

SHAMOKIN DAM BOROUGH LOCAL SERVICES TAX INSTRUCTIONS, REGULATIONS AND ORDINANCE

This pamphlet was prepared to acquaint you with the provisions of Shamokin Dam's Borough's Local Services Tax, (formerly the Emergency and Municipal Services Tax). After you are familiar with the provisions, preserve this copy for your future reference. The Receiver of Taxes will receive payments and will furnish all forms, returns and certificates as required. For all matters concerning this tax direct your questions to the Receiver of Taxes, also called the LS Tax Collector, Shamokin Dam Borough, Municipal Building, 210 W. Eighth Avenue, Suite 101, Shamokin Dam, Pennsylvania.

INSTRUCTIONS

1. PURPOSE

These regulations are issued to acquaint both employers and self-employed persons with the administrative provisions of the Local Services (LS) Tax and set forth their responsibilities thereunder.

2. WHAT IS THE LOCAL SERVICES TAX??

The Local Services Tax is a tax on all individuals engaging in an occupation within the borders of Shamokin Dam Borough. It is levied on the basis of \$52 per year per individual, **but collected on a prorated payroll period basis**. The tax is used to support Shamokin Dam in providing municipal services, such as police, fire, ambulance and emergency services and to maintain the roads.

3. WHO IS TAXABLE?

Any individual engaged in an occupation within the Borough of Shamokin Dam is taxable.

4. WHO ARE EMPLOYERS?

An employer is any individual, partnership, association, corporation, or other entity that engages the services of any individual and makes payment whether by salary, wages, commission, or fees for such services rendered. An employer shall include himself as a self-employed person who engages in his employ the services of one or more individuals besides himself.

5. FROM WHOM SHALL THE EMPLOYER COLLECT THE OCCUPATIONAL TAX?

Each employer within the Borough of Shamokin Dam shall collect the LS Tax for each employee in accordance with Article No. 6 of Regulations, unless the employee is exempt and has filed an exemption certificate with the Employer and the Borough.

6. WHAT ARE THE DUTIES AND RESPONSIBILITIES OF THE EMPLOYER?

Each employer within the Borough of Shamokin Dam shall collect from each employee engaged in his service within the Borough limits the amount of the tax imposed by the Borough Council and pay over the same to the Receiver of Taxes on behalf of the employees so engaged. Tax is to be withheld from employees on a prorated payroll period basis. The \$52 annual tax is divided by the number of payroll periods an employee has, and the tax is collected by the employer at that amount each payroll period the employee is employed by the employer. If an employee is paid weekly, the tax is withheld at the rate of \$52 divided by 52 weeks (per year) or at the rate of \$1 per week. The employer is to file a return and pay the tax to the Receiver of Taxes on a quarterly, within 30 days of the end of the quarter. The tax and return are due on or by April 30, July 30, October 30, and January 30 for each tax year.

The prorated tax is due from the employee as of the first day of the payroll period he may work. For example, if the payroll is weekly, then the \$1 is due as of the first day of the payroll period the employee works, even though that is the only day he may work during that payroll period.

If the employer collects the tax from an employee and fails to file a return with the Receiver of Taxes, then the employer shall become responsible for the payment of the tax.

7. WHAT IS THE RESPONSIBILITY OF AN EMPLOYER WHOSE BUSINESS IS LOCATED OUTSIDE THE BOROUGH OF SHAMOKIN DAM?

The responsibilities of an employer whose business is located outside the Borough of Shamokin Dam regarding his employees who engage in an occupation within the Borough, are similar to those of a resident employer.

8. WHO IS A SELF-EMPLOYED PERSON?

a. Anyone who performs a service of any type or kind either part time or full as a profession or business within the corporate limits of the Borough of Shamokin Dam.

b. Any individual engaged in any occupation in the Borough of Shamokin Dam either part time or full and who is an employee of an employer whose business is located beyond the corporate limits of the Borough of Shamokin Dam.

c. Any individual whose employer is not subject to Section 24-406 of the Ordinance. See Regulations Article 8.

