

## **ACT 32**

### **Employers - Act NOW to prepare for ACT 32 changes!**

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December 14

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15

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Tuesday, December 20

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**It will be a New Year** in many ways when Act 32, enacted by Pennsylvania in 2008, takes effect on January 1, 2012. The Act consolidates the collection of the local earned income tax (EIT) on a county-wide basis in order to improve the collection process.

With the exception of Philadelphia, Pennsylvania was streamlined into 69 Tax Collection Districts (TCD) from about 560 tax collectors. Each of these TCDs is overseen by a Tax Collection Committee (TCC).

Although Act 32 will eliminate inconsistencies in enforcement and following rules and case law, **the burden of changing to the new system falls to companies and not the payroll service providers they hire.** Listed here are **several steps companies need to take** in order to become compliant with the new rules by 2012.

EIT tax rates will be maintained on the website of the Department of Community and Economic Development.

#### **Benefits of Act 32 include:**

- Simplification of the system and tax administration which will provide additional funding for schools and municipalities, reduce the tax burden on businesses and make the system more fair
- Streamline the flow of tax revenue by creating uniformity and improving recordkeeping
- Institute uniform withholding to reduce large lump-sum or quarterly payments
- Minimize the number of tax collectors who interact with employers
- Reduce overhead costs, enable more local control over tax money and encourage efficiency

**We  
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more  
than  
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*If you have questions about Act 32, please contact **Susan Martin, Small Business Group Tax Manager**, at 717-757-6999/800-745-8233 or email Susan at [smartin@stambaughness.com](mailto:smartin@stambaughness.com).*

## **IT'S TIME TO ACT – ARE YOU PREPARED FOR ACT 32?**

Act 32 will provide for much needed changes to PA's local income tax system and will reduce the number of tax collectors. The effective date of Act 32 is January 1, 2012. Following are required action steps employers should take now to be in compliance by January 1<sup>st</sup>.

### **1. REGISTER WITH THE APPROPRIATE TAX COLLECTOR (IF NECESSARY)**

Employers should ensure that they are registered with the appropriate Certified Tax Collector for their area (for example, employers who were solely remitting local taxes to Hanover Area Earned Income Tax will now be required to register and file with York-Adams.).

For any employer who has multiple locations and remits to various local tax authorities, they may choose to file one return with the tax officer of the tax collection district in which that employer has its payroll operations located. If the employer chooses this option, they will be required to file the return and make payment of the income tax withheld electronically on a monthly basis. They must also file a "Notice of Intention to File Combined Returns and Make Combined Payments" with the tax officer for each place of employment at least one month before filing its first combined return or making its first combined payment.

### **2. HAVE EACH PENNSYLVANIA-BASED WORKER COMPLETE A "RESIDENCY CERTIFICATION FORM"**

This form is attached and can also be found on the DCED's website at [www.newpa.com](http://www.newpa.com) in the forms section or by using the link [http://www.newpa.com/webfm\\_send/1605](http://www.newpa.com/webfm_send/1605). A properly completed certificate requires the appropriate Political Subdivision Code (PSD) for the employees lived in and worked in localities. The certificate provides the information necessary to look up the appropriate PSD codes. This form is mandatory and should be kept in the

employer's file. It does not need to be remitted to the local tax collector. If employees move during the year, they will need to complete a new form.

### **3. ESTABLISH PSD CODES AND TAX RATES FOR EACH PENNSYLVANIA-BASED WORKER**

Employers will be required to withhold the local Earned Income Tax from all employees who either live or work in a Pennsylvania TCD. Employers are required to withhold at the local earned income tax rate where the employee lives which is specified on the residency certification form provided by each employee. If they do not withhold the employee's correct rate, the employer could be responsible for any under withheld amounts.

Employers will also be required to report a PSD code for both the lived in and worked in localities of each employee when remitting and filing withholding tax reports. The assigned PSD code for Pennsylvania local jurisdictions can be found in the attachment or at <http://munstatspa.dced.state.pa.us/>, and entering the applicable county and/or municipality. PSD codes can also be found by using the "Find your withholding rates by Address" section located on the website menu or by using the link <http://munstatspa.dced.state.pa.us/FindLocalTax.aspx>.

