



KEYSTONE

collections group™

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TAXPAYER FREQUENTLY ASKED QUESTIONS

e-file, SPOUSE ACCOUNTS, PASSWORDS, USERNAMES, PAYMENTS, REFUNDS

- + ***Can I file online instead of using a traditional paper form?***
Yes. Keystone's *e-file* is the easy, fast and secure way to file your taxes. In most cases it takes less than 10 minutes from the time you create your online account until you submit your completed tax form. And you will get instant confirmation your taxes have been filed.

- + ***Can I set up my own online account to file my local tax return?***
Yes. Keystone's *e-file* is easy, fast and secure. All you need is an active email address. Click [here](#) to set up your account. Enter your email address and create a password unique to you. Check your email inbox and click on the link. Re-enter your email address and your password and you are ready to *e-file*.

- + ***Do I need certain information to e-file?***
Yes. You will need your Social Security number and any income and wage documentation you are using to file your state taxes. Most taxpayers will file using their employer-provided W-2. Other documents you may need include, if applicable: Form 1099, PA Schedule UE, Schedule C, Schedule E, Schedule F, Schedule K-1 or RK-1.

- + ***Can I file a return for my spouse?***
Yes. You can add your spouse's account to your online account. Make sure you have your spouse's Social Security number. Other documents you may need include, if applicable: Form 1099, PA Schedule UE, Schedule C, Schedule E, Schedule F, Schedule K-1 or RK-1.

- + ***Do I combine my spouse's income when adding my spouse to my online account?***
No. You cannot combine income or withholdings. If one of you is due a refund and the other owes taxes, you may apply the refund to your spouse's tax, if any.



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- + ***Can I file a return for anyone other than my spouse?***
Yes. If you are authorized to file a return for your parents or your children you may do so from your online account. From the *e-file* home page, simply click “tax preparer” under the yellow File Return box and follow the instructions. You will need their Social Security number and any applicable documentation—such as a W-2, Form 1099, PA Schedule UE, Schedule C, Schedule E, Schedule F, Schedule K-1 or RK-1—of each taxpayer for whom you are filing a return.

- + ***I forgot my password. Can I still e-file?***
Yes. From the Log On screen click “Forgot Password?” and you will receive an email with a link to reset your password.

- + ***I filed online last year but changed my email address since then. Can I e-file this year?***
Yes. At the Log On screen, simply input your new email address and create a new password. You will receive an email in your inbox with a confirmation link.

- + ***If I e-file can I get a copy of my return for my files?***
Yes. Click the “print this page” button at the top right corner before you hit the “submit return” button.

- + ***I owe taxes, can I pay online when I e-file?***
Yes. You can pay either by credit card or electronically using your checking account. When you file your return and you owe taxes, *e-file* will take you to a secure payment screen where you may input your bank routing number and checking account number. You will receive an electronic verification to use as your receipt for payment.


- + ***Can I receive a refund if I file online?***
Yes. Keystone will send an electronic payment directly to your bank account. After you have filed your return, *e-file* will take you to a secure payment screen where you may input your bank routing number and checking account number. You can also select to receive a paper check. Simply select “paper check” from the drop-down menu.



HOW TO FILE, WHERE TO FILE, FORMS, DUE DATES

+ ***If my employer withholds local earned income tax at work, do I have to file a return?***
Yes. If you live in Pennsylvania, state law requires all taxpayers to file an Annual Local Earned Income Tax Return.

+ ***Can I file my return and pay online?***

Yes. Click  *-file* to file your Local Earned Income Tax Return. You will need:

- Form W-2
- Any appropriate schedules (such as PA Schedule UE, Schedule C, etc.)
- Your Social Security Number

You may also file an electronic return for your spouse, your children and/or your parents. You will need their forms and Social Security numbers. For a quick tutorial on how to *e-file*, click [here](#). If you need additional assistance, call the taxpayer helpline at 1-888-328-0565, or email [Taxpayer Support](#).

