



**MARPLE TOWNSHIP
DELAWARE COUNTY, PENNSYLVANIA**

**LOCAL SERVICES TAX
REGULATIONS**

Effective: January 1, 2011

INTRODUCTION

Individuals engaging in an occupation, trade or profession in Marple Township (the "Township") are required to pay Local Services Taxes.

These Regulations provide a formal interpretation of the Township's Local Services Tax Ordinance ("LST Ordinance"). *Marple Township Code, § 274-72 et seq.* These Regulations shall be interpreted, whenever possible, to be consistent with the LST Ordinance. In the event that a provision of these Regulations is inconsistent with the LST Ordinance, the provisions of the LST Ordinance shall prevail and control.

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LOCAL SERVICES TAX REGULATIONS

Section 100. Authority.

The Local Services Tax Ordinance was enacted under authority of the Local Tax Enabling Act (Act 511 of 1965), as amended, 53 P.S. § 6924.101 et seq., and appears in the Code of the Township of Marple at Chapter 274, Article IV.

Section 101. Definitions.

Words used in the Local Services Tax Ordinance, and/or these Regulations, but not defined in the Ordinance, these Regulations, by state statute, or by the Pennsylvania judiciary, will be interpreted using the common and ordinary meaning afforded to such words in a local tax context.

As used in these Regulations:

EARNED INCOME - Compensation as this term is defined in Section 6913 (relating to earned income taxes) of the Local Tax Enabling Act.

EMPLOYER - An individual, partnership, association, limited liability corporation, limited liability partnership, corporation, governmental body, agency or other entity employing one or more persons on a salary, wage, commission or other compensation basis, including a self-employed person.

INDIVIDUAL - Any natural person engaged in any occupation, trade or profession within the boundaries of Marple Township.

LST - Marple Township Local Services Tax.

NET PROFITS - The net income from the operation of a business, profession or other activity, as this term is defined in Section 6913 (relating to earned income taxes) of the Local Tax Enabling Act.

OCCUPATION - Any trade, profession, business or undertaking of any type, kind or character (including services, domestic or other, earned in or performed within Marple Township) for which compensation is charged or received, whether by means of salary, wages, commission, tips, or fees for services rendered.

TAX - The Local Services Tax at the rate fixed in Section 274-74 of the Township's Code.

TAX COLLECTOR - The Secretary-Manager of the Township of Marple or his designated representative.

TAX YEAR - The period from January 1 until December 31 in any year; a calendar year.

MARPLE TOWNSHIP - The area within the corporate limits and boundaries of Marple Township.

TOWNSHIP – Township of Marple, Delaware County, Pennsylvania.

Section 102. Rate and Subject of Tax.

All individuals who engage in an occupation, trade or profession in Marple Township for any length of time are subject to the Local Services Tax. The rate of the tax is \$52.00 per year. The tax is assessed on a *pro rata* basis, meaning that the tax is divided by the number of annual payroll periods of the employer and is withheld each payroll period in which the individual is engaged in an occupation.

Examples:

<i>Weekly payroll:</i>	52 pay periods. Tax is assessed at \$1 per pay.
<i>Bi-weekly payroll:</i>	26 pay periods. Tax is assessed at \$2 per pay.
<i>Semi-monthly payroll:</i>	24 pay periods. Tax is assessed at \$2.16 per pay.
<i>Monthly payroll:</i>	12 pay periods. Tax is assessed at \$4.33 per pay.

Other payroll: Irregular pay periods, *e.g.*, self-employed and employment with unusual, or irregular pay periods. Each calendar quarter is treated as a 13-week pay period and the Tax is assessed at a rate of \$13 per quarter. This amount is prorated for individuals employed less than the entire 13-week period of a particular quarter.

The Tax can be no more than \$52 on each individual for each calendar year, regardless of the number of municipalities in which the individual may be employed.