### **4. NOTIFY AFFECTED EMPLOYEES OF ANY CHANGES**

It may be helpful to advise Pennsylvania-based employees that their local income tax withholding may change beginning in 2012.

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## LOCAL EARNED INCOME TAX RESIDENCY CERTIFICATION FORM

### TO EMPLOYERS/TAXPAYERS:

This form is to be used by employers and/or taxpayers to report essential information for the collection and distribution of Local Earned Income Taxes. This form must be utilized by employers when a new employee is hired or when a current employee notifies employer of a name and/or address change.

EMPLOYEE INFORMATION - RESIDENCE LOCATION			
NAME (Last, First, Middle Initial)			SOCIAL SECURITY NUMBER
FIRST LINE OF ADDRESS (If PO Box, please include actual street address)			
SECOND LINE OF ADDRESS			
CITY	STATE	ZIP CODE	DAYTIME PHONE NUMBER
MUNICIPALITY (City, Borough, Township)			
COUNTY	PSD CODE <div style="display: flex; justify-content: space-around; width: 100%;"> <span style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></span> <span style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></span> <span style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></span> <span style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></span> <span style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></span> <span style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></span> </div>		TOTAL RESIDENT EIT RATE

EMPLOYER INFORMATION - EMPLOYMENT LOCATION			
EMPLOYER NAME (Use Federal ID Name)			EMPLOYER FEIN
FIRST LINE OF ADDRESS (If PO Box, please include actual street address)			
SECOND LINE OF ADDRESS			
CITY	STATE	ZIP CODE	PHONE NUMBER
MUNICIPALITY (City, Borough, Township)			
COUNTY	PSD CODE <div style="display: flex; justify-content: space-around; width: 100%;"> <span style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></span> <span style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></span> <span style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></span> <span style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></span> <span style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></span> <span style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></span> </div>		MUNICIPAL NON-RESIDENT EIT RATE

CERTIFICATION	
SIGNATURE OF EMPLOYEE	DATE
PHONE NUMBER	EMAIL ADDRESS

For information on obtaining the appropriate MUNICIPALITY (City, Borough, Township), PSD CODES and EIT (Earned Income Tax) RATES, please refer to the Pennsylvania Department of Community & Economic Development website:

[www.newPA.com](http://www.newPA.com)  
Select Get Local Gov Support, >Municipal Statistics

