

# CHESTER COUNTY INTERMEDIATE UNIT

## - MEMO -

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December 18, 2007

TO: All Chester County Intermediate Unit Employees

FROM: The Payroll Department

SUBJECT: **Changes to the Emergency Municipal Services Tax**

A new law has changed the name and several features of the Emergency Municipal Services Tax levied by most municipalities in Pennsylvania.

The name of the tax has been changed to the Local Services Tax. Starting in 2008 if you work in a municipality with a tax over \$10, it will be collected by semi-monthly payroll deductions instead of one lump sum. The formula for determining how much tax will be deducted from each pay check is the tax amount for the municipality in which you work divided by the 24 pay periods that we have throughout the year. If the municipality that you work in has a tax of \$10 or less it will continue to be deducted in the first pay check of 2008.

Employees expecting to earn less than \$12,000 in the 2008 calendar year may complete the enclosed Application for Exemption from Local Services Tax to avoid having this tax deducted beginning with the first payroll in 2008. This form, along with all required supporting documents, must be returned to the Human Resources Office by Friday, January 18, 2008. You will be required to file this form annually with our office as well as the municipality in which you work if you believe you should be eligible for the exemption. If you fill out the form and have earned income over \$12,000 in the calendar year a "catch-up" lump sum tax will be deducted from the following pay check and the semi-monthly payroll deduction will be taken from all remaining pay checks in the calendar year.

We also included a Local Services Tax – Refund Application for your convenience. This form should be filled out and submitted to the tax office in the municipality in which you work if the tax is withheld and at the end of year you determine that you should have been exempt.