

Effective January 1, 2016 the Township of Bensalem has adopted an ordinance to institute a 1% earned income tax (EIT) on gross earnings for individuals and net profits for self-employed individuals on everyone living or working in the Township. The collection of the EIT will generate 18% of the revenues received by the Township.

Keystone Collections Group has been appointed by the Bucks County Tax Collection Committee as the centralized tax collector for all of Bucks County. Please [click here](#) for their website and frequently asked questions. You can also access Keystone Collections Group online forms by [clicking here](#).

Did you know the quickest way to file your annual or quarterly tax returns is to file online? If you live and work in Pennsylvania, you can [e-file](#) on our tax administrator's secure website, which is available 24/7 at www.KeystoneCollects.com.

If you have questions regarding local tax filing, visit Keystone's [Frequent Asked Questions](#) or call Keystone's Taxpayer Helpline at 1-888-328-0565 to speak with a local, knowledgeable Taxpayer Service Agent. You can also email your questions 24/7 to [Taxpayer Support](#). Taxpayer Service Agents try to respond to all online inquires within three business days.

FREQUENTLY ASKED QUESTIONS:

TAX RATES, WITHHOLDING RULES, QUARTERLY PAYMENTS

- + ***What is the local earned income tax rate for residents of Bensalem Township?***
Residents of Bensalem Township are subject to a local tax rate of 1% on earned income beginning January 1, 2016.
- + ***Who is responsible for paying the tax?***
The individual taxpayer is responsible for paying the local earned income tax. If you work in Pennsylvania, your employer is required to withhold the tax for you from each payroll period and then file your withholdings with Keystone Collections Group.

Many out-of-state employers will also voluntarily withhold the tax as a courtesy to their employees who reside in Pennsylvania. Please check with your employer if you work out of state.

If your earned income tax is not withheld from payroll, you must file and pay the tax on a quarterly basis. Those taxpayers who must self-report on a quarterly basis include:

- Self-employed individuals
- Non-withheld contract employees
- Federal employees without employer withholding
- Out-of-state workers without employer withholding

+ *If I live in Bensalem Township, can my tax rate exceed the 1% tax rate?*

Yes. While Bensalem’s tax rate does not exceed 1%, if you work in another jurisdiction with a “non-resident” or workplace earned income tax rate over 1%, your employer is required to withhold at the higher of the two rates. For example, if you work in a jurisdiction with a 1.5% non-resident or workplace tax rate, your employer is required to withhold 1.5% for local earned income taxes. Bensalem will receive the 1% tax and the workplace jurisdiction will receive the remaining 0.5% tax.

+ *If the tax rate where I work is higher than Bensalem’s 1% resident tax rate, am I entitled to a refund of the difference?*

No. Pennsylvania tax law requires that any non-resident or workplace location earned income tax in excess of your resident Bensalem Township tax remains within your workplace jurisdiction.

+ *Is there a difference between earned income tax and the Local Services Tax?*

Yes. The earned income tax is collected as a percentage of your earnings.

The local services tax is a flat tax of – between \$5 and \$52 (depending on your work location) – that is levied by the workplace jurisdiction and withheld by your employer.

PAYMENT DEADLINES FOR 2016 TAXES

+ *Has the First Quarter 2016 payment deadline been extended?*

Yes. Bensalem Township officials extended the 2016 First Quarter earned income tax payment deadline from April 30 to August 1, 2016 to give taxpayers more time to file their local earned income taxes during the first year of the tax. As such, the tax due for the first quarter of 2016 may be paid on or before August 1, 2016.

+ *If my employer withholds my taxes, do I still have to make a payment by August 1, 2016?*

The answer depends on your circumstances. If your employer withheld the full 1%, you do not need to remit a quarterly payment. If your employer did not withhold the tax at the correct 1% rate starting on January 1, 2016, you may be under-withheld. In this case you should make up the difference and pay the shortfall now rather than wait until you file your Final Return in April 2017, so as to avoid owing penalty and interest for under-payment.

- + ***If I pay my First Quarter taxes by August 1, 2016 will I be subject to penalty and interest?***
No. Bensalem Township waived penalty and interest for First Quarter earned income tax payments received by the August 1, 2016 extended deadline.

- + ***If I pay my First Quarter taxes after August 1, 2016 will I be subject to penalty and interest?***
Yes. First Quarter 2016 taxes paid after the August 1, 2016 deadline will be subject to penalty and interest of 1.25% per month on the balance due.

- + ***Does the First Quarter 2016 payment deadline extension have any effect on when my taxes are due for other quarters?***
No. The Bensalem Township penalty and interest waiver only applies to the 2016 First Quarter tax period. All other quarterly estimate tax payments must be paid by the regular deadlines, which occur 30 days following the close of each calendar quarter. If the payment due date falls on a Saturday, Sunday, or holiday, taxes are due by the following business day. Here is when estimate tax payments are due for tax year 2016:
 - 1st Quarter tax payment is due August 1, 2016
 - 2nd Quarter tax payment is due August 1, 2016
 - 3rd Quarter tax payment is due October 31, 2016
 - 4th Quarter tax payment is due January 31, 2017
 - Any additional payment is due with the Final Return on April 17, 2017

- + ***Can I wait until I file my tax return in April 2017 to pay my 1% earned income tax?***
No. If your tax is not withheld by your employer, Pennsylvania law requires all taxpayers to pay their local earned income taxes quarterly. Self-employed taxpayers, non-withheld contract employees, out-of-state employees without employer withholding and federal employees without employer withholding are required to pay their taxes in quarterly installments within 30 days following the close of each calendar quarter. Here is when estimate tax payments are due for tax year 2016:
 - 1st Quarter tax payment is due August 1, 2016
 - 2nd Quarter tax payment is due August 1, 2016
 - 3rd Quarter tax payment is due October 31, 2016
 - 4th Quarter tax payment is due January 31, 2017
 - Any additional payment is due with the Final Return on April 17, 2017

- + ***If I underestimate my income for 2016 and do not pay what I owe by the Fourth Quarter, will I be subject to penalty and interest?***
It depends. If you pay 90% of the 2016 taxes due in quarterly estimates by January 31, 2017, then you will not be subject to penalty and interest as long as you pay the balance due by the April 17, 2017 filing deadline.

