

- Income Items Always Taxable as Pennsylvania Compensation illustrates what items are included in compensation for Pennsylvania personal income tax purposes.
- Income Items Never Taxable as Pennsylvania Compensation illustrates what items are not included in compensation for Pennsylvania personal income tax purposes.
- Income Items Taxable as Pennsylvania Compensation Based on Facts and Circumstances on the following pages for descriptions of these items illustrates what items may be taxable based on the facts and circumstances of the item for Pennsylvania personal income tax purposes.

**Income Items Always Taxable as Pennsylvania Compensation**

<b>Type of Compensation</b>
Salaries
Wages
Tips received directly by the employee or through his or her employer
Gratuities
Commissions
Bonuses
Incentive payments
Vacation/holiday pay
Termination/severance pay
Payment incentives for early retirement
Reimbursements and allowances in excess of allowable business expenses
Directors' fees (will constitute PA-40 Schedule C income if one's profession is a director for multiple organizations or corporations)
Jury fees
Witness fees (will constitute PA-40 Schedule C income if testifying as an expert in a field which is considered one's line of business)
Eligible reimbursed moving expenses in excess of allowable expenses on PA-40 Schedule UE
Honoraria (will constitute PA-40 Schedule C income if one's profession is being a professional speaker)
Executor's or administrator's fees (will constitute PA-40 Schedule C income if one's profession is being an executor or administrator)
Covenant not-to-compete or payments received as consideration for refraining from the performance of services
Proceeds from an employee stock ownership plan to extent of excess computed under cost-recovery method
Cash allowances for rent, utilities, or other expenses received by ministers
Reimbursements made by an employer for dependent care, legal services, or other personal services
National Service Education Awards
Income from Peace Corps, VISTA Job Corps and Americorp
Household employees pay
Employee contributions to an eligible Pennsylvania retirement plan and or contributions to a qualified deferred compensation plan
Distributions from a nonqualified deferred compensation plan (unless the deferral was previously taxed under rules prior to Act 40 of 2005)
Medicare waiver payments or difficulty of care payments
Student loan debt forgiveness/payment if provided as employment incentive