

Employer Responsibilities

Overview of the new Act 32 withholding law



Keystone Collections Group provides the following reference guide to help your business implement the new employee withholding rules. Please read this overview, and visit the "Employer Resources" page on the Keystone website for additional information.

✓ Every employer having a place of business within the tax collection district who employs one or more persons (other than household employees) for wages or compensation, shall within 15 days register with Keystone. The registration form is available on the "Employer Resources" web page at www.keystonecollects.com.

✓ Employers must require each employee to complete the *Certificate of Residency* form provided by the Pennsylvania Department of Community and Economic Development. This DCED form is available on request and may be downloaded from the "Employer Resources" web page at www.keystonecollects.com. The *Certificate of Residency* provides information to help identify the political subdivisions where an employee lives and works.

✓ Every employer shall deduct from payroll the greater of the employee's resident tax (where the employee lives) or the employee's nonresident tax (where the employee works) as detailed in Keystone's *Rate Sheet* included in the "Employer Packet."

✓ Within 30 days after the end of each calendar quarter, every employer shall file a quarterly return *Form EQ-1* and pay the amount of income taxes deducted during the preceding calendar quarter to Keystone.

✓ By February 28 of the next year, every employer shall file an annual return *Form ER-1*.

✓ Employers must file an individual withholding statement integrated into the W-2 form for each employee.

✓ Any employer that discontinues business prior to December 31 of the current year shall file the required returns and pay any outstanding tax due within 30 days after closing its business.

✓ A business with employment locations in more than one tax collection district may file and pay the total amount of income taxes withheld from employees in all work locations to the tax collector for the district where the employer's payroll operations is located. If an employer chooses to file in one district for multiple workplace locations, the employer **MUST** file monthly rather than quarterly, and **MUST** report and pay withholdings electronically. Moreover, the employer must file a notice of intention to file combined returns and make combined payments with the tax collectors for each place of employment *at least* one month before filing the first combined return.

Keystone's



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Visit www.keystonecollects.com

Employer Help Line 1-888-328-0558

Monday through Friday 8:00 AM till 4:00 PM