If an individual is employed by more than one employer in any given payroll period, only one employer may withhold the Tax. The employee should file an Application for Exemption of Tax with the second employer and include a pay statement from his/her principal employer that shows the length of the payroll period and the amount of Tax withheld.

An individual engaged in an occupation, trade or profession in Marple who spends time working outside the Township is subject to the LST if the individual's employer or primary place of business is in Marple Township.

Example: Taxpayer is a sales representative for a distributor of medical supplies located in Marple Township. Taxpayer travels 80% of the time to customers in various states, and works at the Marple office several days each month.

Taxpayer is subject to the LST and must pay on all weeks of his employment, not just those weeks worked in Marple.

Section 103. Individuals Exempt from Tax.

(A) **Minimum Income.** Any individual whose total income from all sources (including tips) or net profits from all sources connected to Marple Township is less than \$12,000 for the calendar year is exempt from the payment of the Tax for that calendar year. For the purpose of this income test, earnings and net profits from business activities conducted outside Marple Township are treated as connected to Marple Township when the individual's employer or primary place of business is in the Township.

(B) **Disabled Veterans.** Under state law, any individual who served in any war or armed conflict of the United States and received an honorable discharge or was released under honorable circumstances from active service, is exempt if, as a result of military service, the individual is blind, paraplegic or a double or quadruple amputee or has a service-connected disability declared by the United States Veterans' Administration to be a total (100 percent) disability.

(C) **Reservists on Active Duty.** Any individual who serves as a member of a reserve component of the armed forces and is on, or is called to active duty at any time during the taxable year is exempt from Local Services Tax for that year. This includes reservists in the United States Army Reserve, United States Navy Reserve, United States Marine Corps Reserve, United States Coast Guard Reserve, United States Air Force Reserve, the Pennsylvania Army National Guard or the Pennsylvania Air National Guard.

Section 104. Procedure to Claim Exemption.

Any individual seeking to claim exemption from the LST must annually file an exemption certificate with the Township and with his/her employer and attach copies of documents in support of a claimed exemption.

An individual claiming exemption under the Minimum Income provision (Section 103(A)) must affirm that he/she reasonably expects to receive earned income or net profits from all sources connected to Marple Township of less than \$12,000 in the calendar year.

The individual must use the exemption certificate form that is provided by or available from the Township and must attach to the certificate his/her last pay stub(s) or Form(s) W-2 from employment within Marple Township for the prior year. If the exempt status results from special circumstances, attach a statement to that effect with an explanation and supporting documents.

If during the year the individual does earn income or net profits that aggregate \$12,000 or more, or is otherwise no longer eligible for exemption, he/she must notify both the Township and his/her employer(s) immediately, at which time the amount of Tax owed or coming due will be withheld by the employer and remitted to the Township with the next quarterly LST return.

Example: Taxpayer is a part-time employee who works in the Township. Based on his W-2 earnings of \$8,000 from last year, Taxpayer files an exemption certificate with the Township and his employer in early January of the current year. No LST is

withheld from Taxpayer or paid to Marple Township for the first three calendar quarters.

Early in October, Taxpayer's year-to-date earnings exceed \$12,000. Taxpayer must notify Marple Township and his employer, and Taxpayer's employer must withhold the full amount of tax for the previous three quarters and initiate withholding for subsequent pay periods in accordance with Section 102 of these Regulations. Taxpayer's total tax of \$52 is paid to Marple with the employer's filing of its fourth quarter LST return.

In the event of a dispute, the Tax Collector determines whether an individual qualifies for exemption.

Section 105. Duty of Employers to Collect.

Each and every employer who has a business location in the Township or engages in business in the Township is required to collect the Tax from its employees and remit the Tax to the Township.

An employer is generally not responsible for investigating exemption certificates, monitoring tax exemption eligibility, or exempting any employee from the Local Services Tax. However, if at any time during the year, an employer has paid an employee who has claimed an exemption an aggregate of \$12,000 or more, the employer must withhold and remit Tax in accordance with these Regulations and the LST Ordinance.

