

NOTICE TO LOWER NAZARETH TOWNSHIP EMPLOYERS

Local Services Tax:

Effective January 1, 2008, the Local Services Tax (LST) replaces the Emergency & Municipal Services Tax (EMST). Like the EMST, the new tax is assessed on each employed individual by the political subdivision of the individual's place of employment.

The rate for LOWER NAZARETH TOWNSHIP is \$52.00 annually.

Local Services Tax Employer Withholding:

A person subject to the Lower Nazareth Township Local Services Tax shall be assessed a pro rata share of the tax for each payroll period in which the person is engaging in an occupation.

The pro rata share of the tax assessed on the person for a payroll period shall be determined by dividing the combined rate of the Local Services Tax levied for the calendar year by the number of payroll periods established by the employer for the calendar year. For purposes of determining the pro rata share, an employer shall round down the amount of the tax collected each payroll period to the nearest one-hundredth of a dollar.

Employer collection of the Local Services Tax shall be made on a payroll period basis for each payroll period, beginning with the first payroll period in which the person is engaging in an occupation.

Employer Remittance of Collected Tax and Reporting of Collection Detail:

Employers are required to remit the Local Services Taxes withheld from their employees and file a Local Services Tax Quarterly Return thirty (30) days after the end of each quarter of a calendar year; employers will be responsible for the form. The Local Services Tax Quarterly Return shall list the name, address, social security number, physical address of the place of employment, number of payroll periods for which the Local Services Tax was withheld and the amount of Local Services Tax being remitted for each employee. The township will no longer provide forms for filing; it will be the employer responsibility to do a form as stated. **Payments should be made out to LOWER NAZARETH TOWNSHIP LST.** You must list on employees pay stubs **LST** as the withholding not **OPT OR EMST**.

Exemptions to the Local Services Tax:

The Local Services Tax shall be no more than \$52 on each person for each calendar year, irrespective of the number of political subdivisions within which a person may be employed.

(Over)

The law requires Municipalities who levy the Local Services Tax at a rate exceeding \$10 to 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 \$12,000 for the calendar year in which the Local Services Tax is levied.

An annual upfront exemption certificate must be completed by the employee and submitted to their employer and the Lower Nazareth Township tax office. The Pennsylvania Department of Community and Economic Development developed a standardized exemption certificate to be used by all taxing entities. A copy of this exemption certificate is enclosed. It is also available on the web site www.newPA.com. Follow the menu steps; Local Government Services, Local Tax Info, Local Services Tax. Upon receipt of the exemption certificate the employer shall not withhold the tax from the person during the calendar year or remainder of the calendar year for which the exemption certificate applies. With respect to a person who claimed an exemption from the Local Services Tax, upon notification to an employer by the person that the person has received earned income and net profits from all sources equal to or in excess of \$12,000 in that calendar year or upon an employer's payment to the person of earned income in an amount equal to or in excess of \$12,000 in that calendar year, an employer shall withhold the Local Services Tax from the person as follows:

The employer shall withhold from the person, for the first payroll period after receipt of the notification under the above paragraph, a lump sum equal to the amount of the tax that was not withheld from the person due to the exemption certificate filed by the person, plus the per payroll amount due for that first payroll period.

In the event the employment of a person subject to withholding of the Local Services Tax under this exception is severed in that calendar year, the person shall be liable for any outstanding balance of tax due and the political subdivision levying the tax may pursue collection under this act.

Each political subdivision levying the Local Services Tax shall also exempt the following persons from the Local Services Tax:

1. Any person who is an honorably discharged veteran with 100% service-connected disability.
2. Any person on active duty.

Employers shall be responsible for retaining a copy of all exemption certificates filed by employees within a given calendar year for a minimum of three (3) years. Employers who have failed to withhold the Local Services Tax from an employee or employees, AND do not have copies of the employee exemption certificate or certificates, will be held responsible for the payment of the Local Services Tax as if the tax had been originally levied against the employer.

LST OFFICE PHONE NUMBER IS 610-759-7434 EXT 1001.