9. INDIVIDUALS ENGAGED IN MORE THAN ONE OCCUPATION.

If an individual has more than one occupation in the Borough of Shamokin dam, he shall be subject to the payment of the tax upon his principal occupation and his principal employer shall make the deduction from the salary, wages, commission or other compensation payable by him to his employee. If an employee has two or more jobs in different municipalities, the priority of municipality's claim to collect the LS Tax is as follows:

1. Municipality where the taxpayer maintains his principal office or is principally employed.
2. Municipality where the taxpayer resides and works.
3. Municipality where the taxpayer is employed nearest in miles to the taxpayer's home.

10. WHAT IS THE AMOUNT OF TAX TO BE WITHHELD?

The tax to be withheld shall be Fifty-two Dollars (\$52.00) for each calendar year, collected on a prorated basis based upon the number of payroll periods of the employee, and paid over to the Receiver of Taxes quarterly.

11. WHAT DISCOUNT IS ALLOWED TO THE TAXPAYER OR EMPLOYEE?

There is no discount on the tax.

12. WHAT PENALTIES MAY BE APPLIED?

If reports and/or payments are not made to the Receiver of Taxes on the dates designated in said Ordinance, a penalty of twenty-five percent (25%) is to be added to the tax due plus interest at the rate of ten percent (10%) per annum.

13. ENFORCEMENT

It shall be the duty and responsibility of the Receiver of Taxes to accept and receive the taxes, fines and penalties. The Director or his authorized agents shall have the right and authority to examine the records of any employer who is responsible for the collection of this tax, in order to verify the accuracy of the return made. The Director or his authorized agents may sue for the collection of any tax due or unpaid. The cost of bringing such suit shall be paid by the person or persons being sued together with the penalty or fine that may be invoked.

14. EXEMPTIONS.

Taxpayers may be afforded an "up-front" exemption, if they qualify. In order to receive an exemption, the taxpayer must ANNUALLY file an up-front exemption form with the Borough and with the Taxpayer's employer. Exemption requirements are set forth below. Forms are available from the Borough.

15. REFUNDS.

Taxpayers who have paid the tax but qualify for an exemption may apply for a refund. Application for refunds must be submitted to the Borough within 3 years of the due date for filing the tax return as extended or 1 year after actual payment of the tax, which ever is later. Forms are available from the Borough.

SHAMOKIN DAM BOROUGH LOCAL SERVICES TAX

REGULATIONS

ARTICLE 1. DEFINITIONS

"Borough", "Employer", "Earned Income", "He, His or Him", "Individual", "Net Profits", "Occupation", "Payroll Period", "Person", "Receiver of Taxes", and "Tax" - see Section 3, §401 of the Ordinance.

ARTICLE 2. LEVY

See Ordinance Section 3, §402.

ARTICLE 3. AMOUNT OF TAX

See Ordinance Section 3, §403.

ARTICLE 4. DUTY OF EMPLOYERS

See Ordinance Section 3, §404.

ARTICLE 5. RETURNS

See Ordinance Section 3, §405. Returns are due Quarterly, on or by the 30th day of the month following the quarter. The taxes collected during the first quarter (January through March) taxes are due April 30th with the first quarter return. Second quarter taxes and return are due July 30th, and so forth.

ARTICLE 6. DATES FOR DETERMINING TAX LIABILITY AND PAYMENT

See Ordinance Section 3, §406. For example, if a payroll period is two weeks, then the employer shall withhold 1/26th of the annual tax, or \$2.00, from each employee employed during that payroll period. At the end of the quarter, the employer shall file a quarterly return and pay the collected tax over to the Receiver of Taxes. An employee employed during any part of the payroll period shall be treated as having been employed during the entire payroll period, and the tax shall be deducted for that period.

