

YORK ADAMS TAX BUREAU

RULES AND REGULATIONS

AMENDED LOCAL TAX ENABLING ACT

BASED ON ACT 7 of 2007

FOR 2008 AND SUBSEQUENT TAX YEARS

**LOCAL SERVICES TAX
(OPT/EMST)**

Adopted October 29, 2007

*1405 North Duke Street
P.O. Box 15627
York, Pa. 17405-0156
Phone (717)845-1584
Fax (717)854-6376*

*900 Biglerville Road
P.O. Box 4374
Gettysburg, Pa. 17325
Phone (717)334-4000
Fax (717)337-2565*

*Web Site: www.yatb.com
E-MAIL: info@yatb.com*

PREFACE

Act 7 of 2007 amends the Local Tax Enabling Act, Act 511 of 1965, to make the following changes to the former Emergency and Municipal Services Tax (EMST)/Occupation Privilege Tax (OPT).

The Participating Members' Local Services Tax (OPT/EMST) Resolutions and/or Ordinances provide that the Administrator of the York Adams Tax Bureau be empowered to prescribe, adopt and promulgate and enforce Rules and Regulations relating to any matter pertaining to the administration and enforcement of the Resolutions and/or Ordinances. The following Rules and Regulations were approved by the Participating Members of the York Adams Tax Bureau on October 29, 2007. While the Rules and Regulations do not specify particular taxing jurisdictions, they apply to all those districts which have commissioned or appointed the York Adams Tax Bureau to administer their Local Services Tax.

The Tax Resolutions and Ordinances and these Rules and Regulations are continuing ones, applicable until changed by the participating member School Districts and Municipalities. Copies of the original Local Services Tax (OPT/EMST) Resolutions and Ordinances, if available, may be examined on the bureau's website: www.yatb.com, or at this bureau.

All employees and employers, either working or conducting a business within the Municipalities and School Districts for whom this Bureau is the appointed or commissioned collector, are subject to these Rules and Regulations and to the Local Services Tax (OPT/EMST) Ordinances and Resolutions of the participating Municipalities and School Districts levying this tax.

SECTION 1: Local Services Tax

Effective January 1, 2008, the Local Services Tax (LST) replaces the Emergency and Municipal Services Tax and the former Occupational Privilege Tax (OPT). Like the EMST, the Local Services Tax is assessed on individuals for the privilege of engaging in an occupation in the political subdivision of the taxpayer's place of employment.

Any Ordinance or Resolution providing for the levying, assessment or collection of a tax on individuals for the privilege of engaging in an occupation which has been enacted by a political subdivision prior to December 1, 2004, shall continue in full force and effect, without reenactment, as if such tax had been levied, assessed or collected as a Local Services Tax.

Any municipality which reduced its real estate property tax by at least 25% upon adoption of an ordinance pursuant to the act of December 1, 2004 (P.L. 1729, No.222), Act 7 of 2007, concerning Local Services Tax, shall not apply until January 1, 2009.

The Local Services Tax on any person shall be no less than ten dollars (\$10) nor more than fifty-two dollars (\$52) for each calendar year.

SECTION 2: Exemptions

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

(1) Any political subdivision levying the LST at a rate of ten dollars (\$10.00) 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 twelve thousand dollars (\$12,000) for the calendar year in which the local services tax is levied..

(2) Any political subdivision levying the LST at a rate exceeding ten dollars (\$10.00) SHALL 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 twelve thousand dollars (\$12,000) for the calendar year in which the local services tax is levied.

(3) Any honorably discharged war or armed conflict veteran who has a service connected disability declared by the United States Veteran's Administration or its successor to be a total permanent disability.

(4) 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. The time the individual serves on active duty shall be considered exempt from the local services tax during any calendar year.

(B) Any person seeking to claim an exemption from the local services tax may annually file an exemption certificate with the tax officer representing the political subdivision levying the tax and 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 twelve thousand dollars (\$12,000) in the calendar year for which the exemption certificate is filed.