An employer is responsible for paying the required amount of Tax based on the number of non-exempt employees whether or not the employer has collected the Tax from his/her employees. In this way, the employer is responsible for the payment of Tax in full as though the Tax had been originally levied against the employer. However, an employer is generally not responsible for failing to withhold and remit Tax if the failure to withhold Tax arises from incorrect information submitted by the employee as to the employee's place or places of employment, the employee's principal office or where the employee is principally employed. Further, an employer is not liable for payment of the LST in an amount exceeding the amount withheld by the employer if the employer has complied with the provisions of the Ordinance concerning exemptions and remits the amount so withheld in accordance with the Ordinance.

Section 106. Returns.

(A) **Who Must File.** Each employer must prepare and file a return showing a computation of the Tax on forms provided by or made available by the Township. An authorized representative of the employer must sign the LST return.

(B) **How to Complete Return.** The LST quarterly returns are completed as follows:

1. In Line 1, enter number of employees being reported for the quarter.
2. In Line 2, enter the total LST withheld for the quarter.

3. In Line 3, calculate the penalty (one-half of one percent (½%) for each month or fraction thereof) of the tax principal that is due if you are filing the return late.
4. In Line 4, calculate the interest (annual rate of 6%) due on the tax principal for each month or part thereof that the tax return is late.
5. In Line 5, enter the total amount (tax principal and any penalty and interest) due to the Township.
6. The LST tax return must be signed by an authorized individual. If the taxpayer is a corporation (C corporation, S corporation or limited liability company), the tax return must be signed by an officer. If the taxpayer is a limited or general partnership, the tax return must be signed by a partner. Enter the authorized individual's title and date of signature.
7. Verify the legal name of the taxpayer and mailing address.

Section 107. Due Dates for Returns.

Employers must file a Local Services Tax return for each calendar quarter. Payment of the LST must be remitted with the quarterly returns. The quarterly returns are due on or before the last day of the month following the end of each calendar quarter: April 30, July 31, October 31, January 31. If any due date falls on a Saturday, Sunday, or legal holiday, returns filed on the next business day will be accepted as timely. Returns submitted by mail or are deemed to be filed on the date of the U.S. postmark. Returns submitted by other means are considered filed on the date the returns are received by the Township.

Section 108. Self-Employed Individuals.

Each self-employed individual who offers or performs services of any type or kind, or engages in any occupation, trade or profession in Marple Township is subject to the LST. See Section 102 above.

Section 109. Individuals Engaged in More Than One Occupation or Employed in More Than One Political Subdivision.

The situs of the Tax shall be the place of employment on the first day the individual becomes subject to the Tax during each payroll period. In the event an individual is engaged in more than one occupation, that is, concurrent employment, or an occupation that requires the individual working in more than one political subdivision during a payroll period, the priority of claim to collect the LST shall be in the following order:

(A) First, the political subdivision in which an individual maintains his or her principal office or is principally employed;

(B) Second, the political subdivision in which the individual resides and works if the Tax is levied by that political subdivision;

(C) Third, the political subdivision in which an individual is employed and which

imposes the Tax nearest in miles to the person's home.

In case of dispute, a tax receipt of the taxing authority for that calendar year declaring that the Taxpayer has made prior payment constitutes *prima facie* certification of payment to all other political subdivisions.

Section 110. Nonresidents Subject to Tax.

All employers and self-employed individuals residing or having their places of business outside of Marple Township, but who offer or perform services of any type or kind or engage in any occupation, trade or profession within the Township, are subject to the Local Services Tax just as if they were residents of the Township.

Any individual engaged in an occupation, trade or profession within the Township and any employee of a nonresidential employer will be considered a self-employed individual, and in the event his or her Tax is not paid, the Township can collect the Tax either from the employer or the employee.

Section 111. Administration of Tax.

