

## **PA Earned Income Tax Frequently Asked Questions (FAQ)**

### **General:**

#### **Q1. How is Earned Income Tax (EIT) collected in PA?**

A1. Pennsylvania state law requires employers to withhold EIT from all employees who work in Pennsylvania. All employees are required to complete a Residency Certification form that verifies the employee's tax address. The EIT rate is the higher of the employee's resident tax rate (EIT rate where you reside) or the non-resident tax rate where you are employed (for the Pittsburgh campus, this rate is currently 1%).  
Employers are required to remit the withheld tax to the countywide tax collector who distributes the funds to the appropriate municipalities and school districts. Employees do need to file an annual reconciliation at the end of each year.

#### **Q2. Has the EIT process changed?**

A2. Yes, Pennsylvania Act 32 of 2008 provided for a restructuring of the Earned Income Tax Collection System for Pennsylvania local governments and school districts. It consolidates the collection of EIT on a countywide basis. By reducing the number of collectors from 560 to 69, the local tax collection system is streamlined and more efficient. It established a uniform withholding, remittance, and distribution process by requiring all employers to withhold Earned Income Tax (EIT) from all employees subject to this tax. It does not change who is required to pay earned income tax, nor does it change the rate you are required to pay.

#### **Q3. Does PA EIT apply to me?**

A3. PA Act 32 applies to all employees who work, in Pennsylvania (including student employees and employees who live outside of PA).

#### **Q4. How does the university know which rate to withhold?**

A4. The determination of your EIT tax rate is based on your work location and your Tax Residency information that is stored in the Human Resource system. At the time of your employment, you provide your department's HR administrator with your Tax Residency address and your County, Municipality, and School District codes.

#### **Q5. What is a Tax Residency Address? Where do I see it/how do I maintain it?**

A5. You can view and update your addresses by using the HR Connection self-service module. The university stores three separate addresses for employees:

Mailing Address: The address where you will receive your W-2 for tax reporting purposes. This address is sent to benefit carriers and to ADP Payroll. It is also the address where you will receive any home mailings from HR or Benefits. For faculty and staff on international assignment, this should be the address where you receive mail at your international location. For students, this is usually your campus (SMC) address. For undergraduates, this is usually your campus (SMC box) address. For graduate students, this may be your departmental address or local apartment or street address. In Student Information Online (SIO) this is called "Campus Address."

Permanent Address: The address you use as your official residence address. This is frequently the same as your Mailing Address. For faculty and staff on international assignment, this should be your official residence address in your home country. For undergraduate students, this is often your parent or guardian address (where you reside when you aren't in school). In SIO, this is called "Permanent Address." For most graduate students who live the majority of a 12-month period in Pittsburgh, this is your local residential address. In SIO, this is called "Off Campus Residence."

Tax Residency Address: The address you use as your address with your taxing authority. This address will be used to determine your residency for tax purposes. For most employees this will be

*the same as your permanent address. If you reside in Pennsylvania, this address must be a physical street address (cannot contain PO Box, RR#, RD#, SMC, etc.). If you receive your mail at a PO Box or RR# or RD#, please make sure that your Tax Residency Address is an actual street address. Your mailing address can still be a PO Box, RR#, RD# or SMC. For most undergraduates who have a permanent address with their parent or guardian, the tax residency address will be the same as the permanent address. For most graduate students who have a local residential address which serves as the permanent address, the tax residency address will be the same as the permanent address.*

*If you only have one address, all three will be the same and it will appear as the "Mailing Address," while the permanent address and tax residency will display "Same as Mailing."*

**Q6. I have never used the HR Connection system, how do I logon?**

A6. *HR Connection is a web-based self-service application. You will find it at:*

[http://www.cmu.edu/hr/hr\\_systems/hrconnection.html](http://www.cmu.edu/hr/hr_systems/hrconnection.html)

