

ORDINANCE NO. 1965 - 1

EARNED INCOME TAX ORDINANCE

of the

BOARD OF SUPERVISORS OF SHAMOKIN TOWNSHIP

COUNTY OF NORTHUMBERLAND, COMMONWEALTH OF PENNA.

ORDINANCE

Imposing a tax for general revenue purposes on salaries, wages, commissions and other compensation earned during the period beginning July 1, 1965, and ending December 31, 1965, by residents of the Township of Shamokin, and on salaries, wages, commissions and other compensation earned during said period by non-residents of the Township of Shamokin for work done, or services performed or rendered in the Township of Shamokin, and on the net profits earned during said period from businesses, professions or other activities conducted by residents of the Township of Shamokin, and on the net profits earned during said period from businesses, professions or other activities conducted in the Township of Shamokin by non-residents; requiring the filing of declarations and returns, and the giving of information by employers and by those subject to the tax, imposing on employers the duty of collecting the tax at source, providing for the administration and enforcement of the ordinance, and imposing penalties for violations thereof.

BE IT ORDAINED AND ENACTED BY THE BOARD OF SUPERVISORS OF THE TOWNSHIP OF SHAMOKIN, NORTHUMBERLAND COUNTY, PENNSYLVANIA, AND IT IS HEREBY ORDAINED UNDER THE AUTHORITY OF THE ACT OF GENERAL ASSEMBLY APPROVED THE 25TH DAY OF JUNE, 1947, P.L. 1145, AS AMENDED AS FOLLOWS:

Section 1

Short Title and Effective Date

This ordinance shall be known as the "Earned Income Tax Ordinance".
The provisions hereof shall become effective on the 1st day of July, 1965.

Section 2

Definitions

The following words and phrases when used in this ordinance, including the various portions of this section thereof, shall have the meanings ascribed to them in this Section, except where the context clearly indicates or requires a different meaning.

"Association" - A partnership, limited partnership, or any other unincorporated group of two or more persons.

"Business" - An enterprise, activity, profession, or undertaking of any nature conducted for profit, whether by an individual, fiduciary, association, corporation or any other entity, alone or in association with some other person or persons.

"Corporation" - A corporation or joint stock association organized under the laws of the United States, the Commonwealth of Pennsylvania, or any other State, Territory, foreign country or dependency.

"Earnings" - Salaries, wages, commission and other compensation as defined in this ordinance.

"Employer" - An individual, fiduciary, association, corporation, governmental body or unit or agency, or any other entity employing one or more persons on a salary, wage, commission or any other compensation basis.

"Income Tax Administrator" - The person designated by the Board of Supervisors of Shamokin Township to administer the provisions of the Earned Income Tax Ordinance.

"Net Profits" - The net income from the operation of a business, or other activity, after provision for all costs and expenses incurred in the conduct thereof, either paid or accrued in accordance with the accounting system used in such business or other activity, but without deduction of taxes, federal, state or local, based on income.

"Nonresident" - An individual, partnership, association, or other entity domiciled outside the Township of Shamokin.

"Person" - An individual, fiduciary, association, partnership, corporation or other entity. Whenever used in any section prescribing and imposing a penalty, the term "Person" as applied to associations, shall mean the partners or members thereof, and as applied to corporations, the officers thereof.

"Resident" - An individual, partnership, association, or other entity domiciled in the Township of Shamokin.

"Salaries, Wages, Commissions and other Compensation" - Salaries, wages, commissions, bonuses, incentive payments, fees and tips that may accrue or be received by an individual for services rendered whether directly or through an agent and whether in cash or in property; not including periodic payments for sick or disability benefits and those commonly recognized as old-age benefits, retirement pay, or pensions paid to persons retired from service after reaching a specific age or after a stated period of employment, or public assistance or unemployment compensation payments made by any governmental agency or any wages or compensation paid by the United States to any person for active service in the Army, Navy or Air Force of the United States or any bonus or additional compensation paid by the United States or the Commonwealth of Pennsylvania or any other State for such service.

"Taxable" - Subject to the tax imposed by this ordinance.

"Taxpayer" - A person, whether an individual, partnership, association, or any other entity, required hereunder to file a return of earnings or net profits, or to pay a tax thereon. The singular shall include the plural and the masculine shall include the feminine and the neuter.

