

NOTICE TO EMPLOYEES
PENNSYLVANIA'S ACT 32:
IMPORTANT CHANGES TO THE WAY YOUR LOCAL EARNED
INCOME TAX IS COLLECTED ON AND AFTER JANUARY 1, 2012

Act 32, signed into law in 2008, completely restructures the withholding, reporting and collection of local Earned Income Taxes (EIT) in Pennsylvania. Act 32 makes the following changes:

- Establishes a single Tax Collection District, or TCD, in each county. (The only exceptions are Allegheny County, which has 4 TCDs, and Philadelphia County, which is exempt from Act 32) ;
- Requires that employers withhold all local earned income taxes (EIT) imposed on the compensation of their employees and remit these taxes to a single Tax Collector.
- The taxes will then be distributed to the appropriate political subdivision in which the employee resides.

What does this mean for employees?

Generally speaking, as of January 1, 2012, employee taxpayers who currently file quarterly local EIT returns will no longer be required to do so because, under Act 32, their employers must now do so on their behalf. Employee taxpayers will still be required to file final returns.

If, for any reason, an employer fails to withhold taxes on behalf of any employee, that employee must still file and pay his or her local EIT quarterly. Employees should not stop making quarterly EIT payments until they confirm that their employer is withholding the proper amount of EIT. Also, self-employed individuals must file quarterly returns, make quarterly payments, and file a final return.

All employees must fill out a **Certificate of Residency Form** and return it to their employer in order to ensure their EIT is withheld and remitted properly. These forms are available from your employer or from the Pennsylvania Department of Community Economic Development online (DCED) at www.NewPA.com.

**For more information about Act 32 and how you are affected, please
contact your employer or visit www.NewPa.com.**

This notice is provided as a courtesy by Jordan Tax Service, Inc., 102 Rahway Road, McMurray, PA 15317. Jordan Tax Service, Inc., does not warrant the accuracy of the information contained within this notice. This information is not offered as and does not constitute legal advice or a complete depiction of all of the changes resulting from Act 32. While an attempt has been made to provide correct information, the law and regulations in Pennsylvania are subject to change without notice. We recommend you contact the DCED or a legal or accounting professional with any questions.