**Background: NJ-PA Reciprocity Agreement**

The NJ/PA Reciprocity Agreement does not apply to income or wage tax imposed or collected by the City of Philadelphia.

**Federal Return**

* Same as usual – except for W-2(s) with Local Wages, Local Tax Paid and Local Name in blocks 18, 19 and 20, be sure to enter information on TS W-2 form
* **Note:** If PA withholding entered on W-2, see Special Topic “NJ Resident with PA Withholding”

**NJ Return**

* State Section
	+ Click “Credits” button
	+ Click “Credit for Taxes Paid to Another State” button
	+ Click “Credit for Taxes Paid to Philadelphia or Other Jurisdiction” button
	+ For “Select Other State”, select Philadelphia or Other
	+ For “Enter the Adjusted Gross Income of Other State”, enter Local Wages reported on W2, box 18
	+ For “Enter the amount of income tax paid to the other state(s)…”, enter Local Tax Paid reported on W2, box 19
	+ Click “Continue”
* NJ 1040
	+ TaxSlayer will automatically calculate Credit for Taxes Paid to other Jurisdictions, line 41 on NJ 1040 and enter Jurisdiction Code 52 for Philadelphia or 53 for Other Jurisdictions on line 41a
	+ TaxSlayer will also automatically create NJ Sch A

Thanks to: John Gibson (Burlington County)