Section 3

Imposition of Tax

A tax for general revenue purposes of one (1%) per cent is hereby imposed on the following:

(a) Salaries, wages, commissions and other compensation earned on and after July 1, 1965, by individual residents of the Township of Shamokin.

(b) Salaries, wages, commissions and other compensation earned on and after July 1, 1965, by individual nonresidents of the Township of Shamokin.

(c) Net profits, earned on and after July 1, 1965, by residents of the Township of Shamokin, and

(d) Net profits earned on and after July 1, 1965, in the Township of Shamokin, by nonresidents of the Township of Shamokin.

The tax levied under (a) and (b) herein shall relate to and be imposed upon salaries, wages, commissions and other compensation paid by an employer or on his behalf to a person who is employed by him. The tax levied under (c) and (d) herein shall relate to and be imposed upon the net profits of any business, profession or other activity carried on by any person or persons.

Every corporation which is subject to the Pennsylvania Corporate Net Income Tax or exempt from the Pennsylvania Corporate Net Income Tax and every foreign corporation which is subject to the Pennsylvania Franchise Tax or exempt from the Pennsylvania Franchise Tax, shall be exempt from the tax imposed by this ordinance.

The tax levied by this ordinance shall be applicable to salaries, wages, commissions and other compensation and to net profit earned in the period beginning July 1, 1965, and ending December 31, 1965.

Section 4

Declaration and Payment of Tax

(a) NET PROFITS

(1) Every person hereinafter called "Taxpayer", who reasonably expects that he will earn any taxable net profits during the period between July 1, 1965, and December 31, 1965, shall on or before October 15, 1965, make and file with the Income Tax Administrator, on a form prescribed by the Income Tax Administrator, a declaration of his estimated net profits for the period beginning July 1, 1965, and ending December 31, 1965, setting forth the estimated amount of net profits reasonably expected by him for the said period and subject to the tax, the amount of estimated tax imposed by this ordinance on such estimated net profits, and such other relevant information as the Income Tax Administrator may require--The taxpayer making the declaration shall, at the time of filing thereof, pay the Township of Shamokin one-half (1/2) of the estimated tax. The remaining balance shall be paid on or before January 15, 1966.

(2) A person who on October 15, 1965, did not reasonably expect that he would earn any taxable net profits during the period between July 1, 1965, and December 31, 1965, and who subsequent to October 15, 1965, reasonably expects that he will earn taxable profits on or before December 31, 1965, shall make and file on or before January 15, 1966, a declaration similar to that required under the foregoing paragraph (1). The taxpayer making the declaration shall, at the time of filing thereof, pay to the Township of Shamokin the estimated tax shown as due thereon.

(3) The Income Tax Administrator is hereby authorized to provide by regulation for the making and filing of adjusted declarations of estimated net profits, and for the payments of the estimated tax in cases where a taxpayer who has filed the declaration hereinabove required shall thereafter either reasonably expect additional net profits not previously declared or find that he has overestimated his net profits.

(4) On or before April 15, 1966, every taxpayer who has earned taxable net profits shall make and file with the Income Tax Administrator, on a form prescribed by him, a final return showing all of such net profits for the period beginning July 1, 1965, and ending December 31, 1965, the total amount of tax due, the amount of estimated tax paid under the provisions of this Section and the balance due. When the return is made for a fiscal year different from the calendar year, the return shall be made within one hundred and five (105) days from the end of the said fiscal year. The percentage of the total net profits of any calendar year or fiscal year of a taxpayer beginning or ending within the period beginning July 1, 1965, and ending December 31, 1965, to which the tax imposed by this ordinance shall be applicable shall be equal to the same percentage of such total net profits as the number of days in any such year within such period bears to the total number of days in any such year.

At the time of filing the final return, the taxpayer shall pay the balance of the tax due or shall make demand for refund or credit in the case of overpayment.

(5) Every taxpayer who discontinues business prior to December 31, 1965, shall within thirty (30) days after the discontinuance of business, file his final return as hereinabove required and pay the tax due, or demand refund or credit in the case of overpayment.