NEW					MINIMUM		
OLD CODE	TAXING AUTHORITY	EIT RATE	LST RATE	LEVEL	P & I		
<b>004</b>	<b>0101</b>	<b>BERMUDIAN SPRINGS SCHOOL DISTRICT - ADAMS CO.</b>	1.7%				
0C5	010101	EAST BERLIN BOROUGH - ADAMS CO.	1.7%	\$ 52.00	\$ 12,000		2%/1/2% mon
0C6	010102	HAMILTON TOWNSHIP (BERMUDIAN SD) - ADAMS CO.	1.7%	\$ 52.00	\$ 1,000		5%/6% flat
0C2	010103	HUNTINGTON TOWNSHIP - ADAMS CO.	1.7%				
0C4	010104	LATIMORE TOWNSHIP - ADAMS CO.	1.7%				
0C1	010105	READING TOWNSHIP - ADAMS CO.	1.7%				
0C3	010106	YORK SPRINGS BOROUGH - ADAMS CO.	1.7%				
<b>900</b>	<b>0102</b>	<b>CONEWAGO VALLEY SCHOOL DISTRICT - ADAMS CO.</b>	1.5%	\$ 10.00	\$ 1,000		2%/1/2% mon
100	010201	ABBOTTSTOWN BOROUGH - ADAMS CO.	1.5%	\$ 52.00	\$ 12,000		2%/1/2% mon
103	010202	BERWICK TOWNSHIP - ADAMS CO.	1.5%	\$ 10.00	\$ 1,000		2%/1/2% mon
105	010203	BONNEAUVILLE BOROUGH (CONEWAGO SD) - ADAMS CO.	1.5%	\$ 10.00	\$ 1,000		2%/1/2% mon
109	010204	CONEWAGO TOWNSHIP - ADAMS CO.	1.5%	\$ 52.00	\$ 12,000		1/2%/1/2% mon
116	010205	HAMILTON TOWNSHIP (CONEWAGO SD) - ADAMS CO.	1.5%	\$ 52.00	\$ 1,000		5%/6% flat
121	010206	MCSHERRYSTOWN BOROUGH - ADAMS CO.	1.5%	\$ 52.00	\$ 12,000		6%/1/2% mon
125	010207	MT PLEASANT TOWNSHIP (CONEWAGO SD) - ADAMS CO.	1.5%	\$ 10.00	\$ 1,000		2%/1/2% mon
127	010208	NEW OXFORD BOROUGH - ADAMS CO.	1.5%	\$ 52.00	\$ 12,000		1/2%/1/2% mon
128	010209	OXFORD TOWNSHIP - ADAMS CO.	1.5%	\$ 52.00	\$ 12,000		10%/1/2% mon
129	010210	STRABAN TOWNSHIP (CONEWAGO SD) - ADAMS CO.	1.5%	\$ 10.00	\$ 1,000		2%/1/2% mon
131	010211	TYRONE TOWNSHIP (CONEWAGO SD) - ADAMS CO.	1.0%	\$ 10.00			(SD portion only \$5.00)
<b>901</b>	<b>0103</b>	<b>FAIRFIELD AREA SCHOOL DISTRICT - ADAMS CO.</b>	1.5%				
108	010301	CARROLL VALLEY BOROUGH - ADAMS CO.	1.0%				
111	010302	FAIRFIELD BOROUGH - ADAMS CO.	1.5%	\$ 10.00	\$ 1,000		2%/1/2% mon
117	010303	HAMILTONBAN TOWNSHIP - ADAMS CO.	1.5%				
119	010304	LIBERTY TOWNSHIP - ADAMS CO.	1.5%				
<b>902</b>	<b>0104</b>	<b>GETTYSBURG AREA SCHOOL DISTRICT - ADAMS CO.</b>	1.7%	\$ 10.00	\$ 1,000		2%/1/2% mon
