

Official
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ORDINANCE NO. 66-2

Imposing, levying and assessing a tax on earned income and net profits, providing for the collection thereof and prescribing penalties.

BE IT ENACTED AND ORDAINED by the Hilltown Township Supervisors, under the authority of the Act of December 31, 1965, (Act No. 511), "The Local Tax Enabling Act of 1965" as follows:

ARTICLE I - GENERAL PROVISIONS

SECTION 1. 1 Definitions. The following words and phrases when used in this ordinance shall have the meanings ascribed to them in this section, except where the context clearly indicates or requires a different meaning.

SECTION 1. 2 "Association." A partnership, limited partnership, or any other unincorporated group of two or more persons.

SECTION 1. 3 "Business." An enterprise, activity, profession or any other undertaking of an unincorporated nature conducted for profit or ordinarily conducted for profit whether by a person, partnership, association, or any other entity.

SECTION 1. 4 "Corporation." A corporation or joint stock association organized under the laws of the United States, the Commonwealth of Pennsylvania, or any other state, territory, foreign country or dependency.

SECTION 1. 5 "Current Year." The calendar year for which the tax is levied; provided, however, as used herein "current year" shall during 1966 refer only to the period beginning July 1, 1966 and ending December 31, 1966.

SECTION 1. 6 "Domicile." The place where one lives and has his permanent home and to which he has the intention of returning whenever he is absent. Actual residence is not necessarily domicile, for domicile is the fixed place of abode which, in the intention of the taxpayer, is permanent rather than transitory. Domicile is the place in which a man has voluntarily fixed the habitation of himself and his family, not for a mere special or limited purpose, but with the present intention of making a permanent home, until some event occurs to induce him to adopt some other permanent home. In the case of businesses, or associations, the domicile is that place considered as the center of business affairs and the place where its functions are discharged.

SECTION 1. 7 "Earned Income." Salaries, wages, commissions, bonuses, incentive payments, fees, tips and other compensation received by a person or his personal representative for services rendered, whether directly or through an agent, and whether in cash or in property; not including, however, wages or compensation paid to persons on active military service, periodic payments for sickness and disability other than regular wages received during a period of sickness, disability or retirement or payments arising under workmen's compensation acts, occupational disease acts and similar legislation, or payments commonly recognized as old age benefits, retirement pay or pensions paid to persons retired from service after reaching a specific age or after a stated period of employment or payments commonly known as public assistance, or unemployment compensation payments made by any governmental agency or payments to reimburse expenses

or payments made by employers or labor unions for wage and salary supplemental programs, including, but not limited to, programs covering hospitalization, sickness, disability or death, supplemental unemployment benefits, strike benefits, social security and retirement.

SECTION 1. 8 "Income tax officer or officer." Person, public employe or private agency designated by governing body to collect and administer the tax on earned income and net profits.

SECTION 1. 9 "Employer." A person, partnership, association, corporation, institution, governmental body or unit or agency, or any other entity employing one or more persons for a salary, wage, commission or other compensation.

SECTION 1.10 "Governing body." Hilltown Township Supervisors.

SECTION 1.11 "Net profits." The net income from the operation of a business, profession, or other activity, except corporations, after provision for all costs and expenses incurred in the conduct thereof, determined either on a cash or accrual basis in accordance with the accounting system used in such business, profession, or other activity, but without deduction of taxes based on income.

SECTION 1.12 "Nonresident." A person, partnership, association or other entity domiciled outside the taxing district.

SECTION 1.13 "Person or individual." A natural person.

SECTION 1.14 "Preceding year." The calendar year before the current year.

SECTION 1.15 "Resident". A person, partnership,

association or other entity domiciled in the taxing district.

SECTION 1.16 "Succeeding year." The calendar year following the current year.

SECTION 1.17 "Taxing district" or Taxing jurisdiction." Hilltown Township.

SECTION 1.18 "Taxpayer." A person, partnership, association, or any other entity, required hereunder to file a return of earned income or net profits, or to pay a tax thereon.

ARTICLE II - IMPOSITION AND RATE OF TAX

SECTION 2. 1 A tax for general revenue purposes is hereby imposed at the rate of one (1) percent. on the following:

(a) Earned income received in the current year by residents of the taxing district.