(b) SALARIES, WAGES, COMMISSIONS AND OTHER COMPENSATION

(1) Every taxpayer who is employed on a salary, wage, commission or other compensation basis and who reasonably expects to earn any taxable earnings not subject to the provisions of Section 5 of this ordinance relating to the collection at source shall on or before October 15, 1965, make and file with the Income Tax Administrator, a declaration of his estimated total amount of taxable salaries, wages, commissions and other compensation for the period beginning July 1, 1965, and ending December 31, 1965, the estimated amount of the tax thereon that will be deducted therefrom pursuant to Section 5 of this ordinance, the estimated amount of tax imposed by this ordinance that will not be deducted therefrom pursuant to Section 5 and such other relevant information as the Income Tax Administrator may require. In preparing his declaration of estimated taxable salaries, wages, commissions, and other compensation taxable under this ordinance, the taxpayer shall use the same amounts with respect to such items as he shall have used in preparing his declaration of estimated tax for the year 1965 for federal income tax purposes, if such taxpayer shall be required to file any such last mentioned declaration.

(2) A person who on October 15, 1965, did not reasonably expect that he would earn any salaries, wages, commissions and other compensation not subject to the provision of Section 5 of this ordinance relating to the collection at source, during the period between July 1, 1965, and December 31, 1965, and who subsequent to October 15, 1965, reasonably expects that he will earn salaries, wages, commissions and other compensation, not subject to the provisions of Section 5 of this ordinance, on or before December 31, 1965, shall make and file on or before January 15, 1966, a declaration similar to that required under the immediately foregoing paragraph (1). The taxpayer

making the declaration shall at the time of filing thereof pay to the Township of Shamokin the estimated tax shown as due thereon.

(3) The Income Tax Administrator is hereby authorized to provide by regulation for the making and filing of adjusted declarations of estimated salaries, wages, commissions and other compensation, and for the payments of the estimated tax in cases where a taxpayer who has filed the declaration hereinabove required shall thereafter either reasonably expect additional salaries, wages, commissions and other compensation not previously declared or find that he has overestimated his salaries, wages, commissions and other compensation.

(4) On or before April 15, 1966, every taxpayer who has received taxable salaries, wages, commissions and other compensation shall make and file with the Income Tax Administrator on a form prescribed by him a final return showing all such salaries, wages, commissions and other compensation earned during the period beginning July 1, 1965, and ending December 31, 1965, the total amount of tax due thereon, the amount of estimated tax thereon paid under the provisions of this Section, if any, and the amount, if any, of tax thereon that has been withheld pursuant to the provisions of Section 5 of this ordinance and the balance of tax due.

At the time of filing the final return, the taxpayer shall pay the balance of the tax due or shall make demand for refund or credit in the case of overpayment.

Section 5

Collection At Source

(a) Every person within the Township of Shamokin who employs one or more persons on a salary, wage, commission or other compensation basis, other than domestic servants, shall deduct, at the time of payment thereof,

the tax imposed by this ordinance on salaries, wages, commissions and other compensation due to his employee or employees, and shall on or before October 31, 1965, and January 31, 1966, respectively make and file with the Income Tax Administrator on a form prescribed by the Income Tax Administrator a return, setting forth the taxes so deducted and pay to the Township of Shamokin the amount of taxes deducted for the preceding quarterly periods ending September 30, 1965, and December 31, 1965, respectively.

(b) On or before February 15, 1966, every such employer shall file with the Income Tax Administrator on forms prescribed by him:

(1) An annual return showing the total amount of salaries, wages, commissions, and other compensation earned by his employee or employees, on which a tax is imposed by this ordinance, the total amount of tax deducted and the total amount of tax paid to the Township of Shamokin in respect to salaries, wages, commissions and other compensation earned by his employee or employees during the period beginning July 1, 1965, and ending December 31, 1965, and

(2) A return in respect of each person who was an employee during all or any part of the period beginning July 1, 1965, and ending December 31, 1965, and who earned during such period any salaries, wages, commissions or other compensation subject to the tax imposed by this ordinance, setting forth the employee's name, address and Social Security number, the amount of such salaries, wages, commissions or other compensation earned by the employee during said period, the amount of tax deducted therefrom and such other relevant information as the Income Tax Administrator may require. Every employer shall furnish a copy of the individual return to the employee in respect of whom it was filed.

(c) Every employer who discontinues business prior to December 31, 1965, shall within thirty (30) days after the discontinuance of business,

file the returns hereinabove required and pay the tax due.

