

AN IMPORTANT MESSAGE FOR RESIDENTS, EMPLOYEES AND/OR
EMPLOYERS OF:

BANGOR BOROUGH
EAST BANGOR BOROUGH
LOWER MT. BETHEL TOWNSHIP
PEN ARGYL BOROUGH
UPPER MT. BETHEL TOWNSHIP
WASHINGTON TOWNSHIP

**ARE YOU READY? CRITICAL INFORMATION REGARDING
LOCAL EARNED INCOME TAX (EIT) COLLECTION**

Keystone Collections to Replace Berkheimer Tax Administrator for Bangor Borough, East Bangor Borough, Lower Mt. Bethel Township, Pen Argyl Borough, Upper Mt. Bethel Township and Washington Township for Earned Income Tax Collection

Bangor Borough, East Bangor Borough, Lower Mt. Bethel Township, Pen Argyl Borough, Upper Mt. Bethel Township and Washington Township impose an earned income and net profits tax (EIT tax) on all residents, and non-residents who work in their respective municipalities. Beginning in 2012, all Northampton County municipalities (except North Catasauqua) and school districts will have a single EIT collector, Keystone Collection Group. Also, importantly, beginning 2012, taxpayers and employers will need to follow new rules in connection with the collection of local EIT. The EIT tax rate and exemptions will not increase as a result of these changes.

Pennsylvania Act 32 of 2008 (Act 32) mandates local EIT collection on a County-wide basis beginning 2012, and the use of a single tax collector. The County-wide tax collection district is known as the Northampton Tax Collection District (TCD). The TCD is governed by the Northampton Tax Collection Committee (TCC) which consists of appointed representatives from each municipality and school district in the TCD.

Act 32 requires the TCC to select a single EIT collector for the TCD. After reviewing the tax collection rates and capabilities of several tax collection firms, the TCC voted to appoint **Keystone Collections Group (www.keystonecollects.com)** as the EIT collector for Northampton TCD, effective 2012. The new collection commission rate of 1.48% is lower than the current rate for most of the municipalities and school districts within the TCD.

The transition from Berkheimer Tax Administrator, the current EIT collector to Keystone will soon be underway. Keystone will be contacting all businesses in the TCD to provide information about the change and any new collection processes. Residents will have to file their future 2012 earned income tax return with Keystone, but much of the process should stay the same.

The current EIT collector (Berkheimer Tax Administrator) will continue to process the 2011 tax year payments and 2011 final returns until June 30, 2012. Thus, payments towards a taxpayer's 2011 tax obligation shall continue to be paid to Berkheimer Tax Administrator (until June 30, 2012) and the taxpayer's final 2011 return should be filed with Berkheimer Tax Administrator. Payments of 2012 tax, beginning with the first quarter of 2012, shall be paid to Keystone Collection Group as the new 2012 EIT Collector. All payments made, and returns filed, after June 30, 2012, should be with Keystone.

Importantly, Act 32 also requires uniform employer withholding, remittance, distribution and reporting. Act 32 establishes uniform statewide rules and regulations and provides for accountability, oversight, and enforcement of the local EIT collection system. The Act also mandates that employers register with their TCD collector and have a "certificate of residency" form on file for each employee. Employers must automatically withhold and remit EIT for each employee. Taxpayers who are wage earners and whose wages are subject already to withholding should not be significantly impacted by the Act 32 changes.

These changes are for EIT collection only.

Additional information is available at <http://www.keystonecollects.com>.

To learn more about Act 32 and implementation of the Commonwealth's consolidation of local EIT collection, go to www.newpa.com and type in "DCED Act 32" in the search box.

This message has been approved for distribution by:

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