



**Frequently Asked Questions About
The Lancaster Tax Collection District
and
Lancaster County Tax Collection Bureau**



The following are some of the most common questions employers have regarding the withholding and remitting of Local Earned Income Tax (EIT) and Local Services Tax (LST) in Pennsylvania. For any questions not covered please email employer@lctcb.org.

General Questions

QUESTION	ANSWER	
Abbreviation Key	LCTCB – Lancaster County Tax Collection Bureau	TCD – Tax Collection District
	TCC – Tax Collection Committee	EIT – Earned Income Tax
	DCED – Department of Community & Economic Development	LST – Local Services Tax
	PSD Code– Political Subdivision Code	
<p>What is the Local Earned Income Tax?</p> <p>This is a general definition. For a more detailed description and understanding you should contact the collector for the municipality where your business is located.</p> <p>For Lancaster County TCD employers, please contact LCTCB.</p>	<p>Local Earned Income Tax (EIT) – Municipalities and school districts in Pennsylvania are permitted by law to pass ordinances and resolutions to collect from residents a local earned income tax. Most municipalities and school districts in Pennsylvania have enacted ordinances or resolutions to implement this tax. The specific tax rate is set by each municipality and school district as a percent of earned income and is assessed on taxpayers based on their place of residence (domicile).</p> <p>This tax is required to be withheld by employers from the earned income each employee and remitted to a local tax collector appointed by the municipality and school district. Self-employed individuals are required to make estimated quarterly payments for earned income taxes due.</p> <p>Municipalities may enact ordinances for a non-resident earned income tax. The non-resident earned income tax applies to employees who reside in an area with no earned income tax or where the earned income tax rate is less than the non-resident rate of the local municipality.</p>	

<p>What is the Local Services Tax?</p> <p>This is a general definition. For a more detailed description and understanding you should contact the collector for the municipality where your business is located.</p>	<p>Local Services Tax (LST) – Municipalities in Pennsylvania are permitted by law to implement a tax on persons working at businesses/work locations within their municipal boundaries. This tax may be up to \$52 per year per employee. The specific rate is set by each municipality.</p> <p>For tax rates in the Lancaster TCD, please see Lancaster TCD Tax Rates. Note, LCTCB is the collector for some but not all municipalities in the Lancaster TCD. Employers should check with the local municipality for additional information regarding the Local Services Tax.</p>		
<p>What School Districts are in the Lancaster TCD?</p>	<p>COLUMBIA BORO SD</p>	<p>HEMPFIELD SD</p>	<p>PENN MANOR SD</p>
	<p>CONESTOGA VALLEY SD</p>	<p>LAMPETER-STRASBURG SD</p>	<p>PEQUEA VALLEY SD</p>
	<p>DONEGAL SD</p>	<p>SD of LANCASTER</p>	<p>SOLANCO SD</p>
	<p>EASTERN LANCASTER CO SD</p>	<p>MANHEIM CENTRAL SD</p>	<p>WARWICK SD</p>
	<p>ELIZABETHTOWN AREA SD</p>	<p>MANHEIM TOWNSHIP SD</p>	

