

**GENERAL INSTRUCTIONS FOR FILING LST-1  
Local Services Tax**

**What is the Local Services Tax?** The Local Services Tax is a local tax due from all individuals who are employed within the taxing jurisdiction printed on your LST-1 form.

**How to File:** Return each completed LST-1 form on or before the quarterly due dates. If there is no withholding for a quarter indicate the reason for no withholding and return the form. Please correct any error in district, business name, and address. You are required to include a list of individual employees, their social security numbers and the amount of tax withheld. A separate form for each business location is required. Combining reports for multiple locations on one form is **not permitted** and may result in failure to file notices with additional penalties and cost.

**How to withhold for your employees:** The Local Services Tax will be withheld on a payroll period basis. Only withhold the Local Services Tax for the payroll periods in which each employee is in your employment. The tax assessed on each taxpayer for a payroll period is calculated by dividing the combined rate of the LST by the number of payroll periods established by the employer for the calendar year. Refer to the front of the form for the annual tax rate. EX: \$52 rate divided by 52 pay periods equals \$1. The tax amounts that have been withheld are required to be remitted at the end of each quarter. Remit the tax, along with the LST-1 Forms, to Berkheimer Tax Administrator. If your employee presents a pay stub accompanied by an employee statement of principal employment as proof that a \$52 Local Services Tax is being withheld by another employer regardless of tax jurisdiction in Pennsylvania, you should not withhold it again. If the LST is levied at a combined rate of \$10 or less, the tax may be collected in a lump sum. If the combined rate exceeds \$10 it must be assessed and collected in installments based on payroll periods.

**Reporting for Self-Employed Individuals and Employers:** If you report your business earnings as a profit or loss on a Schedule with the Federal or State Governments (e.g. Schedule C or E), the LST-3 form should be filed once per quarter if the tax rate exceeds \$10. If the tax rate levied is \$10 or less, submit tax in one lump sum. Submit the LST-3 for yourself, in addition to the LST-1 for your employees. If you have no employees, indicate "No Employees" on each quarterly form and submit along with the LST-3 form and additional forms will be sent. If you are issued a W-2 for business earnings, you should not file the LST-3. In this case, report the Local Services Tax for yourself along with your employees on the LST-1 form. The LST-3 form can be downloaded from our website, [www.hab-inc.com](http://www.hab-inc.com).

**Low Income Exemption:** Employers located in areas with a combined tax rate exceeding \$10 are required to exempt employees whose total earned income and net profits from all sources within the political subdivision is less than \$12,000 for the calendar year. Employees must file an annual exemption certificate to receive the exemption request. Employers located in areas not exceeding \$10 may or may not have a low income exemption. If an employee exceeds the low income exemption, employers are required to withhold a "catch-up" lump sum tax equal to the amount of tax that was not withheld from the employee as a result of the exemption and continue withholding the same amount per pay period that is withheld for other employees. If no exemption request is submitted and the employee does not meet the exemption amount by the end of the year, a refund request may be submitted by the taxpayer. **The refund form and exemption certificate are available on our website at [www.hab-inc.com](http://www.hab-inc.com).**

\*\* Please be advised that the school district portion may not have an earnings exemption, or that its amount may be less than the municipal exemption in which this portion of the tax may still be due. If you are reporting the school district portion only for an employee, please place the amount of this payment into the box marked "Total of SD Only Payments". **ONLY COMPLETE THIS SECTION IF YOU HAVE EMPLOYEES WHO ARE EXEMPT FROM THE MUNICIPAL PORTION OF THIS TAX, BUT ARE NOT EXEMPT FROM THE SCHOOL DISTRICT PORTION OF THE TAX.**

For further information please refer to our website at [www.hab-inc.com](http://www.hab-inc.com) or the DCED website at [www.newpa.com](http://www.newpa.com).

*You are entitled to receive a written explanation of your rights with regard to the audit, appeal, enforcement, refund and collection of local taxes by calling Berkheimer at 610-599-3182. Or you can visit our website at [www.hab-inc.com](http://www.hab-inc.com). If Berkheimer is not the appointed tax hearing officer for your taxing district, you must contact your taxing district about the proper procedures and forms necessary to file an appeal.*

**NOTE: Delinquent fee may be assessed for failure to file a required LST form.  
There will be a \$29.00 fee for returned payments. Your cancelled check is sufficient proof of payment.  
There will be an additional fee assessed if no payment is enclosed for tax due at time of filing.**

**Save TIME, MONEY, and the ENVIRONMENT ... File Online**

**Berk-e has everything you need to file online!**

- Fast, free filing
- No printing or postage
- Convenience of 24/7 availability
- Environmentally friendly
- Higher accuracy
- Access to previous online returns
- Paper forms are not required for you or your tax preparer
- New data entry option available for LST!

**berk-e**  
ONLINE TAX SOLUTIONS

**File Online/download forms at: [www.berk-e.com](http://www.berk-e.com)**  
To request a paper form call: (610) 599-3139