

City of Scranton – Payroll Preparation Tax

Payment Under Protest

The City of Scranton (City) requires that all businesses that have been identified as subject to the City's Payroll Preparation Tax (PPT) levy to pay their tax obligation when due, even if they believe that they should not be subject to it.

Businesses grieved by the application of the tax should submit a tax return for the current quarter along with payment and a completed Payment Under Protest Application (Application). The Application will be reviewed by the tax administrator, Berkheimer Tax Innovations (BTI), who will make a determination on each submitted Application.

If the Application is determined to be with merit; the paid funds will be refunded to the applicant along with a letter stating the reasons exemption has been granted. If the Application is denied, a letter detailing basis for the denial will be provided as well. If the Application is denied, the taxpayer will retain the right to appeal BTI's decision to the City's Board of Revenue Appeals. Information on how to do so will be included in all responses.

To assist in the Application preparation process we are providing the criteria found in the City of Scranton's PPT ordinance (No. 95 of 2021) detailing the 5 criteria that allow for application of the PPT on payroll generated for work performed within City limits. They are:

A person shall be deemed to be conducting business within the City if one engages, hires, employs or contracts with one or more individuals as employees, partners, or is self-employed and, in addition, does at least one of the following:

- (1) Maintains a fixed place of business within the City**
- (2) Owns or leases real property within the City for purposes of such business (*)**
- (3) Maintains a stock of tangible, personal property in the City for sale in the ordinary course of business**
- (4) Conducts continuous solicitation within the City related to such business**
- (5) Utilizes the streets of the City in connection with the operation of such business, other than for the mere transportation from a site outside the City, through the City, to a destination outside of the City.**

If you feel that you are not subject to the City's PPT, please provide the information requested on the Application found on the back of this form to BTI along your completed tax return and the appropriate payment. (Failure to submit the required payment will result in application of penalties and interest on the unpaid balance found to be due.)

() Rental income reported to the Internal Revenue Service on Schedule E is considered passive and is NOT taxable for this tax. If your rental income is reported on Schedule E, please complete the application and return it with a copy of your most recent Schedule E. No payment is required in this scenario.*