*You will need your Andrew ID and password to authenticate through WebISO. To access HR Connection, you need your HR Connection password. When you were originally hired, you were sent an email with a default password. If you don't remember your password, click on the "Forgot Password?" link and follow the instructions. If you have any questions about accessing HR Connection, please do not hesitate to contact the HRIT Help Desk at **412-268-3487** or [HRIT@andrew.cmu.edu](mailto:HRIT@andrew.cmu.edu).*

**Q7. If my Tax Residency Address is correct, do I need to do anything else?**

A7. *Yes, you need to login to HRConnection and verify your information and electronically sign a Local Earned Income Tax Residency Certification form.*

**Q8. Where can I find the EIT deduction on my paycheck (pay advice)?**

A8. *Your EIT withholding is calculated based on your Local Taxable Wages, which are the same as your State Taxable Wages. The deduction appears in the "Statutory Deductions" section of the advice as XXXXXXXXXXXX Income Tax. XXXXXXXXXXXX is either the worked-in or lived-in local tax jurisdiction. The name of the jurisdiction with the higher EIT withholding percentage will be displayed. When the withholding percentage is the same for both your lived-in and worked-in jurisdiction, the name of the worked-in jurisdiction is displayed.*

## EIT Rates & Special Groups (Students, NonResident Aliens)

US CITIZENS **		LIVE IN (BASED ON TAX RESIDENCY ADDRESS IN HRIS)				
		City of Pittsburgh (Resident rate=3%)	City of Philadelphia #	State of PA, but not cities of Pgh or Phila	In the US, but not in PA	Not in the US
WORK IN	City of Pittsburgh (Non-resident rate = 1%)	Pittsburgh Resident rate (3%)	Philadelphia Resident rate	Higher of the lived in or worked in non- resident rate	Pittsburgh Non-resident rate (1%)	
	State of PA, but not cities of Pgh or Phila	Greater of worked in or lived in rate			"Worked in" non-resident rate	
	In the US, but not in PA	Pittsburgh Resident rate (3%) plus worked in rate (if applicable)			EIT Not Applicable	
	Not in the US	Pittsburgh Resident rate (3%)		EIT Withholding Not Applicable	EIT Not Applicable	

\*\* Nonresident aliens (in U.S. on a Visa) working in the City of Pittsburgh pay the 1% nonresident rate.

# The City of Philadelphia was excluded from Act 32. All Philadelphia residents pay the Philadelphia resident rate.

### Q9. I work in Pennsylvania but reside out-of-state, how does this affect my taxes?

A9. Employees who work in Pennsylvania but reside out-of-state are subject to EIT withholdings at the Pittsburgh non-resident Earned Income Tax (currently 1%). The Employee is responsible for seeking any potential credits or refunds from Jordan tax Service.

You are required to login to HR Connection to verify your tax information and electronically sign the Residency Certification form.

### Q10. I do not work in PA, but I reside there. Does this affect me?

A10. Yes. If you reside in Pittsburgh, PA, the university is required to withhold your local earned income tax. You must identify your tax residency address and complete the Local Earned Income Tax Residency Certification.

### Q11. I received an email from CMU, but I do not live or work in Pennsylvania.

A11. There is a chance that the information in the HREM system regarding your employment or employment location is wrong. Check the accuracy of your addresses and correct or update as relevant.

If your work location is listed incorrectly in the HREM system, contact the HREM Administrator in your home/hiring department to confirm the information and correct or update if needed.

### Q12. I am in the US on a Visa (for example: F1, H1, J1). How does this affect me?

A12. If you are in the U.S. on a Visa, EIT is required to be withheld from your earnings at the non-resident withholding rate for the municipality in which you work. This rate is currently 1% for the City of Pittsburgh. When you complete your Residency Certification, the screen will display "OUT OF STATE" for the employee residence county and municipality, and the tax rate in the employee section will show as 0%. The employer section of the form will show the 1% non-resident rate.

