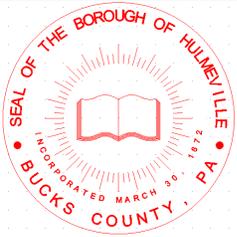


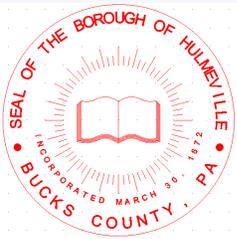
# Frequently Asked Questions

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- [Who is taxable?](#)
- [Is all income subject to tax?](#)
- [What income is specifically exempt from EIT?](#)
- [If tax is withheld in another PA community where I work, must I also pay an additional tax to the PA municipality where I live?](#)
- [If I am subject to the Philadelphia wage tax, must I pay this EIT?](#)



## Frequently Asked Questions (continued)

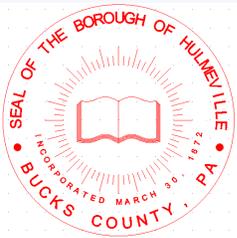
- [How will the EIT be collected?](#)
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## FAQ – What is the EIT?

- Earned income – defined as compensation under section 303 of the act of March 4, 1971 (P.L. 6, No. 2) (known as the tax reform code of 1971 and regulations in 61 PA Code Pt 1, subpart B, Art V)
- EIT applies to gross compensation and/or net profits – commonly known as a “Wage Tax”
  - Levied against an individual taxpayer’s earned income whether from operation of a business, wages, commissions, or other sources
- Employee business expenses are allowable deductions
- Any housing allowance provided to a member of the clergy not taxable as earned income

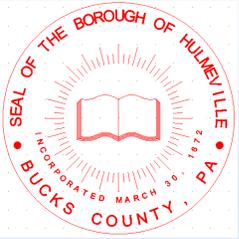
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## FAQ – Who is taxable?

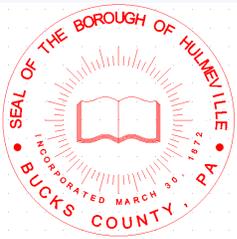
- All residents of Hulmeville Borough, regardless of age, with earned income (wages or net profits)
- Non-residents working in Hulmeville
  - Unless their municipality of residence collects an EIT
  - Non-resident employee considered employed in Hulmeville if the employee reports to and/or receives work assignments from the employer's office located in Hulmeville Borough
- What defines a work location?
  - See <https://www.keystonecollects.com/forms/FaqEmployers>

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## FAQ – Is all income subject to the tax?

- No, only earned income/net profits are subject to the tax
- Earned income defined as:
  - Salaries, wages, commissions, bonuses, incentive payments, fees, tips, and other compensation received by a person or his/her personal representative for services rendered, whether directly or through an agent, whether in case or in property



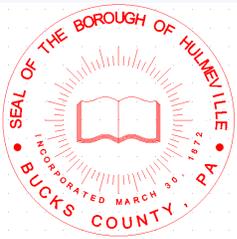
# FAQ – Is all income subject to the tax?

(continued)

- Income not considered earned income:
  - Payments for sickness or disability other than regular wages received during a period of sickness, disability, or retirement
  - Payments arising under worker's compensation acts, occupational disease acts and similar legislation
  - Old-age benefits, retirement pay, or pensions
  - Unemployment compensation payments
  - Expense reimbursements
  - Payments made by employers or labor unions for wages and salary supplemental programs, including but not limited to programs covering hospitalization, sickness, disability or death, supplemental unemployment benefits, social security and retirements
  - Compensation received by PA residents from active service in the armed forces and earned while serving outside of PA (note: if serving within PA, compensation is taxable)
  - Compensation of non-residents of PA (residents of other states) on active military service in PA

NOTE: Some retirement income, such as early distribution of an IRA, a defined pension plan, deferred compensation, may be taxable.

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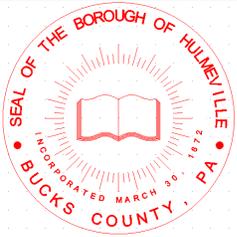


## FAQ – What income is specifically exempt?

- Dividends, interest, and income from trust, bonds, insurance proceeds and stocks (Schedule D)
- Disability benefit payments, old age benefits, retirement pay(\*), pensions, social security payments, public assistance, unemployment compensation payments
- Compensation received by PA residents for active service in the armed forces while serving in outside of PA
- Compensation received of non-residents for active service in the armed forces while serving in PA

(\* ) NOTE: Some retirement income, such as early distribution of an IRA, a defined pension plan, deferred compensation, may be taxable.

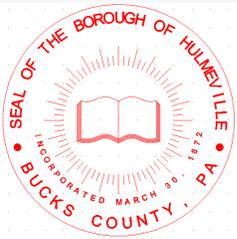
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## FAQ - If tax is withheld in another PA community where I work, must I also pay an additional tax to the PA municipality where I live?

