

Dear Client,

Act 32 - Local Earned Income Tax Withholding Reform Becomes Effective Statewide
January 1, 2012

REMINDER - Each business that employs individuals at worksites in PA, including those who work from home, is **REQUIRED** to withhold the applicable local earned income tax from employees' wages and remit the tax to the appropriate tax officer.

Under Act 32, employers are required to withhold the higher of the **employee's resident earned income tax amount (rate of total resident EIT where they reside) vs. the employee's municipal non-resident earned income tax amount (rate of non-resident EIT where they are employed)**. Employers are required to obtain information in the Residency Certification Form for every new employee and employee who has a change of address.

Please visit <http://www.newpa.com/node/6710> for answers to questions about how Act 32:

- Affects you
- For standard forms
- For tax rates
- For PSD Codes
- For non-traditional work site issues
- For Philadelphia withholding rules that fall outside the scope of Act 32
- For Tax Officer contact information
- For questions regarding withholding and remittance of local earned income taxes, if the Address Search does not provide definitive results

If you have any further questions, please call my office.

Sincerely,

Joann