110	010401	CUMBERLAND TOWNSHIP - ADAMS CO.	1.2%	\$ 52.00			LST coll. By CENTAX
112	010402	FRANKLIN TOWNSHIP - ADAMS CO.	1.7%	\$ 10.00	\$ 1,000		2%/1/2% mon
113	010403	FREEDOM TOWNSHIP - ADAMS CO.	1.7%	\$ 10.00	\$ 1,000		2%/1/2% mon
115	010404	GETTYSBURG BOROUGH - ADAMS CO.	1.2%	\$ 52.00			LST coll. By CENTAX
118	010405	HIGHLAND TOWNSHIP - ADAMS CO.	1.7%	\$ 10.00	\$ 1,000		2%/1/2% mon
124	010406	MT JOY TOWNSHIP (GETTYSBURG SD)- ADAMS CO.	1.7%	\$ 10.00	\$ 1,000		2%/1/2% mon
130	010407	STRABAN TOWNSHIP (GETTYSBURG SD) - ADAMS CO.	1.7%	\$ 10.00	\$ 1,000		2%/1/2% mon
<b>903</b>	<b>0105</b>	<b>LITTLESTOWN AREA SCHOOL DISTRICT - ADAMS CO.</b>	1.0%	\$ 10.00	\$ 1,800		2%/1/2% mon
106	010501	BONNEAUVILLE BOROUGH (LITTLESTOWN SD) - ADAMS CO.	1.0%	\$ 10.00	\$ 1,000		2%/1/2% mon
114	010502	GERMANY TOWNSHIP - ADAMS CO.	1.0%	\$ 10.00	\$ 1,800		2%/1/2% mon
120	010503	LITTLESTOWN BOROUGH - ADAMS CO.	1.0%	\$ 52.00	\$ 12,000		1/2%/1/2% mon
123	010504	MT JOY TOWNSHIP (LITTLESTOWN SD)- ADAMS CO.	1.0%	\$ 10.00	\$ 1,800		2%/1/2% mon
126	010505	MT PLEASANT TOWNSHIP (LITTLESTOWN SD) - ADAMS CO.	1.0%	\$ 10.00	\$ 1,800		2%/1/2% mon
133	010506	UNION TOWNSHIP - ADAMS CO.	1.0%	\$ 10.00	\$ 1,800		2%/1/2% mon
<b>904</b>	<b>0106</b>	<b>UPPER ADAMS SCHOOL DISTRICT - ADAMS CO.</b>	1.6%	\$ 10.00	\$ 500		2%/1/2% mon
101	010601	ARENDTSTOWN BOROUGH - ADAMS CO.	1.6%	\$ 10.00	\$ 500		2%/1/2% mon
102	010602	BENDERSVILLE BOROUGH - ADAMS CO.	1.6%	\$ 10.00	\$ 500		2%/1/2% mon
104	010603	BIGLERVILLE BOROUGH - ADAMS CO.	1.6%	\$ 10.00	\$ 500		2%/1/2% mon
107	010604	BUTLER TOWNSHIP - ADAMS CO.	1.6%	\$ 10.00	\$ 500		2%/1/2% mon
122	010605	MENALLEN TOWNSHIP - ADAMS CO.	1.6%	\$ 10.00	\$ 500		2%/1/2% mon
132	010606	TYRONE TOWNSHIP (UPPER ADAMS SD) - ADAMS CO.	1.6%	\$ 10.00			(SD portion only \$5.00)
<b>014</b>	<b>2109</b>	<b>WEST SHORE SCHOOL DISTRICT - CUMBERLAND CO.</b>	1.45%				
074	210907	LEWISBERRY BOROUGH - YORK CO.	1.45%				

