



CHESTER TAX
COLLECTION
COMMITTEE

Changes in the Collection of Earned Income and Local Services Taxes
as required under Act 32

Act 32 of 2008 amends the Local Tax Enabling Act to require the county-wide consolidated collection of earned income tax (EIT). Each political subdivision levying an EIT is represented on a county-based committee, the “Chester Tax Collection Committee” (CTCC) that appointed a single tax collector to administer and collect local income taxes within the tax collection district. After an extensive request for proposal process, the CTCC selected Keystone Collections Group in July 2010 as the tax collector effective January 1, 2011. All member school districts and municipalities approved this transition and the new agreement will result in annual savings of over \$1.0 million in tax collection fees.

Keystone Collections Group will collect employer withholding taxes owed to the employee’s place of residence, for redistribution to other counties within 30 days. Employers with multiple worksites across Pennsylvania would be permitted to remit local income taxes to just one collector. The Act established a single county-wide tax collection district in each county for the purpose of collecting earned income taxes. Based on the inherent savings and reduced administrative burden, the CTCC also decided to incorporate the collection of local services taxes under the new collection agreement.

In January 2009, the Department of Community and Economic Development established a list of all tax collection districts and the political subdivisions in each Tax Collection District (TCD). Tax collection districts are governed by a tax collection committee comprised of delegates from school districts and other municipalities authorized to levy earned income taxes. Commencing in 2011, neither school districts nor other political subdivisions will be able unilaterally to collect earned income taxes on their own. Rather, taxing entities must work jointly with other municipalities and school districts within the TCD for the collection of earned income and local services taxes.

Under the new law, employers and self-employed taxpayers must remit wage tax withholdings on a quarterly basis to Keystone Collections Group, regardless of where an employee lives. For more information, please contact Keystone Collections Group at (866) 539-1100 or at www.keystonecollects.com.