

IMPORTANT - THE ACCOMPANYING TAX RETURN(S) MUST BE FILED WITH THIS OFFICE BY APRIL 15TH EVEN IF NO TAX IS DUE OR IF ALL HAS BEEN WITHHELD BY YOUR EMPLOYER. FAILURE TO FILE YOUR RETURN(S) MAY SUBJECT YOU TO A \$500 FINE.

You are entitled to receive a written explanation of your rights with regard to the audit, appeal, enforcement, refund and collection of local taxes by calling Richland Township at 215-536-4256 during the hours of 8:30 AM to 5:00 PM, Monday through Friday.

WHO MUST FILE A FINAL RETURN - All residents of Richland Township, who have earned income and net profits, and self-employed non-residents working in these taxing districts, who are not required to pay a similar tax elsewhere. If you had no earned income to report, check appropriate box on front of return.

WHO MUST FILE A DECLARATION OF ESTIMATED TAX - All taxpayers who anticipate earned income or net profits in excess of \$2500.00 in a given calendar or fiscal year, if the tax due is not withheld by the employer(s). Quarterly payments of one-fourth (1/4) of the total estimated tax due for the year shall be made as follows:

Self-Employed - Payments are due on or before April 15th, July 15th, October 15th, January 15th.

Out-of-State Employee - Payment of tax owed for wages earned during the preceding 3-month period ending March 31st of the current year, June 30th of the current year, September 30th of the current year and December 30th of the current year. Due dates are April 30th, July 31st, October 31st and January 31st.

Not Withheld and under Withheld - Same as out-of-state (above).

A. All Returns and/or Declarations filed after the date such Returns and/or Declarations are required to be filed, shall be subject to a late filing fee of \$10.00.

B. Extensions: We require a copy of your Federal Extension Form. It must be received at this office on or before April 15th. There is no provision authorizing an extension of time for payment of tax.

C. If for any reason a taxpayer's check is rejected by the banking institution, the taxpayer shall be charged a \$25.00 fee. The taxpayer shall bring in cash or send a certified check or money order to cover the check.

WHAT IS INCLUDED IN EARNED INCOME - Examples of earned income (without intending in any way to limit the provisions of the Resolutions/Ordinances to these examples) are: salaries, wages, commissions, bonuses, drawing accounts (if amounts received as a drawing account exceed the salary or commissions earned, the tax is payable on the amounts received. If the employee subsequently repays to the employer any amounts not in fact earned, the tax shall be adjusted accordingly); incentive payments; tips; fees; benefits accruing from employment, including, but not limited to, annual leave, vacation, holiday, sickness and separation benefits (severance pay, etc.); taxes assumed by the employer for the employee; regular wages received during a period of sickness or disability; deferred annuity payments; National Guard pay (except active duty); 1-W classification pay; stipends paid to graduate assistants; all other forms of compensation for an employee's services. Neither the kind nor rate of payment, nor the manner of employment exempts an employee from the tax. Compensation received in the form of property shall be taxed at its fair market value at the time of receipt.

WHAT IS INCLUDED IN NET PROFITS - Examples of "net profits" (without intending in any way to limit the provisions of the Resolution/Ordinances to these examples) are: The net profits of a business or profession or of farm operations conducted by an individual or by a husband and wife, as computed according to the laws, regulations and procedure for computing Federal Income Tax "net profits" or "net farm profits" as required to be reported on Federal and State Income Tax Forms; receipts reportable for Federal and State Income Tax purposes, as derived from a fiduciary, partnership, small business, corporation or joint venture, LLC's, except any portion thereof resulting from things not taxed by the Resolution/Ordinances, (such as capital gains, real estate, rental or interest); royalties received by authors, inventors, etc; income from the operation of hotels, motels, trailer camps, tourist homes, boarding houses and other similar business; income from the business of renting personal property; all other net profits of an enterprise, venture or other activity whether such activities are conducted within or outside the Taxing District. *****PLEASE NOTE - EFFECTIVE JANUARY 1, 2006, A NET LOSS FROM A BUSINESS MAY NOT BE DEDUCTED AGAINST W-2 OR 1099 INCOME. PERSONS ENGAGED IN MORE THAN ONE BUSINESS ACTIVITY DURING THE TAX YEAR MAY OFFSET A LOSS IN ONE ACTIVITY AGAINST THE GAIN IN ANOTHER.**

Further details on what constitutes earned income and net profits can be found in the Pennsylvania Personal Income Tax Guide at: www.revenue.state.pa.us.

WHAT IS NOT SUBJECT TO THE TAX - The following are not considered to be earned income and are not subject to the tax: sickness, disability or retirement benefits paid (except regular wages); payments made under any public assistance or unemployment compensation legislation; compensation or bonuses paid by a State or the United States for active military service in the Armed Forces, except National Guard and 1-W pay; death benefit payments to an employee's beneficiary or estate, whether payable in a lump sum or otherwise; proceeds of the Life Insurance policies, cash or property received as a gift, by will, or by statutes or descent and distribution; interest and dividends; rents derived from mere "passive" or "investment" ownership or subleasing of real estate without the furnishing by the lessor of services to the leased premises or to the lessee other than gas, electricity, water, sewage and heat. (Such rents are considered to be the return solely from invested capital and not profits from the operation of a business activity or enterprise taxed by the Resolution/Ordinances.) Furnishing of services to common portions and general preservation of rented real estate shall not make rents described in this paragraph taxable; value of meals and lodging furnished to domestics or other employees by the employer for the latter's convenience; capital gains; social security benefits; sub-chapter S corporation earnings; payments received from annuities and deferred income plans; damages for personal injuries; scholarships; sub-pay; profits from limited partnerships engaged in real estate, oil, gas, mining leases or other similar investments.

UNREIMBURSED BUSINESS EXPENSES - The fact that an expense is deductible for Federal tax purposes does **NOT** mean that it is an allowable business expense for Earned Income Tax Purposes. To be an allowable business expense, the expense must be ordinary, actual, reasonable and necessary. Examples of deductible expenses include - union dues, license fees, cost of small tools, uniforms and work clothing not suitable for everyday use. Examples (but not limited to) of expenses which may **NOT** be deducted are: travel to and from work; cost of meals and lodging for salesmen and truck drivers, etc. unless the "away from home overnight" test as established by the Federal Government is met; dues to Chambers of Commerce or recreational club memberships; occupational privilege taxes; fines; penalties; office space and facilities unless required by employer; personal expenses such as medical contributions, interest, other taxes, educational expenses not required by taxpayer's employer to keep his present job and moving expenses not required by present employer; child care, etc; Self-Employment Retirement Plans, Individual Retirement Accounts (IRA) or Keough Plans.