

FREQUENTLY ASKED QUESTIONS BY EMPLOYERS

What is ACT 32?

Act 32 is a Pennsylvania law that standardizes the local earned income tax system. It consolidates the process by creating new countywide tax collection districts, standardizing forms, and mandating employer withholding statewide in 2012.

Where can I find the tax rate for my employees?

The applicable tax rate(s) are located on the DCED Municipal Statistics website.

<http://munstats.pa.gov/Public/FindLocalTax.aspx>

Remember, you must withhold the higher of the employee's resident tax (where the employee lives) or the employee's **non-resident** tax (where the employee works). **Non-resident tax will only apply to individuals who do not pay the earned income tax where they reside (i.e. - they are out-of-state residents (except Maryland) or they live in a PA municipality that does not levy the earned income tax.) Maryland residents who work in York or Adams County are exempt from the earned income tax.**

How do I find the PSD codes for my employees?

Once you have determined the municipality for your employees the following link will return the PSD code and resident tax rate. <http://munstats.pa.gov/Public/FindLocalTax.aspx>

What information must be included on my filings?

Your detail must include your employee name, address, SSN, wage, tax, resident PSD, and work PSD. A template for electronic filing can be found below.

Files will not be rejected for missing resident PSD codes; however the work PSD must be included.

Where can I find additional information about Act 32?

The Pennsylvania Department of Community and Economic Development (DCED) offers information on Act 32. <http://www.newpa.com/node/6711>

Does every employee have to fill out a Certificate of Residency?

Starting in 2012, every PA employer must require every new employee to complete a Certificate of Residency form. An employer shall require any employee who changes his or her address to complete a new Certificate of Residency form. The forms should be retained by the employer; not filed to the York Adams Tax Bureau.

What should I do if my employee provides a different municipality on the Certificate of Residency than I find on the DCED website?

In the event of a discrepancy please use the information provided by your employee on the Certificate of Residency.

Can the employee withholdings be submitted to a single tax collector if my business has multiple locations throughout Pennsylvania?

A business with employment locations in more than one tax collection district may file and pay the total amount of income taxes withheld from employees in all work locations to the tax collector for the district where the employer's payroll operations is located. The employer MUST file monthly and MUST report and pay withholdings electronically. **The employer must file a notice of intention to file combined returns and make combined payments with the tax collectors for each place of employment at least one month before filing its first combined return.**

What is the filing frequency?

Filings are quarterly, and are due 30 days following the end of each calendar quarter.

If you have chosen a combined collector filings are due monthly, and must be electronic. Monthly filings are due within thirty days of the end of each month.

When are employers required to reconcile annual employee withholdings?

The annual reconciliation is due by the end of February.

If I have submitted my filing online through PA Lite or electronically do I need to send paper returns?

No. Electronic filings should not be duplicated with a paper filing.

What is the easiest way to submit my filing?

The easiest way to submit your filing is electronically through PA Lite.

Fill out the Online Filing Questionnaire and either fax or email it to us and our staff will set up the account for you and contact you with your login information.

This information is required in order to receive a temporary account password for the online filing system. Once the website is accessed it is highly recommended that you change the assigned password to something unique to the user.

Once your online account has been created, you can login here to PA Lite. <https://employer.palite.org/>

What methods are available for electronic payments?

ACH Debit payments are accepted through PA Lite.

ACH Credit payments can also be made to our office. The instructions can be found in the ACH Credit Instructions under the Employer tab.

How should I handle out of state employees?

The resident PSD code for an out of state employee is 880000. Employers must withhold and report the appropriate non-resident tax, with the exception of Maryland employees. The York Adams Tax Bureau will not require local earned income tax to be withheld from Maryland residents. Those employees would be entitled to a refund if tax is withheld.

If I am a tax preparer, am I able to use PA Lite to file online for my clients?

Yes. Please complete the online filing questionnaire to register.

What do I do if my employee moves part way through the reporting period?

The tax should be withheld at the correct dates based on the dates of the move. When reporting the address at the end of quarter the new address should be listed.

Am I required to send paper W2s at the end of the year?

If filed electronically, paper W2's are not required. If you file paper returns you are required to include W2 copies with your annual reconciliation.

Additionally, employers with more than 250 employees are required to submit their year-end file electronically.

Under ACT 32 what information should be included in Box 20 on my W2s?

The two digit county code should be listed on the W2. This should be the code for the county where the tax was remitted. For York County the code is 67. For Adams County the code is 01.

How do I handle Philadelphia tax?

All tax from employees working or living in the City of Philadelphia should be filed with the Philadelphia Department of Revenue per Act 48 of 1994.

<http://www.legis.state.pa.us/cfdocs/billinfo/billinfo.cfm?year=1993&sind=0&body=H&type=B&bn=0868>

<http://www.phila.gov/revenue/>

I have additional questions. Who should I contact?

Please contact the employer accounts department with any questions.

Via email to employer@yatb.com

Phone (717) 845-1584, option 2

Fax (717) 854-6376