

EARNED INCOME TAX COLLECTION AND Local Services Tax (LST)
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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 combined rate for the Township of North Fayette and West Allegheny School District is \$52.00 annually.

Local Services Tax Employer Withholding

A person subject to the Local Services Tax shall pay a pro rata share of the tax each payroll period. The pro rata share of the tax to be paid each payroll period shall be determined by dividing \$52.00, the **combined rate** of the Local Services Tax, by the number of payroll periods established by the employer for the calendar year. For example, if an employer has 26 pay periods in a year, \$2.00 ($\$52.00/26$ periods) shall be deducted from each and every pay.

Employer Remittance of Collected Tax and Reporting of Collection Detail

Employers are required to remit the Local Services Taxes withheld from their employees 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 to be filed for each physical location in the area shall list the name, address, social security number, number of payroll periods for which the Local Services Tax was withheld and the amount of Local Services Tax being remitted for each employee. In addition, the quarterly report shall list all employees that are deemed to be exempt.

Exemptions to the Local Services Tax

Each Person shall pay no more than \$52.00 in Local Services Tax in a 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 to exempt any person from the Local Services Tax whose total earned income and net profits from all sources within the Township is less than \$12,000 for the calendar year.

An annual exemption certificate must be completed by the employee and submitted to their employer and to the Tax Office. A copy of this exemption certificate has been included and may be obtained at the Tax Office. It is also available on the web site www.newPA.com. Upon receipt of the exemption certificate, 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 that the person has received earned income and net profits from all sources equal to or in excess of \$12,000 in that calendar year or upon an employer's payment to the person of earned income 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 following:

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.

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 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.