

Allen Township  
4714 Indian Trail Road  
Northampton PA 18067  
610-262-7012

Rev 1/09

## GENERAL INSTRUCTIONS FOR FILING Local Services Tax

**What is the Local Services Tax (LST)?** The General Assembly of the Commonwealth of PA under Act 7 of 2007 makes comprehensive changes to the Local Tax Enabling Act and renames the emergency and municipal services tax (EMST) as the local services tax (LST). At least 25 percent of the tax must be used for emergency services, including police, fire, and ambulance service, and the remainder for road construction or maintenance, or property tax relief through the implementation of a homestead or farmstead exemption.

**How to File:** Return each completed AT-LST-1 form on or before the quarterly due dates of April 30, July 31, October 31 and January 31. **Please provide a list which includes Employee's name, address, (social security number is optional) and amount of deduction with your remittance.**

**How to Withhold for Your Employees:** You may at your own discretion, withhold the total \$52 and remit in the quarter deducted. The legislation as signed by Gov. Ed Rendell on June 21, 2007 requires the tax to be collected on a pro-rata basis determined by the number of payroll periods established by an employer for a calendar year. The pro-rata share of the tax assessed on each taxpayer for a payroll period is calculated by dividing the combined rate of the LST by the number of payroll periods. When calculating the pro-rata share, employers are required to round down to the nearest one-hundredth of a dollar. For instance, a \$52 tax would be collected at \$1 per week for taxpayers paid weekly, or \$2.00 for taxpayers paid bi-weekly or \$4.33 per month for taxpayers paid monthly. If your employee presents a pay stub as proof that the LST was being collected, you as the new employer are required to continue to deduct the amount only up to the total of \$52. If an employee leaves your place of employment during the calendar year, please provide them with a deduction certificate showing the amount collected.

**Low Income Exemption –** Each political subdivision that levies an LST at a rate of \$52 is required to exempt those taxpayers whose **total earned income and net profits from all sources within the political subdivision (Allen Township)** is less than \$12,000.00. To receive an upfront exemption, employees must file an **annual** upfront exemption form with the political subdivision. The exemption certificate would verify that the employee reasonably expects to receive earned income and net profits of less than \$12,000 from all sources within the political subdivision for the calendar year for which the exemption certificate is filed. A copy of the employee's last pay stub or W-2 forms from employment within the political subdivision for the year prior to the calendar year for which the employee is requesting an exemption must be attached to the exemption certificate.

For further information or assistance in completing these forms, please call the Township Office.