(d) The failure or omission of any employer to make the deductions required by this Section shall not relieve any employee from complying with the requirements of this ordinance relating to the payment of the tax or from filing of declarations and returns.

(e) If an employer makes a deduction of tax as required by this Section 5, the amount deducted shall constitute in the hands of such employer a trust fund held for the account of the Township of Shamokin as beneficial owner thereof and the employee from whose salaries, wages, commissions or other compensation such tax was deducted shall be deemed to have paid such tax.

Section 6

Powers and Duties of The Income Tax Administrator

(a) It shall be the duty of the Income Tax Administrator to collect and receive the taxes, fines and penalties imposed by this ordinance. It shall also be his duty to keep a record showing the amount received by him from each person paying the tax, and if paid by such person in respect of another person, the name of such other person, and the date of such receipt.

(b) The Income Tax Administrator is hereby charged with the administration and enforcement of the provisions of this ordinance, and is hereby empowered, subject to approval by the Board of Supervisors of the Township of Shamokin, to prescribe, adopt, promulgate and enforce rules and regulations relating to any matter pertaining to the administration and enforcement of this ordinance including provisions for the re-examination and correction of declarations and returns and of payments alleged or found to be incorrect, or as to which an overpayment is claimed or found to have

occurred, and to prescribe forms necessary for the administration of this ordinance.

(c) The Income Tax Administrator, and agents designated in writing by him, are hereby authorized to examine the books, papers and records of any person in order to verify the accuracy of any declaration or return, or, if no declaration or return was filed, to ascertain the tax due. Every person is hereby directed and required to give to the Income Tax Administrator or to any agent so designated by him the opportunity for such examinations and investigations as are hereby authorized.

(d) Any information gained by the Income Tax Administrator, his agents, or by any other official, agent or employee of the Township of Shamokin as a result of any declarations, returns, investigations, hearings, or verifications required or authorized by this ordinance shall be confidential and shall not be disclosed to any person except for official use in connection with the administration or enforcement of this ordinance or as otherwise provided by law.

(e) Any person aggrieved by any action of the Income Tax Administrator shall have the right of appeal as provided by law.

Section 7

Suit for Collection of Tax

(a) The Income Tax Administrator may sue in the name of the Township of Shamokin for the recovery of taxes due and unpaid under this ordinance.

(b) Any suit brought to recover the tax imposed by this ordinance shall be begun within six (6) years after such tax is due or within six (6) years after a declaration or return has been filed, whichever date is later, provided, however, that this limitation shall not prevent the institution of a suit for the collection of any tax due or determined to be due in the

following cases:

(1) Where no declaration or return was filed by any person although a declaration or return was required to be filed by him under the provisions of this ordinance.

(2) In the case of a false or fraudulent declaration or return with the intent to evade tax.

(3) Where any person has deducted taxes under the provisions of this ordinance and has failed to pay the amount so deducted to the Township of Shamokin.

Section 8

Interest and Penalties

If for any reason the tax is not paid when due, interest at the rate of six (6%) per cent per annum on the amount of said tax, and an additional penalty of one-half of one per cent (.005%) of the amount of the unpaid tax for each month or fraction thereof during which the tax remains unpaid, shall be added and collected. Where suit is brought for the recovery of any such tax, the person liable therefor shall, in addition, be liable for the costs of collection and the interest and penalties herein imposed.

Section 9

Payment and Refunds

The Income Tax Administrator is hereby authorized to accept payment of the amount of tax claimed by the Township in any case where any person disputes the validity or amount of the Township's claim for the tax. If it is thereafter judicially determined by a court of competent jurisdiction that there has been an overpayment to the Income Tax Administrator, the amount of the overpayment shall be refunded to the person who paid.

Section 10

Applicability

The tax imposed by this ordinance shall not apply:

(a) To any person as to whom it is beyond the legal power of the Township of Shamokin to impose the tax herein provided for under the Constitution of the United States and the Constitution of the Commonwealth of Pennsylvania.

(b) To the net profits of any institution or organization operated for public, religious, educational or charitable purposes, to an institution or organization not organized or operated for private profit, or to a trust or a foundation established for any of the said purposes.

This section shall not be construed to exempt any person who is an employer from the duty of collecting the tax at source from employees and paying the amount collected to the Township of Shamokin under the provisions of Section 5 of this ordinance.