+ ***Does my Keystone Tax Account Number appear on my return?***

Yes. It appears on your pre-printed return right above the bar code under your name. You can *e-file* using your Social Security Number; *e-file* will automatically associate your primary resident account number with your SSN.

+ ***Will Keystone mail a local tax return to me?***

Yes. You should receive a return in the mail. If you did not receive one, it may be because you filed online last year. Check your e-mail inbox for an online filing reminder. You do not need the mailed return or e-mail reminder to file your taxes online. Click [here](#) to begin.

If you prefer to file on paper and need a form, click on the [2014 Tax Return](#) link on this page. Fill out the form before downloading it. Make sure your Adobe Acrobat is up to date and click on the appropriate lines. Please be sure to include your Political Subdivision (PSD) Code. Click here to [find your PSD code](#).

+ ***Is my local tax return due at the same time as my federal and state returns?***

Yes. Your return must be submitted online or post-marked by midnight EST on April 15.

+ ***Where do I mail my return?***

Send to:

Refund or Credit Keystone Collections Group PO Box 509 Irwin, PA 15642-0509	Payment Enclosed Keystone Collections Group PO Box 529 Irwin, PA 15642-0529	No Payment or Refund Keystone Collections Group PO Box 549 Irwin, PA 15642-0549
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PAYMENT, PENALTY AND INTEREST

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

Yes. If you *e-file*, you can pay either by credit card or online from your checking account.

+ ***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.

- 1st Quarter tax payment is due April 30, 2015
- 2nd Quarter tax payment is due July 31, 2015
- 3rd Quarter tax payment is due October 31, 2015
- 4th Quarter tax payment is due January 31, 2016
- Any additional payment is due April 15, 2016

If any filing deadline falls on a Saturday, Sunday or state holiday, payment is due the next business day.

The easiest and quickest way to pay your quarterly earned income tax estimate is through Keystone's secure *e-file*. You can use the same online account to file your final return.

If you prefer to pay your local earned income tax estimate by check, you can download *quarterly estimate vouchers*.

+ ***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 in any prior quarter, penalty and interest will accrue. Pennsylvania-based employers are required to withhold taxes for their employees, but it is ultimately the individual taxpayer's responsibility to make sure that taxes are being withheld and at the correct amount.

+ ***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, at the rate of 1.25 percent per month, begins to accrue when the taxes are due. For tax years 2012 and later, the total amount of interest and penalties for a single year shall not exceed 15 percent.

To calculate your penalty and interest rate, take the number of months the taxes are due and multiply it by 0.0125. Multiply this penalty and interest rate by the tax due for the quarter.



For example, if you owed \$100 in 2nd quarter taxes and failed to pay until eight months later, your penalty and interest would be \$10.

Number of months taxes are past due:	8
Penalty and interest of 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 = <u>\$110.00</u>	

PART-YEAR RETURNS, TAX RATES, TAXABLE INCOME, SUPPORTING DOCUMENTS

+ ***If I move during the year do I have to file two returns?***

Yes. You are required to pay local earned income tax for the period of time you lived in each taxing jurisdiction. To ensure that your taxes are paid to the appropriate authorities you must file a tax return for each residence. The easiest and fastest way to file your part-year returns is through [e-file](#), which will automatically calculate the taxes you owe to each jurisdiction administered by Keystone based on the W-2 earnings you input.

If you want to prepare your returns on paper, you must file a separate return for each taxing jurisdiction using the appropriate PSD (political subdivision) codes. To find the appropriate PSD code for each residence click on the [Find Your PSD Code](#) link on this page to view the PA Department of Commerce and Economic Development's municipal statistics website.

Once you have the PSD codes, use the part-year resident schedule on the reverse of the tax form to calculate income earned in, and taxes owed to, each jurisdiction. Use the information on the worksheet to complete the separate part-year returns. Each return must reflect only the income earned and taxes paid while a resident of each jurisdiction. Obviously, it will be easier for you to file online. Keystone's [e-file](#) will automatically input the PSD code for each jurisdiction and will calculate what taxes you owe to each jurisdiction administered by Keystone based on the W-2 earnings you input for each jurisdiction.

