

# **MIDDLETOWN AREA TAX COLLECTION BUREAU**

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## ***EMERGENCY & MUNICIPAL SERVICES TAX (EMST)***

### ***EMPLOYER INSTRUCTIONS***

Act 222 of 2004 amends the Local Tax Enabling Act, Act 511 of 1965, to permit municipalities and school districts (except the Pittsburgh School District) whose taxing authority derives from Act 511, to impose on persons employed within the jurisdiction a combined Emergency and Municipal Services Tax (EMST) of up to a maximum of \$52 a year beginning on and after January 1, 2005. This tax replaces the Occupational Privilege Tax (OPT) and can be imposed any time during the fiscal year. Municipalities must use funds from an EMST for police, fire or emergency services; road construction or maintenance; or for the reduction of property taxes. This limitation does not apply to school districts.

Act 222 allows local taxing jurisdictions to provide a low-income earnings threshold. The earnings threshold is optional on the part of the municipality or school district. There may be no threshold or a threshold in any amount so long as the threshold does not exceed \$12,000.

All employers with work sites within the taxing jurisdiction are required by law to deduct the EMST from their employees at the site of employment. The legal basis for the EMST is the actual location where the individual taxpayer works. It is not the headquarters of the employer where the payroll checks are prepared. If a taxpayer works in more than one political subdivision during the tax year, the priorities of collection are as follows.

- (1) the political subdivision in which the person maintains the principal office or is principally employed;
- (2) the political subdivision in which the person resides and works if, of course, the political subdivision of residence imposes the tax;
- (3) the political subdivision in which a person is employed imposing the tax which is nearest the person's home.

The place of employment is to be determined as of the day the taxpayer first becomes subject to the tax during the calendar year. The legislative intent as expressed in the law is that no person is to pay more than \$52 in any calendar year for EMST, regardless of the number of political subdivisions where they work during a year. A tax receipt showing payment at an earlier date in the same calendar year must be accepted by all other political subdivisions where an individual subsequently becomes liable for the tax. However, if an employee pays an EMST of \$10 and transfers to a municipality where the rate is higher, the employer should withhold the difference.

Recognizing that the payment of the \$52 lump sum tax can place a significant burden on low-income workers, the Governor's Center for Local Government Services recommends reducing the burden of the \$52 lump sum on workers by permitting employers to spread the withholding of the EMST over more than one paycheck.

Additional information concerning the EMST can be found on the PA Department of Community & Economic Development web site [www.newpa.com/default.aspx?id=133](http://www.newpa.com/default.aspx?id=133).

Listed below are the political subdivisions within our jurisdiction that have levied the EMST and named MATCB the tax collector. The chart lists the Municipal Code, Tax Levy amount, and the Earnings Threshold established for each area.

<b><u>Municipality Name</u></b>	<b><u>Municipal Code</u></b>	<b><u>Tax Levy</u></b>	<b><u>Earnings Threshold</u></b>
<i>Lower Dauphin School District</i>			
Conewago Twp	220065	\$10	\$1,000
East Hanover Twp	220155	\$10	\$1,000
Hummelstown Boro	220363	\$52	\$1,000
Londonderry Twp	220455	\$52	\$1,000
South Hanover Twp	220905	\$10	\$1,000
<i>Middletown Area School District</i>			
Lower Swatara Twp	220514	\$52	\$12,000
Middletown Boro	220633	\$52	\$1,000
Royalton Boro	220843	\$10	\$1,000