personal (non-business) debt (i.e. personal credit card, home mortgage, etc.)

Footnote C - Material amounts require breakdown of income and taxes paid on a country-by-country basis (**NOTE:** not applicable for 2014 and after)

Footnote D - generally reported on line 5 of PA-40 except Ponzi scheme losses not allowable

DISCLAIMERS:

These are the general or practical classification rules used by the Department. They are subject to change.