<p>What Municipalities are in the Lancaster TCD?</p> <p>(1) These are Chester County municipalities that are part of the Octorara Area School District and the Lancaster TCD</p>	ADAMSTOWN BORO	EDEN TWP	NEW HOLLAND BORO
	AKRON BORO	ELIZABETH TWP	PARADISE TWP
	ATGLEN BORO (1)	ELIZABETHTOWN BORO	PARKESBURG BORO (1)
	BART TWP	EPHRATA BORO	PENN TWP
	BRECKNOCK TWP	EPHRATA TWP	PEQUEA TWP
	CAERNARVON TWP	FULTON TWP	PROVIDENCE TWP
	CHRISTIANA BORO	HIGHLAND TWP (1)	QUARRYVILLE BORO
	CLAY TWP	LANCASTER CITY	RAPHO TWP
	COLERAIN TWP	LANCASTER TWP	SADSBURY TWP
	COLUMBIA BORO	LEACOCK TWP	SALISBURY TWP
	CONESTOGA TWP	LITITZ BORO	STRASBURG BORO
	CONOY TWP	LITTLE BRITAIN TWP	STRASBURG TWP
	DENVER BORO	LONDONDERRY TWP (1)	TERRE HILL BORO
	DRUMORE TWP	MANHEIM BORO	UPPER LEACOCK TWP
	EARL TWP	MANHEIM TWP	WARWICK TWP
	EAST COCALICO TWP	MANOR TWP	WEST COCALICO TWP
	EAST DONEGAL TWP	MARIETTA BORO	WEST DONEGAL TWP
	EAST DRUMORE TWP	MARTIC TWP	WEST EARL TWP
	EAST EARL TWP	MILLERSVILLE BORO	WEST FALLOWFIELD TWP (1)
	EAST HEMPFIELD TWP	MOUNT JOY BORO	WEST HEMPFIELD TWP
EAST LAMPETER TWP	MOUNT JOY TWP	WEST LAMPETER TWP	
EAST PETERSBURG BORO	MOUNTVILLE BORO	WEST SADSBURY TWP (1)	

**Questions on Earned Income Tax
For Employers, Payroll Companies and Accounting Firms**

<p>What is the Certificate of Residency and does every employee need to fill out this form?</p>	<p>Starting in 2012, every PA employer must require each new employee to complete a Certificate of Residency form. This form is an addendum to the Federal Employee's Withholding Allowance Certificate (Form W-4). An employer shall also require any employee who changes his or her address to complete a new Certificate of Residency form.</p> <p>This form is available at the following locations :</p> <ol style="list-style-type: none"> 1. LCTCB Specific Form 2. DCED Standard Form <p>Employers that will be reporting through eReporting by direct submission (entering) of wages and withholding amounts must complete the Certificate of Residency for each employee directly into eReporting. This method of reporting will provide additional ease of use to employers. See Employer information on the LCTCB website.</p>
<p>Why is it important to have a Certificate of Residency for my employees?</p>	<p>First, it is required by Act 32.</p> <p>The Certificate of Residency also provides important information for employers to assist them in determining the correct PSD Code and withholding rate for the employee's residence (domicile) (resident rate) and the employee's work location (non-resident rate).</p>
<p>Should I submit the Certificate of Residency form to LCTCB?</p>	<p>No. Like the federal form W-4, the Certificate of Residency serves as an information tool for the Employer. The Certificate of Residency helps the employer provide accurate information to the tax collector, such as the correct political subdivision codes (PSD Codes) and other employee identification information. Employers should maintain the Certificates and, upon request, provide them to the taxing authority.</p>
<p>Am I required to withhold earned income tax from all of my employees?</p>	<p>All employers in Pennsylvania must withhold the local tax based on the employee's place of residence or work location.</p>

