

CRITICAL INFORMATION REGARDING LOCAL EARNED INCOME TAX (EIT)

Keystone Collections to become the Earned Income Tax Collector for Lower Nazareth Township

Beginning in 2012, all Northampton County municipalities and school districts will have a single EIT collector, Keystone Collection Group. Also, importantly, beginning 2012, taxpayer and employers will need to follow new rules in connection with the collection of local EIT. The EIT tax rate, however, will not increase as a result of these changes.

Pennsylvania Act 32 of 2008 (Act 32) mandates local EIT collection on a County wide-basis beginning 2012, and the use of a single tax collector. The County-wide tax collection district is known as the Northampton Tax Collection District (TCD). The TCD is governed by the Northampton Tax Collection Committee (TCC) which consists of appointed representatives from each municipality and school district in the TCD, including Lower Nazareth Township.

Act 32 requires the TCC to select the new single EIT collector for the TCD. After reviewing the tax collection rates and capabilities of several tax collection firms, the TCC voted to appoint **Keystone Collections Group** (www.keystonecollects.com) as the new EIT collector for Northampton TCD effective 2012.

The transition from the Lower Nazareth Township EIT tax office, the current EIT collector, will soon be underway. The new EIT collector will be contacting all businesses in the County to provide information about the change and any new collection processes. Residents will have to file their future 2012 earned income tax return with Keystone, but much of the process should stay the same.

The current EIT collector will continue to process the 2011 tax year payments and returns until June 30, 2012. Thus, payments towards a taxpayer's 2011 tax obligation shall continued to be paid to the current collector (until June 30, 2012) and the taxpayer's final 2011 return should be filed with the Lower Nazareth Township EIT collector. Payments of 2012 tax shall be paid to Keystone Collection Group as the new 2012 EIT collector. All payments made, and returns filed, after June 30, 2012, should be with Keystone.

Importantly, Act 32 also requires uniform employer withholding, remittance, distribution and reporting. Act 32 establishes uniform statewide rules and regulations and provides for accountability, oversight, and enforcement of the local EIT collection system. The Act also mandates that employers register with their TCD collector and have a "certificate of residency" form on file for each employee. Employers must automatically withhold and submit EIT for each employee. Taxpayers who are wage earners and whose wages are subject to withholding should not be significantly impacted by the Act 32 changes.

Local Services Tax will continue to be collected by Lower Nazareth Township.

Additional information is available at <http://www.keystonecollects.com/>. The Township will also post more information on our web site, <http://www.lowernazareth.com> as it becomes available.

To learn more about the State's Earned Income Tax Collection Consolidation Act, go to www.newpa.com and type in "DCED Act 32" in the search box.