



Collingdale Borough Local Earned Income Tax Mid-Year Rate Enact

Frequently Asked Questions

Why is the local earned income tax being enacted?

Collingdale Borough passed an ordinance to begin collecting a local earned income tax.

When is the Local Earned Income Tax effective?

Effective July 1, 2026, the tax will be assessed to Borough residents regardless of where they work and non-residents working in the Borough at 1% of earned income and net profits.

How does the tax rate change affect individual taxpayers?

If you are an Employee

Your employer is required by law to withhold the tax due for all payroll employees. To avoid tax filing issues:

- provide a copy of this letter to your employer to ensure that the EIT withholding rate is applied beginning on July 1, 2026.
- review your pay stubs to verify that your employer is withholding the tax at the correct 1% rate.

If you are Self-Employed or Employed Outside of Pennsylvania

If you are self-employed, have earnings reported on Form 1099, or your employer is not withholding your local tax, you must report your income and pay your tax quarterly. Pay and file your quarterly estimates online at efile.KeystoneCollects.com

How will this change affect my 2026 Local Earned Income Tax Annual Final Return filing?

Due to the mid-year rate adjustment, your 2026 local earned income tax annual return will require a split filing as six months of wages will be taxed at 0% and 6 months of wages will be taxed at 1%. Tax forms and filing instructions will be sent to taxpayers via mail later this year.

How does this tax rate change affect businesses?

Your business must withhold and report employee local EIT to Keystone in compliance with Pennsylvania law. As an employer, you are required to withhold the local income tax at the rate of 1% for Collingdale Borough from your employees' compensation beginning with the 3rd quarter of 2026.

Can my business file and pay withheld tax online?

Yes, all employers should file and pay withheld tax online using Keystone's Business Portal business.KeystoneCollects.com

My employee payroll is processed by a third-party. How do I need to handle this change?

If your employee payroll is processed by a third-party service provider, please make sure the payroll provider is aware of the new tax change. Keystone is notifying the major, national payroll processing firms directly.