<p>How do I identify the taxing jurisdiction PSD Code of my employee's residence and/or the PSD Code of my employee's work location?</p>	<p>You can use the DCED Municipal Statistics website or you can use the PSD Code lists on the LCTCB website. Lancaster Area PSD List or State Wide PSD List.</p>
<p>How do I determine the correct earned income tax rate to withhold?</p>	<p>You may use the information as collected on the employee completed Certificate of Residency and go to the DCED Municipal Statistics website to determine the PSD Code and correct withholding rate(s).</p> <p>For Lancaster TCD residents and work locations tax rates see, Lancaster TCD Tax Rates.</p> <p>You are required to withhold the greater of the amount of the resident tax for where an employee lives (domicile), or the nonresident tax for where the employee works (work location).</p>
<p>Where do I find the applicable tax rate(s) for employee withholding?</p>	<p>The applicable tax rate(s) are located on the DCED Municipal Statistics website. Click on "Find Your Withholding Rates by Address."</p> <p>For Lancaster TCD tax rates see Lancaster TCD Tax Rates. <i>Remember</i>, you must withhold the higher of the employee's resident tax (where the employee lives) or the employee's nonresident tax (where the employee works).</p>
<p>If my employee lives and works in an area that doesn't levy an earned income tax, should I report anything for that individual?</p>	<p>Yes. The employer should include all employees on the Employer Quarterly/Monthly Earned Income Tax report including the proper detail for where each employee lives and works.</p>
<p>What do I do if my employee moves part way through the reporting period?</p>	<p>While the employee's tax rate may change based upon the new residence (and new PSD Code), the employer is still responsible for withholding earned income tax during the period of employment. If the withholding rate changes due to a move by the employee, you should begin withholding at the new current rate at the next pay cycle.</p>
<p>How will I remit the local earned income tax to LCTCB?</p>	<p>The most efficient methods of remitting the local EIT will be through the eReporting system by either ACH Credit or ACH Debit.</p> <p>If you use the ACH Credit option you will need the following information to communicate to your bank to remove the ACH block to LCTCB. (Company ID 1232073129 and Company Name "Lancaster County")</p> <p>You may also pay by check. If you pay by check you must include the payment voucher from your eReporting submission session.</p>

As an employer, where do I report and remit the EIT collected from employees?

You will need to determine what type of employer you are based on options included in Act 32.

Types of Employers:

1. Business with work location(s) only in Lancaster TCD municipalities.

You are required to file and remit to LCTCB for all employees on a **quarterly** basis. If you have reported certain employees to other collectors, you should notify the other collectors that you will be reporting all employees to LCTCB and close your account with these other collectors.

2. Business with work locations in more than one TCD and with payroll operations located in the Lancaster TCD.

You may either (1) file and remit a combined return with LCTCB for all of your work locations and employees throughout PA on a **monthly** basis or (2) file and remit to the collector for the TCD for each work location on a **quarterly** basis.

Note, if you elect to file a combined return and remittance, you are required to notify each collector to which you now report of your intent. A [Letter of Intent](#) sample may be found on the LCTCB website.

Example: XYZ, Inc. with work locations in Lancaster TCD and York TCD and headquartered in Lancaster TCD may (1) file a combined return and remit to LCTCB for all locations **monthly** or (2) file and remit for all employees at the Lancaster TCD location to LCTCB and file and remit for all employees at the York TCD location to York Adams Tax Bureau (YATB) **quarterly**.

3. Business that is headquartered out of state and with multiple business locations in PA. This employer type also applies to Philadelphia based businesses.

You may either (1) file and remit a combined return with the collector for any TCD in which you have a business location for all of your work locations and employees throughout PA on a **monthly** basis or (2) file and remit to the collector for the TCD for each work location on a **quarterly** basis. See DCED Regulations for further details.

Note, if you elect to file a combined return and remittance, you are required to notify each collector to which you now report of your intent. A [Letter of Intent](#) sample may be found on the LCTCB website.

Example: XYZ, Inc. based in Ohio and with work locations in multiple locations in PA including the Lancaster TCD may (1) file a combined return and remit to LCTCB for all locations **monthly** or (2) file and remit for all employees at each location to the TCD collector for that location **quarterly**.