+ ***Will e-file automatically find the tax rate for where I live?***

Yes. If you [e-file](#), the tax rate is already associated with your account. If you received a paper form from Keystone, the tax rate is listed on Line 9. Tax rates are determined by taxing jurisdiction and are maintained by the PA Department of Commerce and Economic Development. Click [here](#) to find your municipal tax rate.

+ ***Is my income also taxed where I work?***

Maybe. Some taxing jurisdictions impose a non-resident earned income tax on those who work within their borders but who do not live there. If the tax rate where you work is higher than the tax rate where you live, your employer is required to withhold at the higher of the two rates. You are not entitled to receive a refund on this non-resident earned income tax withholding.

To determine if your work location has a higher non-resident tax rate than where you live, click [here](#) and fill in your work and resident addresses in the appropriate fields.

If your work location has a higher non-resident tax rate than where you live, you may only claim a credit up to what you owe to your resident jurisdiction.



+ ***Is any income exempt from local earned income tax?***

Yes. Certain income, such as Social Security benefits, Unemployment Compensation, pensions, interest and dividends are not taxable. For a list of non-taxable income, refer to our [taxpayer instructions](#). This list is not exhaustive. Contact your professional tax preparer, or refer to the PA Department of Revenue regulations regarding taxable compensation.

+ ***Do I need certain documents to complete my local earned income tax return?***

Yes. In most cases, you will need your Form W-2, if you are filing on wage income. If your employer does not withhold and provides you with a Form 1099, use this. Other supporting documentation you may need includes: Schedule C, PA Schedule UE, RK-1. Be sure to include copies of all supporting documentation with your income tax return. Legible photocopies are accepted. Submit each document on a separate sheet.

If you work out of state and file a return there, include a copy of your out-of-state tax return along with your W-2(s).

+ ***Do I report all income on Line 1 of the local return?***

No. If you work in PA, report only state wages appearing in Box 16 of your W-2. If you work outside of PA, see the FAQ addressing out-of-state employment below.

+ ***Is there specific information that must appear on the W-2 that I provide?***

Yes. Please provide a W-2 showing state wages in Box 16 and local withholding, if applicable, in Box 19. If you work outside of PA, see the following FAQ addressing out-of-state employment.

OUT-OF-STATE EMPLOYMENT

+ ***I work outside of PA. Does this affect how I file my local earned income tax return?***

Yes. If you work outside of PA, you must file on paper. You may take a local earned income tax credit for gross earnings taxed in both another state and in PA when the credit exceeds your PA state personal income tax liability. This credit will be denied if you fail to provide supporting documentation, including the other state's completed tax return and your W-2 form showing the other state's income tax withheld.

No credit is given for state income taxes paid to: Maryland, New Jersey, Ohio, Virginia, West Virginia and Indiana.

To calculate any credits that may apply to local earned income taxes, fill out the "Non-Reciprocal State Worksheet" on the reverse of the tax form. Include any applicable out-of-state credits on Line 12 of the local tax form. Include a copy of your W-2 showing out-of-state taxes withheld.

To determine out-of-state Gross Compensation (Line 1), use Medicare Wages (W-2 Box 5) and subtract the taxable cost of life insurance over \$50,000, if applicable (Item C in W-2 Box 12).

+ ***I work in a reciprocal state (Maryland, New Jersey, Ohio, Virginia, West Virginia or Indiana). Can I claim a credit for local taxes paid in the town where I work outside of PA?***

Yes. If you work out-of-state in a taxing jurisdiction with a local earned income tax and your employer withheld local taxes, you may claim a credit for local taxes paid to that locality, provided that such credit may **not** exceed your PA resident jurisdiction's local earned income tax rate multiplied by the amount of out-of-state income. Put the amount of your calculated credit on Line 12 of your local tax return. Your employer-provided W-2 will show the amount of local taxes withheld in Box 19. Box 20 will indicate the out-of-state taxing jurisdiction.

