



York Office  
1405 N. Duke St.  
PO Box 15627  
York, PA 17405-0156  
Phone (717) 845-1584  
Fax (717) 854-6376  
<http://www.yatb.com>

Gettysburg Office  
240 West Street  
Gettysburg, PA 17325  
Phone (717) 334-4000  
Fax (717) 337-2565  
email: [info@yatb.com](mailto:info@yatb.com)

---

### **Other Income/1099's/3<sup>rd</sup> Party Sick Pay**

- When a taxpayer lists other income on LINE 3, please provide documentation.
- 1099-R codes that we see most are 1, 2, 3, 4 and 7.
- Codes 3, 4 and 7 are Not Taxable.
- Code 1 is Taxable if the taxpayer does not give a “Cost Recovery Worksheet” as required by PA DOR. (Cost Recovery Worksheet would show the amount the employee contributed, which is not taxable, **AND** the amount the employer contributed and any interest earned, both of which are taxable). If there is “PA” and an amount in Boxes 13 and 14 it means the employer did the breakdown and provided the taxable amount.
- Code 2 may be Taxable or Not Taxable. It is Not Taxable if the taxpayer met the employer’s retirement plan’s length of service or minimum age requirements. (State workers may meet the length of service requirement but not the age – would be Not Taxable).
- Box checked IRA/SEP/SIMPLE - if this box is checked, we will use the amount as taxable unless there is documentation stating otherwise. This box is checked if the taxpayer may not have met retirement eligibility according to the plan set up.
  - Personal IRA’s are not taxable as the taxpayer contributed already taxed dollars to it, however; if you take out money early, the amount over which the taxpayer contributed would be taxable.
  - SEP (Simplified Employee Pension) - set up by the employer (less than 101 employees). The employer and the employee are contributors.
  - SIMPLE IRA - set up by the employer (less than 101 employees). The taxpayer is primarily responsible for contributions.
- 3<sup>rd</sup> Part Sick Pay is Not Taxable (will be coded “J”). If the employer pays sick pay it is considered regular wages and is taxable.
- 1099-MISC or 1099-NEC – If you are self-employed or an independent contractor, the 1099’s should be entered on a PA Schedule C as gross revenue, then any expenses listed related to the earnings, and the net profit or loss from the Schedule C would be reportable on the annual return.