Section 11

Fines and Penalties for
Violation of Ordinance

(a) Any person who fails, neglects or refuses to make any declaration or return required by this ordinance; any employer who fails, neglects or refuses to deduct the amount of tax imposed by this ordinance or to pay the tax deducted from his employees; any person who refuses to permit the Income Tax Administrator or any agent properly designated by him to examine his books, records, and papers; and any person who makes any incomplete, false or fraudulent return to avoid the payment of the whole or any part of the tax imposed by this ordinance shall, upon conviction thereof before any alderman or justice of the peace, be sentenced to pay a fine of not more than Three Hundred (\$ 300.00) Dollars for each offense and costs, and, in default of

payment of said fine and costs to be imprisoned in the Northumberland County Jail for a period not exceeding ninety (90) days.

(b) Any person who, except as permitted by the provisions of sub-section (d) of Section 6 of this ordinance, divulges any information which is confidential under the provisions of said sub-section shall upon conviction thereof before any alderman or justice of the peace, be sentenced to pay a fine of not more than Three Hundred (\$ 300.00) Dollars for each offense and costs, and, in default of payment of said fine and costs, to be imprisoned in the Northumberland County Jail for a period not exceeding ninety (90) days.

(c) The penalties imposed under this Section shall be in addition to any other penalty imposed by any other section of this ordinance.

(d) The failure of any person to receive or procure the forms required for making any declaration or return required by this ordinance shall not excuse him from making such declaration or return.

Section 12

Severability

The provisions of this ordinance are severable. If any sentence, clause or section of this ordinance is for any reason found to be unconstitutional, illegal or invalid, such unconstitutionality, illegality, or invalidity shall not affect or impair any of the remaining provisions, sentences, clauses or sections of this ordinance. It is hereby declared to be the intent of the Board of Supervisors of the Township of Shamokin that this ordinance would have been adopted had such unconstitutional, illegal or invalid sentence, clause or section not been included herein.

Enacted into an ordinance this 15th day of March, 1965.

TOWNSHIP OF SHAMOKIN
By: Percy A. Chamberlin, Pres.
By: Samuel E. Williams, Sec.
By: Robert Ammerman, Mem.
Board of Supervisors

EARNED INCOME TAX REGULATIONS

BOARD OF SUPERVISORS OF THE TOWNSHIP OF SHAMOKIN

Article I

General Provisions

Taxable Income

A. "Sick or Disability Benefits." Periodical payments received by an individual under a sickness or disability insurance plan are not taxable. Where, however, an employee receives regular salary from his employer during a period of sickness or disability, by virtue of his contract of employment, such compensation shall be fully taxed.

B. "Benefits Arising Under Workmen's Compensation Acts, Occupational Disease Acts, and Similar Legislation." Compensation received by employees under the provisions of workmen's compensation acts, occupational disease acts, or similar legislation together with any amount received as damages by suit or agreement on account of any injury or disease, is not taxable.

C. "Public Assistance or Unemployment Compensation Payments." Payments made under any public assistance or unemployment compensation legislation are not taxable.

D. "Active Military Service Pay." Compensation paid by the United States to any person for active service in the armed forces of the United States is not taxable.

E. "Bonuses Paid by United States, Pennsylvania, or any Other State, for Active Military Service." Any Bonus or additional compensation paid to a person by the United States, by the Commonwealth of Pennsylvania, or by

any other State, for active service in the armed forces of the United States, is not taxable.

F. "Death Benefits." Where an employer makes death benefit payments to the beneficiary of an employee or to his estate, whether payable in a lump sum or otherwise, such payments are not taxable.

G. "Proceeds of Life Insurance Policies." Proceeds of life insurance policies payable by reason of the death of an insured to his estate or to a beneficiary are not taxable.

H. "Gifts and Bequests." Cash or property received as a gift or under a will or under statutes of descent and distribution is not taxable.

I. "Interest Received." All forms of interest, e.g., on obligations of the United States or its possessions, the Commonwealth of Pennsylvania or any political subdivision thereof, or on bank or postal savings accounts, mortgages, or loans, received by an individual are not taxable. However, where a person is engaged in the business of lending money at interest, the net profits of such business are taxable.

J. "Religious Offerings." Offerings received by clergymen for the performance of baptisms, wedding ceremonies, etc., are not taxable.

