

BUCKS COUNTY TAX COLLECTION COMMITTEE

**Tax Collector Interest Payment/Claim Policy**

1. **Policy Scope and Legal Authority.** Under the Local Tax Enabling Act ("LTEA"), 53 P.S. § 6924.501 *et seq.*, the general rule is that every Pennsylvania employer must withhold local income tax from every employee subject to tax, and pay the tax to the tax collector for the place of employment, even if the tax is owed elsewhere. Per 53 P.S. § 6924.513, collectors for each tax collection district must distribute tax to collectors for other tax collection districts within specified time periods. If a collector finds that tax owed to taxing authorities represented by the collector has been paid to another collector and not distributed as required, the collector may make a claim against the other collector. The other collector is required within 30 days to either pay the claim or respond in writing as to reasons why the claim cannot be paid. Per 53 P.S. § 6924.513(b)(2), if a collector does not distribute tax owed to another collector, the collector to whom the tax is owed may file suit and claim the amount of tax owed plus interest from the date on which the tax was received by the other collector.

In addition, 53 P.S. § 6924.510(a) authorizes suit to be filed for the amount of tax owed plus interest from the date the tax should have been distributed, a civil penalty, and attorney fees.

Concerning interest, 53 P.S. § 6924.513(b)(2) states that interest is owed at the rate established under the Pennsylvania Fiscal Code, 72 P.S. § 806.1 ("statutory interest"). Under this section, the Pennsylvania Secretary of Revenue in January of each year announces an interest rate applicable for that calendar year. For example, the interest rate applicable for calendar year 2011 is 3% per annum.

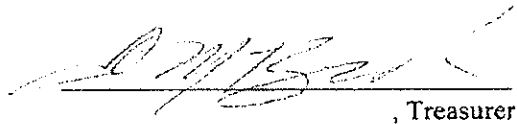
The purpose of this policy is to specify circumstances under which the TCC appointed tax collector will pay interest to other collectors and make claims for interest against other collectors.

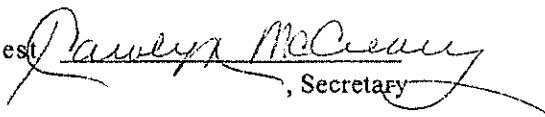
2. **TCC Appointed Tax Collector Claims Against Other Collectors.** If the TCC appointed tax collector becomes aware that a tax amount was collected by another collector and is owed to the TCC appointed tax collector, the TCC appointed tax collector shall promptly make a written claim against the other collector requesting payment of the tax amount owed plus statutory interest from the date the other collector received the tax amount. The TCC appointed tax collector shall take all steps necessary or appropriate, including legal proceedings, to collect the tax amount owed and the interest. However, the TCC appointed tax collector shall waive the requirement for payment of interest if: (a) the other collector pays to the TCC appointed tax collector the full amount of tax owed within 90 days after receiving the claim from the TCC appointed tax collector providing sufficient information to demonstrate the tax amount is owed to the TCC appointed tax collector; or (b) the other collector establishes to the satisfaction of the TCC appointed tax collector that prior to receipt of the claim from the TCC appointed tax collector, the other collector had insufficient information to determine that the tax amount was owed to the TCC appointed tax collector. When the TCC appointed tax collector collects interest or a civil penalty from another collector, the TCC appointed tax collector will credit and distribute this interest to the school district or municipality to which the tax is owed.

3. **Other Collector Claims Against TCC Appointed Tax Collector.** If the TCC appointed tax collector receives a written claim from another collector requesting payment of a tax amount owed to the other collector plus interest, the TCC appointed tax collector shall promptly review the claim and, if the claim is determined to be legitimate, make payment of the amount of tax owed. The TCC appointed tax collector shall process claims for payment of interest in accordance with 53 P.S. §§ 6924.510(a) and 6924.513(b)(2). Interest or a civil penalty paid to another collector will not be charged by the TCC appointed tax collector to the TCC or any school district or municipality within the tax collection district, unless the delay in paying the claim was caused by that school district or municipality. Interest and penalty shall not be deemed due from the TCC appointed tax collector if the delay is caused by circumstances outside of the control of the TCC appointed tax collector.

Adopted this 26<sup>th</sup> Day of November, 2013.

Bucks County Tax Collection Committee

  
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, Treasurer

Attest   
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, Secretary