Returns shall include any employees who are exempt from taxation under the ordinance. See Section 17 for exemptions. To be exempt, an employee must file an exemption certificate with the employer, and with the Borough.

ARTICLE 7. INDIVIDUAL ENGAGED IN MORE THAN ONE OCCUPATION

Each individual who shall have more than one occupation within the Borough of Shamokin Dam shall be subject to the payment of this tax on his principal occupation and his principal employer shall deduct this tax and deliver to him evidence of deduction on a form to be furnished to the employer by the Receiver of Taxes, which form shall be evidence of deduction having been made and when presented to any other employer shall be authority for such employer to NOT DEDUCT this tax from the employee's wages, but to include such employee on a special return setting forth his name, address and the name and address of the employer who deducted this tax.

ARTICLE 8. SELF-EMPLOYED INDIVIDUALS

a. All self-employed individuals who perform services of any type or kind, and engage in any occupation or profession within the Borough of Shamokin Dam shall be required to comply with this Ordinance and pay the tax to the Receiver of Taxes on a pro rata basis within 30 days of the end of the quarter. Alternatively self-employed individuals may, at their option, pay the full annual assessment of \$52 on or before April 30th of the tax year instead of paying and filing quarterly.

b. Every individual who is employed on a salary, wage or other compensation basis, or who is selfemployed and whose employer is not subject to §404 (employer not required to withhold) of this Ordinance shall be required to pay to the Receiver of Taxes on a pro rata basis within 30 days of the end of the quarter. Forms for this purpose will be supplied or made available by the Director or the Receiver of Taxes.

c. In the event of an individual being self-employed and also having an employer subject to Section 4 (employer is required to withhold) of this Ordinance, the individual shall file the "Personal Return" as furnished by the Director or the Receiver of Taxes.

ARTICLE 9. EMPLOYERS AND SELF-EMPLOYED INDIVIDUALS RESIDING BEYOND THE CORPORATE LIMITS OF THE BOROUGH OF SHAMOKIN DAM.

See Ordinance Section 3, §409.

ARTICLE 10. ADMINISTRATION OF TAX

a. The Receiver of Taxes shall be the person so designated and appointed by the Borough Council. It shall be the duty of said Receiver of Taxes to accept and receive payments of this tax and keep a record thereof, showing the amount received by him from each employer or self-employed person together with the date the tax was received.

b. The Receiver of Taxes shall have the duty of administering and enforcing this Ordinance.

c. The Receiver of Taxes, or his authorized agent is hereby authorized to examine the books and payroll records of an 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 hereby authorized and required to give the Receiver of Taxes or his authorized agent the means, facilities and opportunity for such examination.

ARTICLE 11. SUITS FOR COLLECTION

See Ordinance Section 3, §411.

ARTICLE 12. FINE AND PENALTY

See Ordinance Section 3, §412.

ARTICLE 13. EFFECTIVE DATE

These amendments shall become effective as of January 1, 2008, and remain so until repealed.

ARTICLE 14. CLAIM FOR REFUND

a. In the event that an individual should be subjected to more than one deduction or payment, such individual so aggrieved may file a "Claim for Refund" on a form prescribed by the Receiver of Taxes.

b. Whenever it occurs that an individual is not engaged in a business or occupation within the corporate limits of the Borough of Shamokin Dam and this tax was withheld or paid, such individual so aggrieved may file a "Claim for Refund" on a form prescribed by the Director.

c. Claim for Refund must be submitted to the Borough within 3 years of the due date for the filing of the tax return or report as extended or within 1 year after actual payment of the tax, whichever is later.

ARTICLE 15. EXEMPTIONS.

By statute, certain individuals are exempt from paying the Local Services Tax. These individuals are persons who, by reason of military service, are disabled war veterans (blind, paraplegic, double or more amputee or certified 100% permanently disabled by the VA, or are persons now in the active military service, or called up guardsmen. Additionally, individuals earning less than \$12,000, by way of "earned income" or "net profits" within the Borough are exempt. Exemptions are enumerated in Section 3, §413 of the Ordinance.