**Q13. I am an expatriate who works overseas. Am I subject to EIT withholding?**

A13. *If you are an expatriate working overseas who broke local tax residency, you will not be subject to EIT withholding. If you are unsure if you broke local tax residency, please consult your tax advisor.*

**Q14. As a non-resident, do I only need to complete the Residency Certification once?**

A14. *Non-resident employees will need to electronically sign a new Residency Certification when their visa status changes.*

### **Student Related:**

**Q15. I'm a student and live in Pittsburgh only during the school year. Does this affect me? What address should I use for my tax residency address?**

A15. *Yes. The EIT withholding requirement applies to students work in Pennsylvania. The definition of resident is based on domicile. For most students, this would be the address of their parents or where you reside while not in school. You must identify your tax residency address and complete the Local Earned Income Tax Residency Certification.*

**Q16. I am an undergraduate student employee and live in the residence halls during the school year. What address would I use for my tax residency address? Does the rule apply to me?**

A16. *Yes, the EIT local earned income tax requirement applies to all students work in Pennsylvania. The definition of residence is based on domicile. For most undergraduate students, this is the address of your parents, or where you reside when you are not attending school at Carnegie Mellon.  
Your tax residency address must be a physical street address. It cannot be an SMC box, a PO box, or a RR (Rural Route) address.*

*If you report your CMU residence hall address as your permanent address for this purpose, please go to the helpful links section of the Housing website at <http://www.cmu.edu/housing/>. At this website, you will find the [Employment Address Information](#) link to access the physical address of your residence hall.*

**Q17. I am a graduate student receiving a stipend; will my stipend be subject to EIT withholding?**

A17. *If you are receiving a graduate student stipend that is solely for the advancement of your education, your work is closely supervised and primarily for your benefit and required of all students in your degree program, your stipend will not be subject to EIT. Other employment, such as a second position grading papers, would be subject to EIT withholding. In any event, you must e-sign the PA Residency Certification form.*

**Q18. I am a student who moved. What do I need to do?**

A18. *Students who work on campus should update their addresses in the HR Connection system (<https://hrweb.as.cmu.edu/bessa/security.faces>) AND in Student Information Online (SIO) ([www.cmu.edu/hub/sio](http://www.cmu.edu/hub/sio)) if they move and their address changes. Updating information in one of these systems does not automatically update it in the other system.*

## **PA Residency Certification Forms**

**Q19. I have been asked to complete a PA Residency Certification form. Is this form only for PA Residents?**

A19. *Employers are required to obtain a completed Certificate of Residency Form from each employee subject to EIT, including students and non-residents. This enables CMU to report essential information for the collection and distribution of local Earned Income Taxes. The University has created an electronic version of this form which is available for review and electronic signature through HR Connection.*

**Q20. Do I only need to complete the Residency Certification once?**

A20. *No, you need to submit the form anytime you change either your name or your tax residency address. Non-resident employees will also need to sign a new Residency Certification when their visa status changes.*

**Q21. What if I don't submit the Local Earned Income Tax Residency Certification form?**

A21. *The university is required to withhold your EIT at the default rate which is the City of Pittsburgh resident EIT rate (currently 3%).*

**Q22. I didn't complete the Local Earned Income Tax Residency Certification form and was taxed at the City of Pittsburgh resident rate, but I don't live in Pittsburgh. What do I do?**

A22. *Once you complete the Local Earned Income Tax Residency Certification form, you will be taxed based on where you live beginning with the next pay cycle. You are responsible for working with the City of Pittsburgh and/or Jordan Tax Services to obtain any refunds or pay additional taxes due.*

## **Additional PA EIT Resources**

**Where can I go to find my county/school district/municipality?**

*You can Find County / Municipal / School District Information on the Pennsylvania Local Government Services Web site at: <http://munstatspa.dced.state.pa.us/FindLocalTax.aspx>*

An additional resource for information about your community can be found on the US Census Web site at: <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?ref=addr&refresh=t>

**Where do I go to find more information about EIT in Pennsylvania?**

*More information about Act 32 is available at the Pennsylvania Department of Community and Economic Development (DCED) Earned Income Tax (EIT) collection system webpage. You can find it at:*

<http://www.newpa.com/node/6713>