

West Shore Tax Bureau

Local Services Tax

Rules and Regulations

As the appointed tax collector of the LST levied by the Members of the West Shore Tax Bureau, we are empowered and authorized to prescribe, adopt, promulgate, and enforce rules and regulations relating to any matter or item pertaining to the administration and enforcement of the provisions of their Local Service Tax levies. Therefore, the following rules and regulations shall apply:

SECTION 1: Local Services Tax:

Effective January 1, 2008, the Local Services Tax (LST) replaces the Emergency & Municipal Services Tax (EMST). Like the EMST, the new tax is assessed on each employed individual by the political subdivision of the individual's place of employment.

The maximum amount of the tax is \$52.00 annually.

For the purposes of the Local Services Tax, the terms "earned income" and "net profits" shall have the same meanings as those terms are given in Section 13 of the Local Tax Enabling Act, Act 511 of 1965 (53 P.S. §6913), as amended through December 20, 2005

"Earned income." Compensation as determined under section 303 of the act of March 4, 1971 (P.L.6, No.2), known as the "Tax Reform Code of 1971," and regulations in 61 Pa. Code Pt. I Subpt. B Art. V (relating to personal income tax), not including, however, wages or compensation paid to individuals on active military service. Employee business expenses are allowable deductions as determined under Article III of the "Tax Reform Code of 1971." The amount of any housing allowance provided to a member of the clergy shall not be taxable as earned income.

"Net profits." The net income from the operation of a business, profession, or other activity, except corporations, determined under section 303 of the act of March 4, 1971 (P.L.6, No.2), known as the "Tax Reform Code of 1971," and regulations in 61 Pa. Code Pt. I Subpt. B Art. V (relating to personal income tax). The term does not include income which is not paid for services provided and which is in the nature of earnings from an investment. For taxpayers engaged in the business, profession or activity of farming, the term shall not include:

1. Any interest earnings generated from any monetary accounts or investment instruments of the farming business;
2. Any gain on the sale of farm machinery;
3. Any gain on the sale of livestock held twelve months or more for draft, breeding or dairy purposes; and
4. Any gain on the sale of other capital assets of the farm.

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Currently, the following political subdivisions within the West Shore Tax Bureau's collection area have opted to levy the Local Services Tax in the amounts indicated and have appointed us as their collector of the Local Services Tax:

Borough of Camp Hill	42.00	Hampden Twp	47.00
Camp Hill School District	10.00	Cumberland Valley School District	5.00
Camp Hill Stated Rate	52.00	Hampden Twp Stated Rate	52.00
Middlesex Twp	47.00	Monroe Twp	47.00
Cumberland Valley School District	5.00	Cumberland Valley School District	5.00
Middlesex Twp Stated Rate	52.00	Monroe Twp Stated Rate	52.00
Silver Spring Twp	47.00	Mechanicsburg Borough	47.00
Cumberland Valley School District	5.00	Mechanicsburg School District	5.00
Silver Spring Twp Stated Rate	52.00	Mechanicsburg Boro Stated Rate	52.00
Shiremanstown Borough	47.00	Upper Allen Twp	47.00
Mechanicsburg School District	5.00	Mechanicsburg School District	5.00
Shiremanstown Boro Stated Rate	52.00	Upper Allen Twp Stated Rate	52.00
Newberry Twp	52.00	Newberry Twp	52.00
Northeastern School District	0.00	West Shore School District	0.00
Newberry Twp Stated Rate	52.00	Newberry Twp Stated Rate	52.00
East Pennsboro Twp	47.00	Carroll Twp	52.00
East Pennsboro School District	5.00	Northern York Co School District	0.00
East Pennsboro Twp Stated Rate	52.00	Carroll Twp Stated Rate	52.00
Dillsburg Borough	52.00	Franklin Twp	10.00
Northern York Co School District	0.00	Northern York Co School District	0.00
Dillsburg Boro Stated Rate	52.00	Franklin Twp Stated Rate	10.00
Fairview Twp	52.00	Lemoyne Borough	10.00
West Shore School District	0.00	West Shore School District	0.00
Fairview Twp Stated Rate	52.00	Lemoyne Boro Stated Rate	10.00
Lower Allen Twp	52.00	Wormleysburg Borough	52.00
West Shore School District	0.00	West Shore School District	0.00
Lower Allen Twp Stated Rate	52.00	Wormleysburg Boro Stated Rate	52.00

Provisions in the law limit the total tax that may be levied on any individual to \$52.00 annually and require that when a school district and a municipality within the school district's boundaries both levy the Local Services Tax; the school district's share of the tax shall remain what it was under the former Emergency & Municipal Services Tax or Occupational Privilege Tax.

