



**HVERFORD TOWNSHIP
DELAWARE COUNTY,
PENNSYLVANIA**

**LOCAL SERVICES TAX
REGULATIONS**

Effective: January 1, 2013

INTRODUCTION

Individuals engaging in an occupation, trade or profession in Haverford 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"). *Haverford Township Code, §§ 165-54 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.

For additional information or copies, please visit www.haverfordtownship.com or contact:

Haverford Township
Finance Department
2325 Darby Road
Havertown, PA 19083
(610) 446-1000

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LOCAL SERVICES TAX REGULATIONS

Section 100. Authority.

The Board of Commissioners of Haverford Township enacted the Local Services Tax Ordinance under the authority conferred by the Local Tax Enabling Act (Act 511 of 1965), as amended, 53 P.S. § 6924.101 et seq., and the Home Rule Charter Law, as amended, 53 Pa. C.S. § 2901 et seq., and appears in the General Laws of the Township of Haverford Pennsylvania at Chapter 165, Article V.

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 Haverford Township.

LST - Haverford 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 Haverford 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 § 165-55 of the General Laws of the Township of Haverford.

TAX ADMINISTRATOR - The Finance Director of Haverford Township, or his duly

authorized representative.

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

HAVERFORD TOWNSHIP - The area within the corporate limits and boundaries of Haverford Township.

TOWNSHIP - Haverford Township, Delaware County, Pennsylvania.

Section 102. Rate and Subject of Tax.

All individuals who engage in an occupation, trade or profession in Haverford 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, *i.e.*, 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:

Weekly payroll:	52 pay periods. Tax is assessed at \$1 per pay.
Bi-weekly payroll:	26 pay periods. Tax is assessed at \$2 per pay.
Semi-monthly payroll:	24 pay periods. Tax is assessed at \$2.16 per pay.
Monthly payroll:	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 Haverford who spends time working outside the Township is subject to the LST if the individual's employer or primary place of business is in Haverford.

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

Section 103. Individuals Exempt from Tax.

(A) **Minimum Income.** Any individual whose total earned income (including tips) and net profits from all sources connected to Haverford 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 Haverford Township are treated as connected to Haverford 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 and net profits from all sources connected to Haverford 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 W-2 form(s) from employment within Haverford 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 Haverford and his employer in early January of the current year. No LST is withheld from Taxpayer or paid to Haverford for the first three calendar quarters.

Early in October, Taxpayer's year-to-date earnings exceed \$12,000. Taxpayer must notify Haverford 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 Haverford with the employer's filing of its fourth quarter LST return.

In the event of a dispute, the Tax Administrator 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 (5%) 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 or member. 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 and 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.

Every self-employed individual who offers or performs services of any type or kind, or engages in any occupation, trade or profession in Haverford 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 Haverford Township, but who offer or perform services of any type or kind or engage in any occupation, trade or profession within Haverford 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 Administrator.** The Tax Administrator 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 Administrator 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 Administrator 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 Administrator 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 one-half (½) percent per month or fraction of a month on the amount of such Tax shall be calculated, beginning with the due date of the Tax and a penalty of 5% shall be added to the flat rate of such Tax.

(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, legal or other professional fees.

(C) **Fines.**

1. Whoever makes any false or untrue statement on any return required by the Ordinance, or whoever refuses inspection of the books, records or accounts in his custody and control setting forth the number of employees subject to this Tax who are in his employment, or whoever fails or refuses to file any return required by the Ordinance or whoever fails to collect or withhold or, having collected and withheld, fails to pay the tax due, shall, upon conviction thereof, be sentenced to pay a fine or penalty to the Township of not more than \$600 and costs of prosecution for each offense, and, in default of payment of such fine and costs, to imprisonment for not more than 30 days. The action to enforce the penalty herein prescribed may be instituted against any person in charge of the business of any employer who shall have failed or who refuses to file a return required by this article and shall include self-employed individuals.

2. Any employee or individual who submits false statements regarding eligibility for exemption or submits a false exemption certificate shall be guilty of a violation of the Ordinance, and, upon conviction thereof, shall be sentenced to pay a fine of not more than \$600 and costs of prosecution for each offense, and, in default of payment of such fine and costs, to imprisonment for not more than 30 days.

3. The Tax Administrator is empowered to proceed by citation against any person, officer, agent, servant or employee who has violated the provisions of these Regulations or the LST Ordinance.

Section 113. Refunds to Exempt Employees.

The Tax Administrator 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 Administrator 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 Administrative Appeal and shall not preclude a Taxpayer from submitting a Petition for Administrative Appeal in accordance with the Township's 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 115. Dishonored Checks.

If any check received in payment of Taxes is returned unpaid for any reason 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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