

EARNED INCOME TAX!!

New for 2012!

Beginning January 1, 2012, all employers in Pennsylvania must withhold the earned income tax! The new earned income tax collector for Richland Township will be Keystone Collections Group.

Important – 2011 and prior

H.A. Berkheimer Inc. will continue to collect the earned income tax for all tax years prior to 2012. That means you will still send the 4th quarter 2011 estimated tax payment (*for individuals*) and employer's quarterly return (*for businesses*) to Berkheimer's office by January 31, 2012. Individuals will also still send their 2011 annual tax return to Berkheimer's office by April 15, 2012.

Act 32 Information for Employers

Overview

What are my obligations as an employer?

What if I am an out-of-state employer with home-based employees?

What about employees working in Pa who live in another state?

Who is collecting the Local Services Tax?

Overview

In 2008, the Pennsylvania legislature passed a new law (Act 32), which made 2 major changes to the way earned income tax is collected:

First, it requires all employers with worksites in Pennsylvania, including home-based employees, to withhold the earned income tax for the employees and submit it quarterly.

Second, the new law requires municipalities to consolidate their earned income tax collection into larger regions, in most cases following county lines. Since Allegheny County has such a large population, it was divided into 4 regions. Richland Township is in the Allegheny North Collection District, which has chosen Keystone Collections Group to collect the earned income tax.

If you are an employer with a worksite in Richland, then you will need to register with Keystone to submit the tax. Please visit Keystone's website at: <http://www.keystonecollects.com/page/business>

Forms can be downloaded, or e-filing is also available. Employers can also look up Political Subdivision codes through Keystone's website.

What are my obligations as an employer?

All employers with worksites in Pennsylvania, including home-based employees, will be required to withhold the earned income tax for their employees. The tax must be withheld at the higher of the employee's home district tax rate, or the non-resident tax rate of the workplace location. Employers must obtain from each employee a Residency Certification Form, (http://www.newpa.com/webfm_send/1862) which will tell them which Political Subdivision the employee lives in. Employees must also complete an updated Residency Certification Form anytime they move to another address. This form will be an addendum to the W-4 form and kept with their employment records.

If an employer fails to withhold the tax, or withholds it and fails to send it in, they can face criminal and civil legal consequences.

What if I am an out-of-state employer with home-based employees?

An employer who is based in another state, but has employees working in Pennsylvania, is subject to the same withholding requirements as a Pennsylvania employer. Please register with Keystone: <http://www.keystonecollects.com/page/business>.

What about employees working in Pa who live in another state?

Generally, employees who travel to Pa from another state, or who are residing temporarily in Pa but have a legal residence in another state, must pay a Nonresident Tax to the workplace location. Non-resident employees working in Richland must pay 1/2%.

Who is collecting the Local Services Tax?

Please note that effective **January 1, 2012** Keystone Collections Group became the Local Services Tax (LST) Collector for Richland Township. Prior year's delinquent Local Services Taxes will be collected by H.A. Berkheimer thru December 31, 2013.

Act 32 Information for Taxpayers

Overview

What is my PSD code?

Where can I get a Residency Certification Form?

What if my employer doesn't withhold?

What if I'm self-employed?

Can I be audited?

Overview

In 2008, the Pennsylvania legislature passed a new law (Act 32), which made 2 major changes to the way earned income tax is collected:

First, it requires all employers in the state to withhold the earned income tax for their employees. What does this mean for you? Well, **if your employer didn't already withhold your earned income tax, they will be required to do it starting January 1, 2012.** This means you won't have to make quarterly estimated payments unless you are self-employed or work out-of-state. **You will** still have to file an annual tax return with Keystone, though.

Second, the new law requires municipalities to **consolidate their earned income tax collection** into larger regions (or tax collection districts). So, instead of each township, borough, or city having its own earned income tax collector, there will be a single collector for each region. Richland Township is in the "Allegheny North Tax Collection District", which has chosen **Keystone Collections Group** to collect the tax.

To file a tax return **for years 2012 and beyond**, please visit Keystone's website at:

<http://www.keystonecollects.com/page/taxpayer>

Forms can be downloaded, or e-filing is also available.

What is my "PSD" code?

Answer: 711002

Total Resident EIT Rate: 1%

Chances are, you've never heard of this. Well, a "PSD" code stands for Political Subdivision Code, and your employer should be asking you for this shortly, if they haven't already. You will be asked to fill out a "Residency Certification Form" so that your employer can tell the tax collector exactly where your tax should be sent. This isn't always as simple as it sounds, since in many communities in Pennsylvania, people refer to where they live by their post office name. That doesn't always correspond to a political subdivision. For example, residents of Richland can have a post office address of Gibsonia, Bakerstown, or Valencia. The political subdivision is actually "Township of Richland, Allegheny County" (*yes, there are Richland Townships in other counties, too!*). The PSD

code is a unique six-digit number that identifies each municipality in Pennsylvania to make sure everyone's earned income tax is sent to the right place. If you live in Richland, your PSD code is 711002. That's broken down into the following sections:

71 – Allegheny North Tax Collection District
10 – Pine-Richland School District
02 – Township of Richland

It's kind of like our Township's Social Security Number!

To find the PSD code for another municipality, you can visit this website:

<http://munstatspa.dced.state.pa.us/FindLocalTax.aspx>

Where can I get a Residency Certification Form?

You will need to give your employer this form so that they can tell the earned income tax collector where your tax should be sent. It will be an addendum to your W-4 form and kept with your employment records. You also need to give them an updated form anytime you move to a new address. If your employer hasn't given you the form, you can download one from this website: http://www.newpa.com/webfm_send/1862

What if my employer doesn't withhold?

All employers with worksites in Pennsylvania, including home-based employees, will be required to withhold earned income tax for their employees. If they fail to do so, or withhold the tax and fail to send it in, they can face criminal and civil legal consequences. If your employer fails to follow the law, however, it doesn't relieve you of your responsibility to file annual tax returns and pay the tax due.

If you are employed outside of Pennsylvania, your employer is not obligated to withhold your earned income tax, so you will still have to make quarterly estimated payments. You can visit Keystone's website to get forms: <http://www.keystonecollects.com/page/taxpayer>

What if I'm self-employed?

You will still need to make quarterly estimated tax payments based on your net profit from self-employment. You can visit Keystone's website to get forms: <http://www.keystonecollects.com/page/taxpayer>

Can I be audited?

Yes, just as the previous tax collector could examine and audit your records to determine if there had been a failure to file tax returns and/or pay the tax, Keystone Collections Group can perform audits for tax years 2012 and beyond. Audits must be performed in accordance with the Local Taxpayer Bill of Rights.