PAYMENT OPTIONS

+ ***If I owe taxes, can I pay online?***

Yes. You can pay your quarterly earned income tax estimate online with just a few clicks of your mouse. Follow these four easy steps:

- Go to the [log-on page](#) and click “Register.”
- Set your username and password, and answer a few security questions
- Select “File estimate”
- Pay your tax

+ ***If I am self-employed, or my employer does not withhold my taxes, must I file and make quarterly tax estimate payments?***

Yes. Local earned income taxes are due quarterly and must be submitted within 30 days following the close of each calendar quarter. Here are the due dates for the 2016 tax year:

- 1st Quarter tax payment is due August 1, 2016
- 2nd Quarter tax payment is due August 1, 2016
- 3rd Quarter tax payment is due October 31, 2016
- 4th Quarter tax payment is due January 31, 2017
- Any additional payment is due with your Final Return April 17, 2017

+ ***If my employer did not withhold, or I did not pay quarterly, do I owe penalty and interest?***

Most likely. If your employer failed to withhold your tax during any prior quarter, penalty and interest will accrue. Pennsylvania-based employers are required to withhold taxes for their employees. It is the individual taxpayer’s responsibility to make sure that his or her taxes are being withheld, at the correct amount and are paid on time. To avoid penalty and interest, you can make up the difference by paying the tax your employer failed to withhold within 30 days after the end of the quarter.

+ ***I failed to pay my earned income tax on time and now owe penalty and interest. How do I calculate penalty and interest on overdue taxes?***

Penalty and interest accrue at the rate of 1.25% per month. The total amount of interest and penalties for a single year shall not exceed 15%.

To calculate your penalty and interest rate, take the number of months the taxes are overdue and multiply by 0.0125. Then, multiply this penalty and interest rate by the tax amount due.

For example, if you owe \$100 in Second Quarter taxes and fail to pay until eight months later, your penalty and interest would be \$10.

Number of months taxes are past due:	8
Penalty and interest at 1.25% per month:	x <u>0.0125</u>
Penalty and interest multiplier:	0.10
2 nd Quarter Tax estimate:	\$100.00
Penalty and interest multiplier:	x <u>0.10</u>
Penalty and interest:	\$10.00

Total due: \$100 tax estimate + \$10 penalty and interest = \$110.00

OUT-OF-STATE EMPLOYMENT

+ ***I work outside of PA. Can my employer withhold my Bensalem earned income tax for me?***

Yes. In fact, many out-of-state employers already extend this courtesy to their employees who reside in Pennsylvania. Ask your employer's payroll department to withhold the 1% Bensalem Township earned income tax.

+ ***My out-of-state employer will not withhold the local earned income tax from my payroll. Is there an easy way for me to pay the tax myself?***

Yes. The easy, fast and secure way to pay your quarterly estimate taxes is to use Keystone's [e-file](#). With just a few clicks of your mouse, you can file your taxes online in four easy steps:

- Go to the [log-on page](#) and click "Register".
- Set your username and password, and answer a few security questions
- Select "File estimate"
- Pay your tax

+ ***I work outside of Pennsylvania and I am subject to a local earned income tax levied in the city where I work. Do I have to pay Bensalem income taxes quarterly?***

It depends. If the out-of-state city where you work levies a local earned income tax, you may claim a credit up to your 1% Bensalem tax obligation.

+ ***The out-of-state city where I work levies a local tax that is higher than Bensalem's 1% tax rate. Can I get a refund from Bensalem for the difference?***

No. You may only claim a credit for out-of-state local withholding up to your 1% Bensalem tax obligation.

PHILADELPHIA WORKERS

+ ***I work in Philadelphia. Am I subject to the Philadelphia tax and my local tax?***

Yes. But you may claim a credit for your local taxes from what you pay to Philadelphia. The credit is applicable up to the amount of the taxes you owe to your resident municipality. You must file a local earned income tax return to claim your credit, including a W-2 showing the tax paid to Philadelphia, which will effectively eliminate the Bensalem tax liability in most instances.

+ ***If my Philadelphia tax is withheld by my employer, do I have to pay taxes in Bensalem, too?***

No. Local earned income tax withheld to Philadelphia is credited against your tax liability in Bensalem Township. You will file an annual tax return beginning in April 2017 to claim the local credit on your Philadelphia withholdings.

+ ***May I transfer a portion of my Philadelphia credits to my spouse?***

No. Philadelphia credits are non-transferrable.

+ ***I work in Philadelphia part of the year and work outside of Philadelphia the rest of the time. Do I still have to pay taxes to Bensalem?***

It depends. Philadelphia withholdings represent a “super credit” against your local tax obligation from all sources of employment, including income earned outside of Philadelphia. The Philadelphia tax charged to Bensalem residents who work in Philadelphia is 3.428%. The tax you pay to Philadelphia will serve as a credit against your Bensalem tax obligation, up to your full Bensalem tax liability.

+ ***I earn all of my income in Philadelphia and am subject to Philadelphia withholding. Can I get a refund for the anything over my 1% Bensalem tax obligation?***

No. Philadelphia withholdings can only be credited only up to the amount of the local earned income tax you owe to Bensalem. Any difference is not refundable.