

## **DUTIES OF EMPLOYERS FOR LOCAL SERVICE TAX (2008)**

A. Each employer doing business within the jurisdiction of the taxing district is required to register with the Tax Collector and to deduct this tax from the compensation paid to each employee subject to tax.

B. All persons who engage in an occupation, full or part-time, within the taxing district must pay this tax including: Self-employed persons and individuals who work or perform an occupation within the district; Persons who are assigned and report to an office, warehouse, or headquarters within the district; Persons who have not previously paid the tax of for the calendar year.

C. Employers will report the total tax due and withheld on a form LST-1. The LST-1 form is to be accompanied by a list of employees from whom the tax has been withheld.

D. Employers are not required to withhold the tax from any employee who files an Exemption Certificate for that tax year, unless otherwise directed by the taxing body or the tax collector. Employers shall ensure that Exemption Certificate forms are readily available to its employees at all times and shall furnish each new employee with a form at the time of hiring (see attached form).

E. In certain situations, an employer may be unable to withhold the tax because of insufficient income, prior payment, etc. In these cases, it will be necessary for the employer to account for all employees from whom he was unable to withhold the tax by supplying the following information:

Name and address of employee;

Gross wages earned during tax period;

Period worked; and

Reason tax was not withheld.

If the above information is not submitted within thirty (30) days from date employment commences, it will be assumed that the employer's LST-1 or LST-1S includes the total of all employees subject to the tax. Upon audit, if it is later determined that the employer did not disclose the names of those individuals from whom he was unable to withhold, the employer will be held personally liable for the total tax due from these employees and any costs, penalties, and interest due. This, however, does not relieve any employee from the payment of the tax or from complying with the requirements of the ordinance and/or resolution.

### **Payment of the Tax**

A. The tax payments must be paid to the Tax Collector thirty (30) days after the close of each quarter of a calendar year. Collection of the tax shall be made on a payroll period basis for each payroll period in which the taxpayer is engaged in an occupation.

B. No taxpayer shall be required to pay the tax in excess of the maximum rate set forth in the ordinance/resolution and/or the LTEA, plus penalties, interest, and costs for any calendar year. This, however, does not relieve the taxpayer or an employer from filing the proper returns.