

Local Service Taxes Mystery Explained?

These are payroll taxes levied on an employee in the state of Pennsylvania (PA). Before 2008, they were also called as emergency and Municipal Service Tax (EMST).

We have gathered few guidelines when handling LST taxes. They are as follows:

- ◆ These LST taxes are applicable if an employee works in that worksite of the political subdivision. These LST taxes are NOT applicable if an employee lives in that subdivision and works elsewhere.
- ◆ Typically some employees will NOT be subjected to these payroll tax types (an employee making less than \$12,000 in a calendar year).
- ◆ Also, if the political subdivision has an annual LST of less than \$10 a year, then this LST will NOT be levied on the employee in his payroll taxes.
- ◆ If the subdivision has more than \$10 a year total LST, then employers are supposed to withhold this LST tax, on the tax assessed and collected on a pro-rata basis which is determined by the number of payroll periods established by the employer for a calendar year. In other words, if, for a worksite(a subdivision) has annual LST taxes of \$52, then the employer must withhold this taxes for his/her employee, based on the employee pay period frequency.
- ◆ Typical as of year 2010, an employee, let us say works in more than one local subdivisions that have LST taxes, he is required to pay no more than \$52 for the year even if he/she works in these worksites who each may have more than \$52 a year LST tax. Like some payroll taxes (FUTA has a cap of max of \$56 a year), LST for an employee can NOT exceed \$52 for the year.

Examples:

Total LST Tax paid by the employee at the time of YEAR ending is \$52. For every authority there is the limit for the LST Tax as \$52, \$10, \$26..... But as the changing in authority the tax should be limited by \$52 only per yearly. For every Pay Type the LST is taken as 52/PT

EX: For weekly $52/52 = \$1$.
For Monthly $52/12 = \$4.33$.

The LST Tax mostly depends on the PAY TYPE and PAY PERIOD.

Ex: If a Married/Single employee person earning \$1000 weekly his 3 pay period tax will be
weekly $52/52 = \$1$
Third Pay Period the tax is \$3

Conclusion:

To handle all the above guidelines for LST, we have developed smart-rules™ US Payroll tax engine just to handle these and much more. In the following scenarios, we will explain how effectively we handle LST calculation(s) to be correct, all the time.

About Us

We passionately develop business solutions, products and offer services to our customers. Our offerings cover the gamut of Payroll Systems, Taxes, Finance, Banking, Payment Cards, Business Process Optimization and HRIS (Human Resources). Our products include US Payroll Tax Engine, ACH Automation, Employee Verify (I-9) Automation, and real-time Credit Card Integration with ERPs like SAP®.

We help you address onshore and offshore technical resource requirements with contract, contract-to-hire and direct hire **our recruiting services (Staff Augmentation)**. We understand the challenges that many businesses face when looking for qualified staffing professionals. We make sure to respond to your needs with prompt, efficient, tailored services to exceed your recruitment expectations everyday and on every hire.

For our excellence in products/solutions - quality, commitment and services, **US Dept of Commerce**, awarded TWO years in a row 2009 and 2010 Houston, TX award for **Best Software and Services**

Our revolutionary state of art **US Payroll Tax Engine** is at <http://www.PayMyCheck.info>

Our real-time Employee verification system (**E-Verify**) is at <http://www.MudiamInc.com/I9Automation>

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Contact Us

USA

9894 Bissonnet St Suite # 908,
Houston, Texas-77036.
Tel : 713-484-7266
Fax : 888-306-2062
Email : info@mudiaminc.com

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INDIA

Maruthi Grandeur Plaza,
Suite #101, 6-3-456 / A / 20,
Punjagutta, Hyderabad-500082.
Tel : +91-040-6460-4575
Fax : 888-306-2062
Email : info@mudiaminc.com

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