K. "Board and Lodging to Employees for Convenience of Employer." The value of meals and lodging furnished to domestics or other employees by the employer for the latter's convenience is not considered earned income and is not taxable.

L. "Income from Stocks, Trusts, and Rentals of Dwellings Owned by Individuals not Licensed as Realtors by the Commonwealth of Pennsylvania." The income from these items is not taxable.

M. "Capital Gains and Losses." Capital Gains and losses shall not be included in computing taxable net earnings. These include such capital gains and losses as arise from the sale, exchange, or other disposition of

depreciable business property, and real property, used in the taxpayer's trade of business.

Article II

Imposition and Rate of Tax

Partnerships

The net profits of the partnership as such shall not be taxed, but each resident partner shall pay the tax on his share of the net profits whether or not it is actually distributed to him.

Officers and Employees of The United States, etc.

Officers and employees of the United States, the Commonwealth of Pennsylvania, or of any political subdivision thereof, whose earned income tax is not subject to withholding, shall file a Declaration of Estimated Tax and make quarterly payments as prescribed.

Computation of Net Profits

The net profits of a business, trade, profession or other activity shall be computed by subtracting from gross receipts the cost of goods sold and all ordinary and necessary expenses of doing business. Ordinarily no business deduction which is not permitted by the Federal Government for income tax purposes will be allowed. All persons are presumed to be on a cash basis, but when the books of a taxpayer are kept on an accrual or other basis, which is used for Federal Income Tax purposes, such basis must be used for the purpose of computing the Earned Income Tax on net profits.

Accounting Methods

No uniform method of accounting is prescribed. Each taxpayer shall adopt such forms and methods of accounting as in his judgment are best suited for his purposes. The two principal methods of accounting are:

(1) the cash receipts and disbursement method, generally called the "cash basis" method; and (2) the "Accrual basis" method. If the method employed does not clearly reflect the net income, the computation shall be made in accordance with such method as in the opinion of the Income Tax Administrator does clearly reflect the net income.

Accounting Period

If the taxpayer has no annual accounting period or does not keep books, the net income shall be computed on the basis of the calendar year.

Net Loss

"Net Loss" in any year may not be carried to any other year.

Article III

Declarations, Payment of Tax and Returns

Payment by Employers

Employers who withhold a tax amounting to more than Fifty Dollars (\$ 50.00) during the first or second month of any calendar quarter, shall remit the actual amount of the tax so withheld to the Township of Shamokin on or before the fifteenth (15th) of the month next following the month during which the tax was deducted.

Withholding By Agreement

Employers, although not required to withhold a tax from the earnings of domestic servants, farm labor or casual labor not in the usual course of business, may voluntarily agree with such employees to withhold the tax and transmit it to the Income Tax Administrator.

Place and Manner of Payment

All taxes under the Earned Income Tax Resolution shall be paid at the

Tax Administrator's Office. All checks for the tax shall be made payable to the Income Tax Administrator.

Forms

The Income Tax Administrator is authorized to prepare all of the forms required under the provisions of the Earned Income Tax Ordinance subject to the approval of the solicitor for the Township of Shamokin.

Verification

Every declaration and return shall be verified or contain a written statement that it is made under the penalties of perjury.

Extensions

The Income Tax Administrator is authorized to grant a reasonable extension of time for the filing of a return and the payment of a tax due.

Installments Paid in Advance

At the election of the taxpayer, any installment of the estimated tax may be paid prior to the date prescribed for its payment.

Payment on Account

Payment of the estimated tax or any installment thereof, shall be considered payment on account of the tax for the taxable period.

Article IV

Administration and Enforcement

Records to be kept by Taxpayers

Taxpayers and employers subject to the ordinance are required to keep such records as will enable the filing of true and accurate declarations and returns, whether of taxes withheld at source or of taxes payable upon earnings or net profits, or both; and such records shall be preserved for a period of

not less than six (6) years in order to enable the Income Tax Administrator or any agent designated by him to verify the correctness of the declarations or returns filed.

Refunds

Any taxpayer may file a claim for a refund on a form prescribed by the Income Tax Administrator. When an employer has erroneously withheld and paid any amount of the tax for an employee, the employer may file the claim for refund on behalf of the employee. The Income Tax Administrator will pay claims for refund in proper cases.