When should I decide to file a combined return?	By regulation any election to change TO or FROM filing combined returns can only be made at the beginning of a calendar (tax) year.																
What is the due date for employer reporting and remittance of earned Income Tax (EIT)?	<p>Per Act 32 as amended by Act 150 of 2016, employers are required to file a return and remit the amount of Earned Income Tax due on or before the last day of the month succeeding the quarter being filed and on or before the last day of the month succeeding the month being filed. If the due date falls on a weekend or legal holiday the due date is extended to the next business day.</p> <p>For Quarterly Reporting - Due Dates:</p> <table border="1" data-bbox="621 396 1992 431"> <tr> <td>January 31</td> <td>April 30</td> <td>July 31</td> <td>October 31</td> </tr> </table> <p>For Monthly Reporting - Due Dates:</p> <table border="1" data-bbox="621 467 1992 578"> <tr> <td>January 31</td> <td>February 28 or 29</td> <td>March 31</td> <td>April 30</td> </tr> <tr> <td>May 31</td> <td>June 30</td> <td>July 31</td> <td>August 31</td> </tr> <tr> <td>September 30</td> <td>October 31</td> <td>November 30</td> <td>December 31</td> </tr> </table> <p>Annual Reconciliation Report must be filed by February 28.</p>	January 31	April 30	July 31	October 31	January 31	February 28 or 29	March 31	April 30	May 31	June 30	July 31	August 31	September 30	October 31	November 30	December 31
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What reporting formats are available in eReporting?	<p>There are several reporting formats and options available to electronically file returns and remittance.</p> <ol style="list-style-type: none"> 1. Enhanced EFW2 (MMREF). This is the preferred format. 2. LCTCB Excel Spreadsheet format. (Instructions) 3. Direct submission through the eReporting website. <p>Note, in order to do a direct submission or use the generic EFW2 format, you must also enter a Certificate of Residency for each employee in the eReporting system. This method is more appropriate for smaller employers.</p>																
What is eReporting and how do I use it?	<p>eReporting is the electronic reporting website at LCTCB. See eReporting Instructions</p> <p>For smaller employer, eReporting will allow direct input of employee Certificate of Residency form information, wages and withholding. It will also allow payment of withheld taxes through ACH Credit or Debit.</p> <p>For larger employers and payroll companies, eReporting will allow direct upload of reporting data through use of standard formats and will allow for payment of withheld taxes through ACH Credit or Debit.</p>																
I use a payroll company for all of my payroll functions including tax reporting. Who will be responsible for any penalty and fee amounts?	Act 32 places the responsibility for meeting the reporting and remittance requirements on employers. Therefore, any penalties and fees will be imposed on the individual employers not on the payroll companies.																
What is a Letter of Intent and when do I need to use it?	A Letter of Intent is required if you have elected to file a combined return and remit to a single collector for your work sites that are located in multiple TCDs.																

	<p><i>For example</i>, if you have your headquarters or payroll operations in the Lancaster TCD and you also have work sites in the York TCD and the Lebanon TCD. You may elect to report and remit the EIT for all of your work sites to the Lancaster TCD. In this case, you should send a Letter of Intent to the York TCD collector and the Lebanon TCD collector notifying them of this election. You should also send a copy of these letters to LCTCB. Important: businesses who elect to file a combined return are required to report and remit on a monthly basis.</p>
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Questions on Local Services Tax

<p>Am I required to withhold and report the local services tax (LST) for my employees?</p>	<p>Yes. LST reporting and remittance is not a part of Act 32. However, many municipalities have ordinances requiring the LST to be withheld from employees working at locations within their jurisdictions. LCTCB is the collector for many of these jurisdictions. Please see next questions for a list of the jurisdictions for which LCTB is the collector.</p>
<p>Can I file all detail and payments for the Local Services Tax (LST) with LCTCB?</p>	<p>No. LCTCB is not the LST collector for all municipalities in Lancaster County or the Octorara School District. You may only file and remit the LST and detail for employees who work in the following municipalities. A current listing of the municipalities for which LCTCB collects can be found on our website at www.lctcb.org/employer.</p>
<p>Must I pay the local services tax (LST) through the eReporting system?</p>	<p>Yes, LCTCB requires that LST also be filed electronically through our eReporting system.</p>
<p>May I continue to pay the LST by separate check?</p>	<p>Yes, you may continue to pay the LST by separate check. You must enclose a copy of the eReporting payment voucher to allow your payment to be credited properly.</p>