

IMPORTANT LOCAL TAX INFORMATION FOR 2008

THE LOCAL SERVICES TAX (LST) IS REPLACING THE EMERGENCY MUNICIPAL SERVICES TAX (EMST).

Background

A bill was signed into law in Pennsylvania that made significant changes to the Emergency Municipal Services Tax (EMST). It was renamed to the Local Services Tax (LST) and will go into effect on January 1st 2008.

Amount

The amount of the Local Services Tax paid by any person cannot exceed \$52 in a calendar year.

Collection

In prior years the EMST was deducted as one lump sum. The LST will only be withheld as one lump sum if the tax amount is \$10 or less. If the tax is greater than \$10 it is to be withheld at rate of \$1 per week, which translates into \$2 per pay based on our bi-weekly payroll cycle.

Exemption

An employee that has a total income of less than \$12,000 is exempt from the LST. In order to qualify for this exemption the employee must complete and submit an exemption certificate to stop the LST payroll deduction. If the employee does not submit the exemption certificate and has a total yearly income of less than \$12,000 he or she may request a refund from their local tax collector. If any deductions are withheld prior to the receipt of the exemption certificate a refund request for those monies should be made to their local tax collector, **NOT** the JDK Payroll Department. Exemption certificates and/or refund request forms will be available at the facility. These forms may also be downloaded from the following websites www.jdkmgt.com/MiscDocs/PDFs/ or www.newpa.com/.

*In order to stop the LST deduction exemption certificates must be **FAXED** to the JDK Payroll Department at 570-784-4785.*

Employer Requirements

The primary employer is required to withhold the LST unless they are in possession of an exemption certificate from an employee who expects to earn less than \$12,000.

Employers must restart the collection of the LST from an employee who files an upfront Exemption Certificate and then exceeds \$12,000 in earnings for the calendar year. If this occurs, the employer must deduct a "catch up" lump sum equal to the amount of the tax that was not withheld plus the current payroll deduction.