+ ***I work in a reciprocal state (Maryland, New Jersey, Ohio, Virginia, West Virginia or Indiana). Can I claim a credit for state taxes paid there?***

No. Employers in reciprocal states are prohibited from withholding state earned income taxes from PA residents to the reciprocal state. If your employer in a reciprocal state improperly withholds taxes to that state, you may not claim tax credits based on that withholding. Instead, you must file a non-resident return in the reciprocal state and use any refund to pay your PA and local earned income taxes.

+ ***Can I receive a credit for the tax I paid to another municipality in another state?***

Yes. First, you must determine if the income being taxed in an out-of-state municipality is also subject to local earned income tax in PA. For a list of non-taxable income, refer to



Keystone's taxpayer instructions. This list is not exhaustive, contact your professional tax preparer, or refer to the PA Department of Revenue regulations regarding taxable compensation.

If the income is taxable at the local level in PA and in the out-of-state jurisdiction where you work, then you can claim a tax credit on Line 12 of your local return. You must show proof of this payment either on a W-2 or an out-of-state tax return.

PHILADELPHIA CREDITS

- + ***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 only 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.

- + ***If my Philadelphia tax is withheld, do I report that tax withholding on Line 10?***
No. Line 10 refers only to local earned income tax withheld in PA jurisdictions outside of Philadelphia. Do not include withholdings to Philadelphia on Line 10. Instead, enter Philadelphia credits on Line 12. Credit for income taxes paid to Philadelphia may **not** exceed the total local earned income tax liability that you owe to your PA resident taxing jurisdiction.

- + ***May I transfer a portion of my Philadelphia credits to my spouse?***
No. Philadelphia credits are non-transferrable.

- + ***Can I include the Philadelphia tax credit when I file online?***
Yes. From the forms menu, click on the "Philadelphia" box and follow the instructions. Keystone's e-file will automatically include the credit on your return.



LOCAL SERVICES TAX

- + ***Do I have to pay the Local Services Tax?***
Yes. If your workplace jurisdiction imposes a Local Services Tax, your employer must withhold your tax. If the tax is \$10 per year, the law permits employers to withhold it in one lump sum. If the tax is \$52 per year, employers must withhold the appropriate amount from each paycheck and submit the tax quarterly.
- + ***Do I have to pay the Local Services Tax if I am self-employed or if I work from home?***
Yes. If you are self-employed or work from home for an employer that does not withhold the tax, you are required to pay the appropriate LST to the taxing jurisdiction where you work. Find the [LST rate and tax collector](#) here.
- + ***Can I pay the Local Services Tax online?***
Yes. The LST is due quarterly. If you are self-employed and operating as a business, you can pay your [LST online](#) using your FEIN. You cannot file LST online using your Social Security Number. If you do not have an FEIN, you must mail your LST payment to the LST collector for your workplace jurisdiction.
- + ***Keystone collects my EIT where I work. Is Keystone also my LST collector?***
Not necessarily. To identify the [LST collector](#) in any particular jurisdiction, click [here](#).
- + ***Am I responsible for paying the LST if my employer does not withhold it?***
Yes. If your employer is required to withhold the LST and does not, you should inform your employer that they are required to withhold and submit the LST. In some instances, the federal government does not withhold LST for its employees. In this case, the individual is responsible for paying the LST. You cannot pay the tax online. You must file using the [LST Individual Tax Return](#).
- + ***Do I include LST payments on my Earned Income Tax Return?***
No. The LST is a flat tax that is not based on taxable income.
- + ***I work two jobs, do I have to pay LST for both?***
No. The LST is applicable only on your primary job, which is defined as that from which you receive the greatest income. If you have a second job, you are not required to pay LST a second time even if your second job is in a different taxing jurisdiction.

You must file an [LST Exemption Application](#) with the secondary employer.

If your secondary employer withheld your LST, you may apply for an [LST refund](#).