<b>002</b>	<b>6701</b>	<b>CENTRAL YORK SCHOOL DISTRICT - YORK CO.</b>		1.0%			
036	670101	MANCHESTER TOWNSHIP - YORK CO.		1.0%	\$ 52.00	\$ 12,000	10%/1/2% mon
080	670102	NORTH YORK BOROUGH - YORK CO.		1.0%	\$ 52.00	\$ 12,000	10%/1/2% mon
019	670103	SPRINGETTSBURY TOWNSHIP (CENTRAL SD) - YORK CO.		1.0%	\$ 52.00	\$ 12,000	5%/6% mon
<b>003</b>	<b>6702</b>	<b>DALLASTOWN AREA SCHOOL DISTRICT - YORK CO.</b>		1.0%			
056	670201	DALLASTOWN BOROUGH - YORK CO.		1.0%	\$ 10.00	\$ 1,000	10%/1/2% mon
072	670202	JACOBUS BOROUGH - YORK CO.		1.0%			
075	670203	LOGANVILLE BOROUGH - YORK CO.		1.0%			
047	670204	SPRINGFIELD TOWNSHIP - YORK CO.		1.0%			
092	670205	YOE BOROUGH - YORK CO.		1.0%			
054	670206	YORK TOWNSHIP - YORK CO.		1.0%	\$ 52.00	\$ 12,000	10%/1/2% mon
<b>005</b>	<b>6703</b>	<b>DOVER AREA SCHOOL DISTRICT - YORK CO.</b>		1.4%			
059	670301	DOVER BOROUGH - YORK CO.		1.4%	\$ 15.00	\$ 12,000	None/1/2% mon
024	670302	DOVER TOWNSHIP - YORK CO.		1.4%	\$ 52.00	\$ 12,000	10%/6% mon
050	670303	WASHINGTON TOWNSHIP - YORK CO.		1.4%			
<b>006</b>	<b>6704</b>	<b>EASTERN YORK SCHOOL DISTRICT - YORK CO.</b>		1.0%	\$ 10.00	\$ 2,000	10%/1/2% mon
060	670401	EAST PROSPECT BOROUGH - YORK CO.		1.0%	\$ 10.00	\$ 2,000	10%/1/2% mon
066	670402	HALLAM BOROUGH - YORK CO.		1.0%	\$ 10.00	\$ 2,000	10%/1/2% mon
031	670403	HELLAM TOWNSHIP - YORK CO.		1.0%	\$ 52.00	\$ 12,000	10%/1/2% mon
035	670404	LOWER WINDSOR TOWNSHIP - YORK CO.		1.0%	\$ 10.00	\$ 2,000	10%/1/2% mon
091	670405	WRIGHTSVILLE BOROUGH - YORK CO.		1.0%	\$ 52.00	\$ 12,000	10%/1/2% mon
093	670406	YORKANA BOROUGH - YORK CO.		1.0%	\$ 10.00	\$ 2,000	10%/1/2% mon
<b>007</b>	<b>6706</b>	<b>NORTHEASTERN SCHOOL DISTRICT - YORK CO.</b>		1.0%			
023	670601	CONEWAGO TOWNSHIP - YORK CO.		1.0%	\$ 35.00	\$ 12,000	None/1/2% mon
026	670602	EAST MANCHESTER TOWNSHIP - YORK CO.		1.0%	\$ 52.00	\$ 12,000	10%/1/2% mon
076	670603	MANCHESTER BOROUGH - YORK CO.		1.0%	\$ 52.00	\$ 12,000	5%/6% mon
077	670604	MT WOLF BOROUGH - YORK CO.		1.0%			
094	670606	YORK HAVEN BOROUGH - YORK CO.		1.0%			
<b>009</b>	<b>6708</b>	<b>RED LION AREA SCHOOL DISTRICT - YORK CO.</b>		1.0%			
021	670801	CHANCEFORD TOWNSHIP - YORK CO.		1.0%			
062	670802	FELTON BOROUGH - YORK CO.		1.0%			
034	670803	LOWER CHANCEFORD TOWNSHIP - YORK CO.		1.0%			
041	670804	NORTH HOPEWELL TOWNSHIP - YORK CO.		1.0%			
082	670805	RED LION BOROUGH - YORK CO.		1.0%	\$ 52.00	\$ 12,000	5%/1/2% mon
089	670806	WINDSOR BOROUGH - YORK CO.		1.0%			
053	670807	WINDSOR TOWNSHIP - YORK CO.		1.0%	\$ 52.00	\$ 12,000	10%/1/2% mon
090	670808	WINTERSTOWN BOROUGH - YORK CO.		1.0%			
<b>011</b>	<b>6709</b>	<b>SOUTH EASTERN SCHOOL DISTRICT - YORK CO.</b>		1.0%	\$ 10.00	\$ 1,000	10%/1/2% mon
055	670901	CROSS ROADS BOROUGH - YORK CO.		1.0%	\$ 10.00	\$ 1,000	10%/1/2% mon
057	670902	DELTA BOROUGH - YORK CO.		1.0%	\$ 10.00	\$ 1,000	10%/1/2% mon
025	670903	EAST HOPEWELL TOWNSHIP - YORK CO.		1.0%	\$ 10.00	\$ 1,000	10%/1/2% mon
061	670904	FAWN GROVE BOROUGH - YORK CO.		1.0%	\$ 10.00	\$ 1,000	10%/1/2% mon
028	670905	FAWN TOWNSHIP - YORK CO.		1.0%	\$ 52.00	\$ 12,000	10%/1/2% mon
032	670906	HOPEWELL TOWNSHIP - YORK CO.		1.0%	\$ 52.00	\$ 12,000	10%/1/2% mon
043	670907	PEACH BOTTOM TOWNSHIP - YORK CO.		1.0%	\$ 52.00	\$ 12,000	10%/1/2% mon
086	670908	STEWARTSTOWN BOROUGH - YORK CO.		1.0%	\$ 10.00	\$ 1,000	10%/1/2% mon
<b>012</b>	<b>6711</b>	<b>SOUTHERN YORK CO. SCHOOL DISTRICT - YORK CO.</b>		1.3%			
022	671101	CODORUS TOWNSHIP - YORK CO.		1.3%			