(1) Exemption certificates may be obtained from the person's employer or the applicable tax office.

(2) 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 calendar year for which the employee is requesting to be exempted from the local services tax.

(3) In the event the required documentation is not provided with the exemption certificate, the exemption will be denied by the taxing authority.

SECTION 3: Local Services Tax Employer Withholding:

(A) Exemption certificates are to be made available to employees by the employer.

(B) Employers shall not be responsible for investigating exemption certificates, monitoring tax exemption eligibility or exempting any employee from a local services tax.

(C) Local Services Tax shall be applicable to employment in the period beginning January 1, of the current year and ending December 31 of the current year.

(D) Employers shall not be required by any local ordinance to withhold from the wages, salaries, commissions or other compensation of their employees any local services tax which is not listed in the official Register maintained by the Department of Community and Economic Development.

(E) If a person who claimed an exemption for a given calendar year from the local services tax becomes subject to the tax during the calendar year, the employer shall withhold the tax for the remainder of that calendar year.

(1) The employer shall withhold for the first payroll period after receipt of the notification, a lump sum equal to the amount of tax that was not withheld from the person due to the exemption claimed, plus the per payroll amount due for that first payroll period.

(2) 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.

(3) In the event the employment of a person subject to withholding of the tax is severed in that calendar year, the person shall be liable for any outstanding balance of tax due and the taxing authority, acting on behalf of the political subdivision levying the tax may pursue collection.

(F) If the local services tax in the political subdivision where the employer is located is not more than ten dollars (\$10), the LST may be withheld from the employee at one time and remitted to the taxing authority at the end of the applicable quarter.

(G) If the local services tax is levied at a combined rate exceeding ten dollars (\$10) in a calendar year, the employer shall withhold a pro rata share of the tax for each payroll period in which the person is employed. (Ex.: If the combined tax rate is \$52 and payroll is weekly, the tax withheld from the employee would be (\$1) per week.

(H) In the case of concurrent employment, an employer shall refrain from withholding the local services tax, if the employee provides 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 the local services tax already withheld.

(1) With respect to a person subject to the local services tax at a combined rate of not more than ten dollars (\$10), the location of the tax shall be the place of employment determined as of the day the person first becomes subject to the tax during the calendar year.

(2) With respect to a person subject to the local services tax at a combined rate exceeding ten dollars (\$10), the location of the tax shall be the place of employment on the first day the person becomes subject to the tax during each payroll period.

(3) In the event a person is engaged in more than one occupation, concurrent employment, or an occupation which requires the person working in more than one political subdivision during a payroll period, the priority of claim to collect the local services tax shall be as follows:

(a) The political subdivision in which a person maintains the person's principal office or is principally employed.

(b) The political subdivision in which the person resides and works, if the tax is levied by that political subdivision.

(c) The political subdivision in which a person is employed and which imposes the tax nearest in miles to the person's home.

(I) Remittance of local services tax withheld by employers shall be remitted to the taxing authority not later than (30) days after the end of the applicable calendar year quarter. (Including employee detail).

SECTION 4: Refunds

Refunds are to be paid within seventy-five days of a refund request or seventy-five days after the last day the employer is required to remit the local services tax for the last quarter of the calendar year, under section 9 of Act 7, whichever is later and shall not be subject to interest if paid within the allowed time.

Refunds shall only be provided for amounts overpaid in a calendar year that exceed one dollar (\$1).

(A) Refund due to duplication of payment. If at any time 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 proper refund request form must be completed and signed by the taxpayer and necessary documentation must be included. These refunds may be processed at the time they are received, unless there is reason to believe we will not receive the tax from the employer.

(B) When an individual's "Earned Income and Net Profits" only, for the calendar year is less than the twelve thousand dollar exemption, at the end of the calendar year, any taxpayer who qualifies may complete a refund application and include a copy of the necessary documentation.