- Generally, the tax is withheld by your employer is remitted to your resident jurisdiction.
- If you work in a jurisdiction with a higher non-resident rate than the employer is required to withhold at the higher of the two rates
- It is recommended you notify your employer of Hulmeville's EIT, and it's rate
- In addition, you are required to file an annual tax return with your resident taxing jurisdiction
- Annual tax return forms are available at [www.keystonecollects.com](http://www.keystonecollects.com)

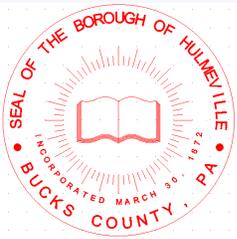
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## FAQ – If I am subject to the Philadelphia wage tax, must I pay this tax?

- No
- But you are still required to file a final return
- If employed in Philadelphia, you may use the Philadelphia wage tax as a credit against your liability to Hulmeville, but the credit may not exceed your resident jurisdiction tax rate
- No refund or credit can be taken for any withholding greater than the tax rate for Hulmeville.
- Philadelphia wage tax credits may not be applied to your spouse's liability

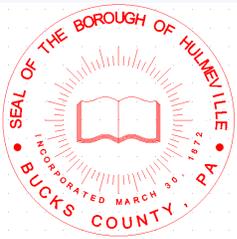
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## FAQ – How will the EIT be collected?

- For most, it will be collected by means of withholding by their employer
- If not withheld by an employer, it will need to be paid in quarterly installments
- Keystone Collection Group has been engaged to serve as the Borough agent for the collection of this tax
- Keystone can be reached at 724-978-0300 or online at [www.keystonecollects.com](http://www.keystonecollects.com)

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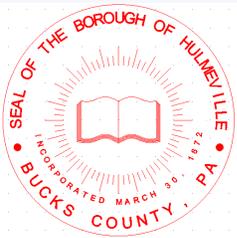


## FAQ – When are the quarterly estimates due?

| Quarter      | Period covered  | Due Date   |
|--------------|-----------------|------------|
| 1            | Jan, Feb, Mar   | April 15   |
| 2            | Apr, May, June  | July 15    |
| 3            | July, Aug, Sept | October 15 |
| 4            | Oct, Nov, Dec   | January 15 |
| Final return | Full tax year   | April 15   |

NOTE: To avoid penalty and interest, individuals must report and pay the tax quarterly

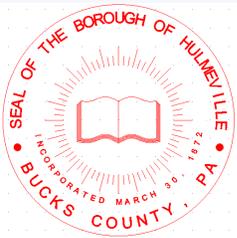
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## FAQ – Will I be notified when each quarterly installment is due?

- Once you are registered with Keystone Collections Group, you will be mailed an annual packet of forms
- You must complete and return the appropriate forms when due
- Your income can be reported, and tax paid, online
- Tax bills are not sent out (unless you are delinquent). This is a self-reporting income tax and Keystone cannot bill you.
- Failure to receive notification will not relieve the taxpayer of his responsibility for making payments or filing required notices

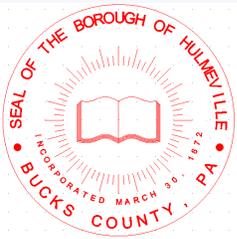
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## FAQ – Must all taxpayers file a return?

- Yes
- A local earned income return must be filed annually by April 15<sup>th</sup> (or the following Monday if the 15<sup>th</sup> falls on a weekend) for the previous calendar year
- If you had no earned income, state the reason on your final return

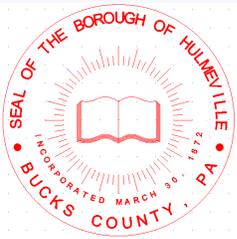
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## FAQ – What happens if I do not pay or file the required returns?

- Late payments are subject to interest of 4 percent per annum (.33% per month) on the amount of the tax
- An additional penalty of 1 percent of the amount of the unpaid tax for each month or fraction thereof during which the tax remains unpaid
- These rates are set by the Commonwealth of Pennsylvania

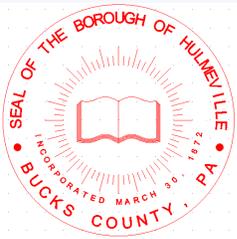
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## FAQ – What happens if I overestimate my income?

- Adjustments will be made on the following quarterly or final return
- Any overpayment on the final return can be refunded, credited to spouse, or credited to the following year
- You would have to file a return, show the overpayment (usually through a W2, or over-estimate of income, or because of unreimbursed employee expenses) on the return, and request a refund.
- Underpayment may be subject to interest and penalty charges

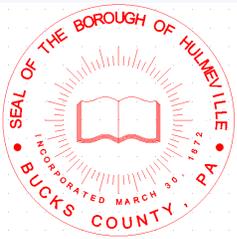
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## FAQ – Is there any minimum income or age group?

- Yes and No
- Yes, the Borough may include an exemption for earnings below a specified minimum (e.g., \$ 12,000 annually) as part of their ordinance
- The income exemption is not automatic.
- No, there is no restricted age group

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## FAQ – How do I file for low income exemption?

- There is no form to complete for the EIT low-income exemption
- This would be determined on your annual final tax return
- If an individual made under \$ 12,000, that individual would not be liable for the EIT and would be entitled to a refund of any withholding
- Refund requested on final return
- E.g., if income on line 4 is below \$12,000
  - Write “Low income exemption” across top of form.
  - Line 9, total tax liability – indicate 0
  - Line 10 or 11, show withheld amount/estimated payments
  - Line 14 – compute your return
  - Sign, date, and file the return with Keystone Collects

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