

## INSTRUCTIONS – LOCAL SERVICES TAX (LST)

As an employer you are required to deduct \$52.00 annually from the wages of each employee with earned income and/or net profits from all sources connected to this municipality of more than \$12,000 received in a calendar year.

The \$52.00 is now withheld on a pro-rated basis using a formula which is \$52.00 divided by the number of payroll periods. For example, weekly pay checks will have \$1.00 deducted, bi-weekly checks will have \$2.00 deducted, monthly checks will have \$4.33 deducted, and bi-monthly checks will have \$2.17 deducted. When calculating the pro-rated share, you are required to round down to the nearest one hundredth of a dollar. You must attach a form listing the employees (you may attached a computerized list) and the amount of tax withheld in the quarter and remit the LST to us within thirty days after the end of each quarter.

For those employees **NOT** to receive \$12,000 in earned income and/or net profits from all sources connected to this municipality in this tax year, they may file an exemption certificate with you affirming this claim and the tax shall not be withheld. The exemption certificate shall have attached to it a copy of all employee's last pay stubs or W- forms from employment connected to the municipality for the year prior. Employers shall provide copies of exemption certificate filed with them when remitting the quarterly tax to our office. Employers must ensure that the exemption certificates are readily available to the employees at all times and shall furnish each new employee with the form at time of hiring. No person shall be subject to the payment of the LST by more than one municipality during each payroll period. Exemption certificates may be downloaded from our website, [www.tfgtax.com](http://www.tfgtax.com) or the PA state web-site, [www.newpa.com](http://www.newpa.com) .

With respect to a person who claims an exemption from the LST, upon notification to you by the person that they have received earned income and net profits in excess of \$12,000 in this calendar year or upon your payment as an employer to the person in the excess of \$12,000, you “restart” withholding of the LST by withholding (1) a “catch-up” lump sum tax equal to the amount of tax that was not withheld as a result of the exemption; and (2) the same amount per payroll period that is withheld from other employees.

**This tax also applies to self-employed individuals (\$52 due 4/30).**

Reservists who are called to **active duty** are exempt and any individual who has service connected disability declared by the US Veteran's Admin to be 100% disability is exempt.

Additional forms can be obtained from our web-site, [www.tfgtax.com](http://www.tfgtax.com) .