In all cases, the employer must withhold the Local services Tax unless and until the employee has filed with the employer and the Borough an Exemption Certificate.

Formerly the Emergency and Municipal Services Tax

ORDINANCE NO. 2007 - 8

AN ORDINANCE OF SHAMOKIN DAM BOROUGH, SNYDER COUNTY PENNSYLVANIA, AMENDING ITS EMERGENCY SERVICES TAX TO A LOCAL SERVICES TAX IN CONFORMITY WITH RECENT LOCAL TAX ENABLING ACT AMENDMENTS.

BE IT ORDAINED AND ENACTED, and it is hereby ordained and enacted by the Borough Council of the Borough of Shamokin Dam as follows:

Section 1: Authority.

This Ordinance is adopted in conformance with and pursuant to authority granted by §§1006(3) and 1202(74) of The Borough Code [3 P.S. §§46006(3) and 46202(74)], as amended, and §6901, et seq. of the Pennsylvania Local Tax Enabling Act [53 Pa.C.S. §6901, et seq.], as amended.

Section 2: Purpose.

This Ordinance is adopted to promote and protect the health, safety, and welfare of the residents of Shamokin Dam Borough by converting its Emergency and Municipal Services Tax to a Local Services Tax to generate revenue for police, fire and/or emergency services, road construction and/or maintenance, and possibly the reduction of property taxes and/or through the implementation of a homestead and farmstead exclusion in accordance with 53 Pa. C. S. Ch. 85 Subch. F.

Section 3: Enactment of Local Services Tax. Chapter 24, Article 4, of the Shamokin Dam Borough Code is hereby amended to read as follows:

"PART 4

LOCAL SERVICES TAX

§401.	Definitions
§402.	Levy
§403.	Amount of Tax
§404.	Duty of Employers
§405.	Returns
§406.	Dates for determining Tax Liability
§407.	Persons Engaged in More Than one Occupation
§408.	Self-Employer Persons
§409.	Nonresident Employers and Self-Employed Persons
§410.	Administration of Tax
§411.	Suits for Collection

- §412. Violations and penalties
- §413. Exemptions

§401. Definitions. The following words used in this Part shall have, unless the context clearly indicates otherwise, the meanings given to them in this Section:

BOROUGH - the Borough of Shamokin Dam, Snyder County, Pennsylvania.

EMPLOYER - an individual, partnership, association, 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.

EARNED INCOME - Shall mean compensation as determined under section 303 of the Act of March 4, 1971 (P.L. 6, No. 2) (72 P.S. §7303) known as the "Tax Reform Code of 1971", and regulations of 61 Pa. Code Pt. I Subpt. B Art. V (61 Pa Code §101.1 et seq.)(relating to personal income tax), not including, however, wages or compensation paid to individuals on active military service. Employe business expenses are allowable deductions as determined under Article III of the "Tax Reform Code of 1971". The amount of any housing allowance provided to a member of the clergy shall not be taxable as earned income.

HE, HIS OR HIM - indicates the singular and plural number as well as male, female and neuter gender.

INDIVIDUAL - any person, male or female, engaged in ny occupation within the Borough.

NET PROFITS - the net income from operation of a business, profession or other activity, except corporations, determined under section 303 of the Act of March 4, 1971 (P.L. 6, No. 2) (72 P.S. §7303) known as the "Tax Reform Code of 1971", and regulations of 61 Pa. Code Pt. I Subpt. B Art. V (61 Pa Code §101.1 et seq.)(relating to personal income tax). The term does not include income which is not paid for services provided and which is in the nature of earnings from an investment. For taxpayers engaged in the business, profession or activity of farming, the term shall not include:

- (1) any interest earnings generated from any monetary accounts or investment instruments of the farming business.
- (2) any gain on the sale of farm machinery;
- (3) any gain on the sale of livestock held twelve months or more for draft, breeding or dairy purposes, and.
- (4) any gain on the sale of other capital assets of the farm.

