

K-1 CHEAT SHEET

CLASSIFICATION OF FEDERAL K-1 INCOME FOR PA PIT PURPOSES

Federal K-1 Box Description	Federal K-1 1065	Federal K-1 1120S	PA-40 Line #
Business	1	1	4 or breakdown
Rental	2	2	6
Other rental	3	3	6
Guaranteed payments	4		4 or 6
Interest	5	4	2
Addtl stmt - us gov't interest	5	4	PA exempt
Dividends	6a	5a	3
Qualified dividends	6b	5b	N/A
Royalties	7	6	6
Short term capital gain (loss)	8	7	5
Long term capital gain (loss)	9a	8a	5
Collectibles (28%) gain (loss)	9b	8b	N/A
Unrecaptured section 1250 gain	9c	8c	N/A
Section 1231 gain (loss)	10	9	5
other income:			
Section 988 gain (loss)	11A	10A	5
Section 987 gain (loss)	11A	10A	5
Other portfolio income (loss)	11A	10A	5
Involuntary conversions	11B	10B	Footnote D
Section 1256 gain (loss)	11C	10C	5
Mining exploration costs recapture	11D	10D	N/A
Cancellation of debt	11E	10H	4 or 6 (Footnote B)
Section 951A income	11F	10E	Footnote E
Section 965(a) inclusion	11G	10F	Footnote E
Subpart F dividend	11H	10G	3 no losses allowed
QEF ordinary income	11I	10H	3
QEF capital gains	11I	10H	3
QEF income exclusion	11I	10H	3
Ordinary income from REMICS	11I	10H	3
REIMIC excess exclusion	11I	10H	3
Interest	11I	10H	2
US gov't interest	11I	10H	PA exempt
Dividends	11I	10H	3
Section 475 (F) income (loss)	11I	10H	5
Swap income	11I	10H	5
Short term capital gain (loss)	11I	10H	5
Long term capital gain (loss)	11I	10H	5
Other income (loss)	11I	10H	4
Ordinary income	11I	10H	4
Other business expenses	11I	10H	Footnote A
other information:			
Section 179	12	11	4 up to PA limit
Contributions	13A	12A	Footnote A
Investment interest expense	13H	12H	Footnote A
Deductions - royalty income	13I	12I	6
Section 59(e)(2) expenses	13J	12J	Footnote A
163(j) Excess business interest expense	13K		4 or 6
Portfolio	13L	12L	Footnote A
Foreign income	16 F&G&H	14 F&G&H	Footnote C
Foreign expenses	16 M&N&O	14M&N&O	Footnote C
Foreign taxes paid	16 P&Q	14 P&Q	Footnote C
Tax exempt interest	18A	16A	2 unless break-down provided
Section 453 items	20O&P	17M&N	Footnote A

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 - not applicable for 2014 and after. No resident credit is allowed on taxes paid to foreign countries

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

Footnote E - recognized on Line 3 of PA-40 when an actual distribution of case occurs

NOTE: IRC §1033 applies beginning 9/15/16, 60 days after the enactment of Act 84 (2016 budget bill)

DISCLAIMERS: These are general or practical classification rules used by the department and are subject to change.

