



## Shikellamy School District Local Earned Income Tax Rate Change

### Frequently Asked Questions

#### **Why is the Shikellamy School District Local Earned Income Tax Rate changing?**

Shikellamy School District residents voted to eliminate the occupation tax in a ballot referendum last November, and to replace it with an increase in the earned income tax (EIT).

#### **When is the Shikellamy School District Local Earned Income Tax Rate changing?**

Effective July 1, 2024, the School District's portion of the earned income tax will increase from 0.5% to 0.95%. As a result, residents of the School District will see an effective tax increase from 1.0% to 1.45%.

#### **How does the tax rate change affect individual taxpayers?**

##### *If you are a W-2 Employee*

Your employer is required by law to withhold earned income tax from your pay. To avoid tax filing issues:

- provide this information to your employer to ensure that the EIT withholding rate is adjusted beginning on July 1, 2024.
- review your pay stubs to verify that your employer is withholding the tax at the rate of 1.45%.

##### *If you are Self-Employed or Employed Outside of Pennsylvania*

If you are self-employed, have earnings reported on Form 1099, or your employer does not withhold local earned income tax, you must report your income and pay your tax quarterly. Pay and file your quarterly estimates online at [efile.KeystoneCollects.com](https://efile.KeystoneCollects.com)

#### **How will this change affect my 2024 Local Earned Income Tax Annual Final Return filing?**

Due to the mid-year rate adjustment, earned income and net profits earned from January 1, 2024 – June 30, 2024 will be taxed at 1% and earned income and net profits earned from July 1, 2024 – December 31, 2024 will be taxed at 1.45%. Tax forms and filing instructions will be sent to taxpayers via mail later this year.



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#### **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 new rate of 1.45% for Shikellamy School District from your employees' compensation beginning with the 3rd quarter of 2024.

#### **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](https://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 tax change. Keystone has notified the major, national payroll processing firms directly.