OCCUPATION - any trade, profession, business, or undertaking of any type, kind or character, including services, domestic or other, carried on or performed within Shamokin Dam Borough for which compensation is charged or received, whether by means of salary, wages, commission or fees for services rendered.

PAYROLL PERIOD - the calendar year divided by the number of payrolls of a person's employer. For a self-employed person, a payroll period shall be one week.

PERSON - a natural person, male or female, engaged in any occupation within Shamokin Dam Borough.

RECEIVER OF TAXES - the tax collector selected by a resolution of the Borough Council to receive and collect the Local Services Tax.

TAX - the Shamokin Dam Local Services Tax (LST) in the amount of \$52.00 levied by this Part.

§402 Levy. The Borough Council of Shamokin Dam hereby levies and imposes a Local Services Tax on each person engaged in an occupation within Shamokin Dam Borough during the effective term of this Part. The Tax is in addition to all other taxes of any kind or nature heretofore levied by the Shamokin Dam Borough Council and shall continue from year to year until duly repealed.

§403 Amount of Tax. Beginning on the effective date of this Part, each person engaged in an occupation within the Borough during the effective term of this Part shall pay a Local Services Tax in the amount of \$52 per year, assessed on a pro rata basis for each payroll period in which the person is engaging in an occupation, such share to be determined by dividing the annual tax by the number of payroll periods established by the employer, rounded down to the nearest one-hundredths of a dollar.

§404 Duty of Employer. Each employer within the Borough and each employer situate outside of the Borough who engages in business within the Borough is hereby charged with the duty of collecting from each person engaged by him and performing an occupation for him within the Borough the tax and making a return and payment thereof to the Receiver of Taxes. Further, each employer is hereby authorized to deduct the tax from each person in his employ, whether such person is paid by salary, wages, or compensation and whether part or all of such occupation is performed within the Borough of Shamokin Dam.

§405 Returns. Each employer shall prepare and file a return showing a computation of the tax on forms to be supplied to him by the Borough Manager or the Receiver of Taxes. It is further provided that if the employer fails to file said return and pay the tax, whether or not he makes collection thereof from the salary, wages, or commission paid by him to the persons engaged by him in an occupation within the Borough, the employer shall be responsible for the payment of the tax in full and as though the tax had originally be levied against him.

§406 Dates for Determining Tax Liability and Payment. Beginning on January 1, 2008, and continuing each year thereafter, each employer shall deduct the pro rata share on a payroll bases for each payroll period in which the employee is engaged in an occupation. except as set forth below. Tax deducted shall be paid over to the Borough quarterly, within thirty (30) days after the end of the quarter.

§407 Persons Engaged in More Than One Occupation. Each person who is engaged in more than one occupation shall be subject to the payment of the tax on his principal occupation, and his principal employer shall deduct the tax and deliver to him evidence of the deduction on a form to be furnished to the employer by the Borough Manager or the Receiver of Taxes, which form shall be evidence of the deduction having been made and, when presented to any other employer, shall be authority for such employer to not deduct the tax from the person's wages, but to include such person on

his return by setting forth his name, address and the name and account number of the employer who deducted the tax.

§408 Self-Employed Persons. Each self-employed person engaged in an occupation within Shamokin Dam Borough shall be required to comply with this Part and pay the tax to the Receiver of Taxes quarterly on a pro rata basis within thirty (30) days of the end of the quarter. Alternative, a self-employed person may, at his option, pay the full annual levy of \$52 on before April 30th of the tax year.

§409 Nonresident Employers and Self-Employed Persons. All employers and self-employed persons residing or having their place of business outside the Borough, but who themselves or whose employees engage in an occupation within the Borough, are by virtue thereof bound by and are subject to the provisions, penalties, and regulations promulgated under this part. Furthermore, any employee of a nonresident employer or any person engaged in an occupation within the Borough may, for the purpose of this Part, be considered a self-employed person and, in the event the tax is not paid, the Borough shall have the option of proceeding against either the employer, or the employee for the collection of the tax as hereinafter provided.

