
Memorandum

To: All Temple University Employees
From: Nancy L. Hinchcliff, Assistant Vice President
Human Resources – Operations
Date: November 16, 2011
Subject: Tax law changes requiring employee address certification

Beginning January 1, 2012, a new Pennsylvania tax law will go into effect requiring Temple to withhold the appropriate local Earned Income Tax (EIT) on behalf of its employees.

Pennsylvania Act 32 of 2008 changes the way Pennsylvania employers administer the collection of Local Earned Income taxes from an employee's pay. To comply with this new law, the university will begin withholding the applicable local EIT from the first pay in 2012 of all faculty, staff, and students subject to the tax and remitting it to the appropriate Tax Collection District (TCD).

So that the university can determine which tax to collect, every employee is required to complete a Residency Certification Form (RCF) providing the university with both their permanent home residence and their work location. Please note that **employees who live outside of the City of Philadelphia and do not complete the PA Certification process nor provide a work location will be subject to Philadelphia city wage tax withholding at what is generally a higher rate than other tax districts.**

This form is considered an addendum to the federal W-4 form and is required under Pennsylvania state tax regulations. Employees are also required to recertify every time they have a change in either their Permanent home address or work location.

So that all Temple employees can easily complete the certification process, a new channel has been set up in the [TUPortal](#). After logging in to the portal, employees can access the **PA Act 32 Channel** and complete the process in three easy steps.

What does this mean for university employees once the information is provided?

1. **If you live inside** the City of Philadelphia **AND:**
 - Your Permanent home address is in the City of Philadelphia, you are exempt from the new PA Act 32 tax law change. Philadelphia city wage tax at the resident rate will continue to be withheld from your pay.

2. **If you live outside** the City of Philadelphia and **work inside** the City of Philadelphia:

- If you work 100% of the time in the City of Philadelphia, you will continue to have Philadelphia City Wage tax withheld from your pay at the nonresident tax rate and there should be no change in the amount of local earned income tax withheld from your pay.
- If you work less than 100% of the time in the City of Philadelphia, the amount of tax withheld from your pay will be prorated based on the percent of time you spend at each work location. There will be a change in the amount of local earned income taxes withheld your pay.
- ***Refunds of Philadelphia city wage tax will no longer be required*** for employees who are not residents of the City of Philadelphia and who work less than 100% of the time outside of Philadelphia at one of the Temple locations on a regular basis.
- ***Refunds of Philadelphia city wage tax will continue to be processed*** for those employees who are nonresidents of the City of Philadelphia and are outside of the city for brief periods of time engaging in business activities on behalf of the university, such as conferences, business trips, etc.

3. **If you live outside** of the City of Philadelphia and **work 100% outside** the City of Philadelphia:

- You will have the greater of the resident local EIT (where you live) or the nonresident EIT (where your work) withheld from your pay in accordance with PA Act 32.
- Employees in Pennsylvania who are currently making local EIT tax payments directly to their municipalities will no longer need to submit these payments directly — the university is required to withhold the tax from your pay and remit it on your behalf.

Please be advised this information is required to be retained by the university and is subject to audit by the tax officer in any of the Tax Collection Districts.

More information on PA Act 32 including the definition of Permanent residence for the purpose of determining income tax withholding and Frequently Asked Questions (FAQ's) can be found on the [Human Resources website](#).