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SECTION 2. Situs of the Local Services Tax:

With respect to a person subject to the Local Services Tax at a combined rate (municipality and school district) exceeding \$10, the situs of the tax shall be the place of employment on the first day the person becomes subject to the tax during each payroll period.

With respect to a person subject to the Local Services Tax at a combined rate of not more than \$10, the situs of the tax shall be the place of employment as of the day the person first becomes subject to the tax during the calendar year. In the event a person is engaged in more than one occupation, that is, concurrent employment, or an occupation which requires the person working in more than one political subdivision during the payroll period, the priority of claim to collect the Local Services Tax shall be in the following order:

1. The political subdivision in which a person maintains his or her principal office or is principally employed;
2. The political subdivision in which the person resides and works, if the tax is levied by that political subdivision;
3. The political subdivision in which a person is employed and which imposes the tax nearest in miles to the person's home.

In the case of concurrent employment, an employer shall refrain from withholding the Local Services Tax, if the employee provides:

1. a recent pay statement from a principal employer that includes the name of the employer, the length of the payroll period and the amount of Local Services Tax withheld; and
2. a statement from the employee that the pay statement is from the employee's principal employer and the employee will notify other employers of a change in principal place of employment within two weeks of its occurrence.

SECTION 3. Local Services Tax Employer Withholding:

If a Local Services Tax is levied at a combined rate exceeding \$10 in a calendar year, a person subject to the Local Services Tax shall be assessed a pro rata share of the tax for each payroll period in which the person is engaging in an occupation.

The pro rata share of the tax assessed on the person for a payroll period shall be determined by dividing the combined rate of the Local Services Tax levied for the calendar year by the number of payroll periods established by the employer for the calendar year. For purposes of determining the pro rata share, an employer shall round down the amount of the tax collected each payroll period to the nearest one-hundredth of a dollar.

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Employer collection of the Local Services Tax shall be made on a payroll period basis for each payroll period, beginning with the first payroll period in which the person is engaging in an occupation.

No employer shall be held liable for failure to withhold the Local Services Tax or for the payment of the withheld tax money to a political subdivision if the failure to withhold taxes arises from incorrect information submitted by the employee as to the employee's place or places of employment, the employee's principal office or where the employee is principally employed.

SECTION 4. Employer Remittance of Collected Tax and Reporting of Collection Detail:

Employers are required to remit the Local Services Taxes withheld from their employees thirty (30) days after the end of each quarter of a calendar year.

Employers are required to make and file a Local Services Tax Quarterly Return thirty (30) days after the end of each quarter of a calendar year. The Local Services Tax Quarterly Return shall list the name, address, social security number, physical address of the place of employment, number of payroll periods for which the Local Services Tax was withheld and the amount of Local Services Tax being remitted for each employee.

An employer shall not be liable for payment of the Local Services Tax in an amount exceeding the amount withheld by the employer if the employer complies with the withholding provisions of these regulations and remits the amount of Local Services Tax withheld under these regulations.

SECTION 5. Self-Employed Individuals:

The West Shore Tax Bureau shall quarterly bill self-employed individuals and individuals whose employer is not required to withhold local taxes (certain state and federal agencies) for the Local Services Tax. The full amount of tax must be paid by the date indicated on such billing. If such taxpayer qualifies for a low-income exemption, the taxpayer may complete the required application for a refund of the tax paid.

SECTION 6. Exemptions to the Local Services Tax:

The Local Services Tax shall be no more than \$52 on each person for each calendar year, irrespective of the number of political subdivisions within which a person may be employed.

The law requires Municipalities and School Districts who levy the Local Services Tax at a combined rate exceeding \$10 to exempt any person from the Local Services Tax whose total earned income and net profits from all sources within the political subdivision is less than \$12,000 for the calendar year in which the Local Services Tax is levied.