§410 Administration of Tax.

A. It shall be the duty of the Receiver of Taxes to accept and receive payment of the tax and to keep record thereof showing the amount received by him from each employer or self-employed person, together with the date the tax was received.

B. The Receiver of Taxes is hereby charged with the administration and enforcement of this Part and is hereby charged and empowered to adopt rules and regulations relating to any matter pertaining to the administration and enforcement of this Part, including provisions for the examination of the payroll records of any employer subject to this Part, the examination and correction of any return made in compliance with this Part, any payment alleged or found to be incorrect or as to which overpayment is claimed or found to have occurred. Any person aggrieved by any decision of the Receiver of Taxes shall have the right to appeal to the Snyder County Court of Common Pleas as in other cases involved.

C. The Receiver of Taxes is hereby authorized to examine the books and payroll records of any employer or, if no return was made, to ascertain the tax due. Each employer is hereby directed and required to give the Borough Administrator the means, facilities and opportunity for such examination.

§411. Suits for Collection.

A. In the event that the tax under this Part remains due or unpaid 30 days after the dates set forth above, the Receiver of Taxes may sue for the recovery of the tax due or unpaid under this Part, together with interest and penalty.

B. If for any reason the tax is not paid when due, interest at the rate of 6% on the

amount of the tax shall be calculated beginning with the due date of the tax and a penalty of 10% shall be added to the flat rate of the tax for nonpayment thereof. When suit is brought for the recovery of the tax, the person liable therefore shall in addition, be responsible and liable for the costs of collection including reasonable attorney's fees.

§412 Violations and Penalties. Whoever makes any false or untrue statements on any return required by this Part or whoever refuses inspection of his books, records or accounts in his custody and control, setting for the number of persons or employees subject to this tax who are in his employment or whoever fails or refuses to file any return required by this Part shall, upon conviction before the magisterial district judge, be sentenced to pay a fine of not more than \$300 for each offense and, in default of payment of said fine, be imprisoned in the Snyder County Prison for a period not exceeding 30 days for each offense. It is further provided that the action to enforce the fine and penalty herein provided may be instituted against any person in charge of the business of any employer who has failed or refuses to file a return required by this Part.

§413 Exemptions.

A. The following individuals shall be exempt from paying the tax herein levied:

1. Any person who served in any war or armed conflict in which the United States was engaged and is honorably discharged or released under honorable circumstances from active service if, as a result of military service, that person is blind, paraplegic or double or quadruple amputee or has a service connected disability declared by the United States Veterans' Administration or its successor to be a total one hundred percent (100%) permanent disability.

2. Any person who serves as a member of a reserve component of the armed forces and is called to active duty at any time during the taxable year. For purposes of this subsection, the term "reserve component of the armed forces" shall mean 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.

3. Any person whose total earned income and net profits from all sources within the Borough is less than Twelve Thousand (\$12,000.00) dollars for the calendar year in which the local services tax is levied.

B. The Borough shall adopt procedures and forms necessary for processing the exemption of individuals, and for the refunding of taxes paid but not due."

Section 4: Affirmation.

This Part to amend the above portions of Chapter 24 of the Code of the Borough of Shamokin Dam shall affect only those portions. The remaining portions of Chapter 24 are hereby affirmed and shall remain in full force and effect."

Section 5: **Effective Date.** This ordinance shall become effective on January 1, 2008.

DULY ENACTED AND ORDAINED this 5th day of November, 2007, by the Council of the Borough of Shamokin Dam, Snyder County, Pennsylvania, in lawful session duly assembled after proper notice having been given.

**SHAMOKIN DAM BOROUGH
SNYDER COUNTY, PENNSYLVANIA**

/s/ _____

/s/
Borough Secretary