(A) **Duties of Tax Collector.** The Tax Collector accepts and receives payments of the Tax and keeps a record showing the amount received from each employer or self-employed individual, together with the date the Tax was received.

(B) **Audit or Review of Employer Records.** The Tax Collector or his designated representative is authorized to examine the books and payroll records of any employer in order to verify the accuracy of any return made by an employer or, if no return was made, to ascertain the Tax due. Each employer is required to give the Tax Collector or his designee the means, facilities and opportunity for such examination.

(C) **Assessment Based on Estimate.** In the event an employer does not have sufficient records to support the correct calculation of the tax, or fails to make books and records available for examination, the Tax Collector is authorized to ascertain the Tax due using estimates.

Section 112. Interest, Penalty, Suits for Collection.

(A) **Penalty and Interest.** If for any reason the quarterly returns are not filed, or the correct tax is not paid when due, interest at the rate of six (6) percent per year on the amount of unpaid Tax and an additional penalty of one-half of one (1) percent for each month or fraction of a month during which the Tax remains unpaid, shall be added and collected by the Township.

(B) **Collection.** In the event that any Tax remains due or unpaid 30 days after the due date, the Township may institute legal action for the recovery of Tax due, together with interest and penalty. The individual liable for unpaid tax shall also be responsible and liable for the Township's costs of collection, including but not limited to attorneys' fees.

(C) **Fines.** Any individual who fails to comply with the Ordinance or these Regulations shall be subject to a \$1,000.00 fine for each violation. Such individual shall also be responsible for the costs of prosecution and collection and, if such individual fails to pay such fines and costs, may be subject to imprisonment for not more than 30 days. The action to enforce such fines and costs may be instituted against any individual in charge of the business of any employer who shall have failed or who refuses to file a return required by the LST Ordinance. Each incidence of non-compliance shall be considered a separate offense.

Section 113. Refunds to Exempt Employees.

The Tax Collector shall determine eligibility for exemption and provide refunds to exempt individuals who have paid Tax to the Township. Claims for refunds by exempt individuals will be denied in cases where the employer failed to remit the withheld LST to the Township.

Section 114. Refund of Overpayments, Interest on Overpayments.

(A) **Taxpayer Request for Refund of Overpayments.** Any Taxpayer who has made an overpayment of Tax to the Township may file a written request with the Tax Collector for a refund or credit. A request for refund shall be made within three years of the due date for filing the tax return, or one year after actual payment of the Tax, whichever is later. If no return (or report) is required, the request shall be made within three years after the due date for payment of the Tax or within one year after actual payment of the Tax, whichever is later. A request for refund shall not be considered complete and filed unless and until all information necessary for the Township to determine the merits of the request have been received by the Township. A request for refund shall not be considered a Petition for Review by Local Tax Hearing Officer and shall not preclude a Taxpayer from submitting a Petition for Review by Local Tax Hearing Officer in accordance with the Local Taxpayers Bill of Rights.

(B) **Interest on Overpayments.** All overpayments of Tax due to the Township shall bear simple interest from the date of the overpayment until the date of resolution. (See 53 Pa. C.S. § 8426.)

- (1) **Rate of Interest.** Interest on overpayments shall be allowed and paid at the same rate as the Commonwealth is required to pay pursuant to Section 806.1 of the Act of April 9, 1929 (P.L. 343, No.176), known as The Fiscal Code.
- (2) **75 Days Before Interest Accrues.** No interest shall be allowed if an overpayment is refunded (or applied against any other tax, interest or penalty due the Township) within 75 days after the last date prescribed for filing the report of the tax liability or within 75 days after the date the return or report of the liability due is filed, whichever is later.
- (3) **No Interest on Overpayments of Interest and Penalty.** Overpayments of interest or penalty shall not bear any interest.

Section 117. Dishonored Checks.

If any check received in payment of Taxes is returned unpaid by a financial institution, there shall be added to the Tax due the sum charged for dishonored checks established by the Township.

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