

TOWNSHIP OF PINE

ALLEGHENY COUNTY

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Homepage - <http://twp.pine.pa.us>

OFFICIAL NOTICE TO ALL TOWNSHIP OF PINE EMPLOYERS **LOCAL SERVICES TAX (LST) – EFFECTIVE JANUARY 1, 2009**

Effective January 1, 2009, the Township of Pine will replace the \$10 Occupational Privilege Tax with a **\$52 Local Services Tax (LST)**. The tax will be levied in accordance with Pennsylvania Act 7 of 2007. The summary below outlines for employers and self-employed individuals how the tax is to be withheld and submitted. Please read the summary carefully. If you use a payroll service provider, you should forward the information to them as well. For more information, you can visit the PA Department of Community and Economic Development's website <http://www.newpa.com>. **If you have any questions, please call the Township of Pine offices at 724-625-1636, extension 118 between the hours of 8:00am and 4:30pm Monday through Friday.**

Included in this mailing are the following forms:

1. **Employer's Quarterly LST Return with instructions** – to be used by employers to submit LST withheld for employees, and by self-employed individuals to submit quarterly LST. *Please copy the form to be used for each quarter.*
2. **Upfront Exemption Certificate** – to be completed by employees requesting an upfront exemption from the LST. Employers must make these forms available to their employees. The employee must complete the form and submit it to their employer *and the Township of Pine Tax Office*. Employers must keep the forms on file for 3 years.
3. **Sample Statement to Employees** – may be customized and used to notify employees of the new withholding requirements.

These forms can also be found on the Township of Pine website at <http://twp.pine.pa.us>. The Refund Application form is available on the website, for employees who have had the tax withheld, but are requesting a refund.

Withholding Requirements

All employers with work sites in the Township of Pine are required to deduct the LST from their employees and submit the tax quarterly. Employers do not deduct the \$52 LST from the employee's first paycheck of the year. Instead, the LST must be deducted evenly from each paycheck based on the number of pay periods in the year. The withholding amount is calculated by dividing \$52 by the number of pay periods in the year. For example, if pay periods are weekly, the deduction is \$1. If pay periods are bi-weekly, the deduction is \$2. If pay periods are semi-monthly, the deduction is \$2.17. If pay periods are monthly, the deduction is \$4.33.

Reporting

Our office will mail you an Employer's Quarterly LST Return at the beginning of each year. **Please make copies of the return and submit one each quarter.** The return and payment are due on the last day of the month following the end of the calendar quarter (1st quarter – due April 30th, 2nd quarter – due July 31st, 3rd quarter – due October 31st, 4th quarter – due January 31st). Payment must be postmarked by the due date. Penalties and interest for late payment apply.

Please note that failure to receive the quarterly return does not relieve an employer of the responsibility to file. Blank forms are available at the Tax Office and on the Township of Pine website. A substitute form is acceptable **as long as it contains all the required information**. Incomplete forms are not considered to be timely filed and will be returned.

Self-employed Individuals

Every taxpayer who is self-employed (sole proprietorship, partnership or limited liability company) must file a quarterly return and pay a pro-rata share of the tax. The tax due per quarter is \$13.00 and is reported on the Employer's Quarterly LST return.

Exemptions

If an annual Upfront Exemption Certificate is submitted to the employer **and the Township of Pine Tax Office**, the employer is not required to withhold the LST. Proper documentation must be included in order to claim an upfront exemption.

Low income: If earnings from all sources *within the Township of Pine* are less than \$12,000, no tax is due. An employee may request an upfront exemption if earnings from the previous year were less than \$12,000 and they reasonably expect to earn less than \$12,000 in the current year.

Multiple employers: The Local Services Tax is a maximum of \$52 for each person for each calendar year, regardless of the number of political subdivisions in which a person is employed. If a person has more than one employer at the same time, the *principal employer* should withhold the LST. The employee must submit an Upfront Exemption Certificate **to the secondary employer and to the Township of Pine Tax Office**. Proper documentation is required to verify that the tax is being withheld by another employer.

Active duty military: Members of a Reserve Component of the Armed Forces called to active duty during the year are exempt. Annual training is not eligible.

Military disability: Honorably discharged veterans with a 100% service-connected disability are exempt.

Catch-up Withholding

If an employee has filed an Upfront Exemption and later in the year becomes ineligible, the employer must withhold a lump sum equal to the amount of LST that should have been withheld year-to-date. The employer is required to bring the employee's withholding account up-to-date and equal to the total tax that would have been withheld if no exemption certificate had been filed.

New Hires/Terminations

The LST is withheld based on the number of pay periods in a year, regardless of when an employee is hired. For example, if the pay period is weekly and an employee is hired July 1st, \$1 is withheld from each pay for the balance of the year, for a total of \$26. No catch-up withholding is required. If an employee quits before the full \$52 is withheld, the employer has fulfilled their obligation. Do not withhold the balance from the final paycheck.

Refunds

Individuals can request a refund if employed in more than one taxing district and more than the maximum of \$52.00 was deducted. The LST refund request form and supporting documentation is sent to the Township of Pine Tax Office. The Refund form is available on the Township's website. Employers are not responsible for refunding tax to employees.