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Municipalities and School Districts that levy the Local Services Tax at a combined rate of \$10 or less may, by ordinance or resolution, exempt any person from the Local Services Tax whose total earned income and net profits from all sources within the political subdivision is less than \$12,000 for the calendar year in which the Local Services Tax is levied.

Each political subdivision levying the Local Services Tax shall exempt the following persons from the Local Services Tax:

1. Any person who served in any war or armed conflict in which the United States was engaged and is honorably discharged or released under honorable circumstances from active service if, as a result of military service, the person is blind, paraplegic or a double or quadruple amputee or has a service connected disability declared by the United States Veterans' Administration or its successor to be a total one hundred percent permanent disability.

2. Any person who serves as a member of a Reserve Component of the Armed Forces and is called to active duty at any time during the taxable year. A "Reserve Component of the Armed Forces" shall mean the United States Army Reserve, United States Navy Reserve, United States Marine Corps Reserve, United States Coast Guard Reserve, United States Air Force Reserve, The Pennsylvania Army National Guard or The Pennsylvania Air National Guard.

A person seeking to claim an exemption from the Local Services Tax may annually file an exemption certificate with the political subdivision levying the tax and file a copy of the certificate with the person's employer affirming that the person reasonably expects to receive earned income and net profits from all sources within the political subdivision of less than \$12,000 in the calendar year for which the exemption certificate is filed. The political subdivision levying the tax shall provide a copy of the exemption certificate to the West Shore Tax Bureau.

The exemption certificate shall have attached to it a copy of all of the employee's last pay stubs or W-2 forms from employment within the political subdivision for the year prior to the fiscal year for which the employee is requesting to be exempted from the Local Services Tax.

Upon receipt of the exemption certificate and until otherwise instructed by the political subdivision levying the tax the employer shall not withhold the tax from the person during the calendar year or remainder of the calendar year for which the exemption certificate applies. With respect to a person who claimed an exemption from the Local Services Tax, upon notification to an employer by the person or by the political subdivision that the person has received earned income and net profits from all sources within that political subdivision equal to or in excess of \$12,000 in that calendar year or that the person is otherwise ineligible for the tax exemption for that calendar year, or upon an employer's payment to the person of earned income within that political subdivision in an amount equal to or in excess of \$12,000 in that calendar year, an employer shall withhold the Local Services Tax from the person as follows:

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If a person who claimed an exemption for a given calendar year from the Local Services Tax becomes subject to the tax for the calendar year the employer shall withhold the tax for the remainder of that calendar year.

The employer shall withhold from the person, for the first payroll period after receipt of the notification under the above paragraph, a lump sum equal to the amount of the tax that was not withheld from the person due to the exemption certificate filed by the person, plus the per payroll amount due for that first payroll period.

The amount of tax withheld per payroll period for the remaining payroll periods in that calendar year shall be the same amount withheld for other employees.

In the event the employment of a person subject to withholding of the Local Services Tax under this exception is severed in that calendar year, the person shall be liable for any outstanding balance of tax due and the political subdivision levying the tax may pursue collection under this act.

Employers shall not be responsible for investigating exemption certificates, monitoring tax exemption eligibility or exempting any employee from a Local Services Tax.

Employers shall be responsible for retaining a copy of all exemption certificates filed by employees within a given calendar year for a minimum of three (3) years. Employers who have failed to withhold the Local Services Tax from an employee or employees, AND do not have copies of the employee exemption certificate or certificates, will be held responsible for the payment of the Local Services Tax as if the tax had been originally levied against the employer.

SECTION 7. Refunds of Local Services Tax:

At anytime during the calendar year a taxpayer pays more than \$52.00 in combined LST the taxpayer may apply for a refund of the amount over \$52.00.

The application for refund must be made to the tax collector for the Taxing Jurisdiction that was the last one to levy the tax on the taxpayer (e.g. if a taxpayer works in one municipality and pays \$52.00, and then changes jobs and the new employer withholds the \$52.00 for another municipality, the refund application must be made to the tax collector for the 2nd municipality).

If a person has earned income or net profits less than \$12,000 within a municipality that has levied the Local Services Tax at \$52 per calendar year, that person may apply for a refund of the Local Services Tax paid during that calendar year.

The application for refund must be made to the tax collector for the Taxing Jurisdiction that levied the \$52 Local Services Tax and must have proof of the person's earnings attached (W-2 form, last pay stub for calendar year, etc).