

Income Items Never Taxable as PA Compensation

Type of Compensation
Federal active-duty pay earned outside Pennsylvania
GI Bill benefits including tuition and living expenses
Alimony
Child support
Income in respect of a decedent
Inheritance
Social Security
Railroad retirement benefits
Public assistance
Unemployment compensation
Occupational Disease Act benefits (if included on the W-2 form attach explanation)
Meals and lodging provided to an employee by the employer
Personal use of employer-owned or leased property and/or services, at no cost or at a reduced cost. Personal use of company automobile, airplane or other employer-owned or leased property. These amounts are not taxable fringe benefits for Pennsylvania personal income tax
Employer-provided parking facilities. These amounts are nontaxable fringe benefits.
Employer-provided professional services paid for directly by the employer. These are nontaxable fringe benefits.
Premiums paid by an employer for group term life insurance (no limit)
Rental value of parsonage owned by the congregation and required to be occupied by the cleric
Foster care
Employer-paid group term life insurance premiums
Amounts received for permanent loss of body function, disfigurement, or reimbursed medical expense
Disability payments paid by employer arising under occupational disease acts or other legislation
Strike benefits
Life insurance proceeds or settlements
Employee contributions or deferrals to a nonqualified deferred compensation plan (all IRC Section 409A plans and some IRC Section 457b plans where the deferrals made are subject to a substantial risk of forfeiture or the employee deferrals made to the plan are not funded by the employer)
The State Employees' Retirement System, the Pennsylvania School Employees' Retirement System, the Pennsylvania Municipal Employees Retirement System and the U.S. Civil Service Commission Retirement Disability Plan are eligible Pennsylvania retirement plans and all distributions are exempt from Pennsylvania personal income tax. Retired or retainer pay of a member or former member of a uniform service calculated under Chapter 71 of Title 10, U.S. Code as amended is also exempt from Pennsylvania personal income tax
Distributions from eligible Pennsylvania retirement plans after retirement age*

*Regarding what plans qualify as "eligible Pennsylvania retirement plans," the fact that a plan is a qualified plan for federal income tax is not controlling for Pennsylvania personal income tax purposes.