(b) Earned income received in the current year within the taxing district by non-residents thereof.

(c) Net profits earned during the current year by residents of the taxing district.

(d) Net profits earned during the current year within the taxing district by non-residents thereof.

SECTION 2. 2 The tax levied under this ordinance shall be applicable to earned income received and to net profits earned in the period beginning January 1, of the current year, and ending December 31, of the current year or for taxpayer fiscal years beginning in the current year, except that taxes imposed for 1966 shall become effective July 1, 1966, and the tax shall continue in force on a calendar year or taxpayer fiscal year basis, without annual reenactment, unless the

rate of the tax is subsequently changed. Regardless of the fiscal year of any taxpayer, such taxpayer shall be liable for payment of the tax hereby imposed from July 1, 1966. As used herein, the term "current year" shall during 1966 refer only to the period beginning July 1, 1966 and ending December 31, 1966.

ARTICLE III - DECLARATIONS, PAYMENT OF TAX, AND RETURNS

SECTION 3. 1 Net profits. Except during 1966, every taxpayer making net profits shall on or before April 15 of the current year, make and file with the officer on a form prescribed or approved by the officer, a declaration of his estimated net profits during the period beginning January 1, and ending December 31, of the current year, and pay to the officer in four equal quarterly installments the tax due thereon as follows: the first installment at the time of filing the declaration, and the other installments on or before June 15 of the current year, September 15 of the current year, and January 15 of the succeeding year, respectively.

SECTION 3. 2 Except during 1966, any taxpayer who first anticipates any net profit after April 15 of the current year, shall make and file the declaration hereinabove required on or before June 15 of the current year, September 15 of the current year, or December 31 of the current year, whichever of these dates next follows the date on which the taxpayer first anticipates such net profit, and pay to the officer in equal installments the tax due thereon on or before the quarterly payment dates which remain after the filing of the declaration.

SECTION 3. 3 For the year 1966, on or before September 15 every taxpayer making net profits shall make and file with the officer on a form prescribed or approved by the officer a declaration of his estimated net profits during the period beginning July 1 and ending December 31, 1966, and pay the officer in two equal installments the tax due thereon as follows: The first installment on or before September 15, 1966 and the second installment on or before January 15, 1967.

SECTION 3. 4 For the year 1966, any taxpayer who first anticipates any net profits after September 15, 1966 shall make and file the declaration hereinabove required on or before January 15, 1967, and pay to the officer the tax due thereon on or before January 15, 1967.

SECTION 3. 5 Every taxpayer shall, on or before April 15 of the succeeding year, make and file with the officer on a form prescribed or approved by the officer a final return showing the amount of net profits earned during the period beginning January 1 of the current year, (July 1 in the year 1966) and ending December 31 of the current year, the total amount of tax due thereon and the total amount of tax paid thereon. At the time of filing the final return, the taxpayer shall pay to the officer the balance of tax due or shall make demand for refund or credit in the case of overpayment.

SECTION 3. 6 Any taxpayer may, in lieu of paying the fourth quarterly installment of his estimated tax, elect to make and file with the officer on or before January 31 of the succeeding year, the final return as hereinabove required.

SECTION 3. 7 The officer is hereby authorized to provide by regulation for the making and filing of adjusted

declarations of estimated net profits, and for the payments of the estimated tax in cases where a taxpayer who has filed the declaration hereinabove required anticipates additional net profits not previously declared or finds that he has over-estimated his anticipated net profits.

SECTION 3. 8 Every taxpayer who discontinues business prior to December 31, of the current year, shall, within thirty days after the discontinuance of business, file his final return as hereinabove required and pay the tax due.

SECTION 3. 9 Earned income. Every taxpayer shall, on or before April 15, of the succeeding year, make and file with the officer on a form prescribed or approved by the officer a final return showing the amount of earned income received during the period beginning January 1, of the current year (July 1 in the year 1966), and ending December 31, of the current year, the total amount of tax due thereon, the amount of tax paid thereon, the amount of tax thereon that has been withheld pursuant to the provisions relating to the collection at source and the balance of tax due. At the time of filing the final return, the taxpayer shall pay the balance of the tax due or shall make demand for refund or credit in the case of overpayment.

SECTION 3.10 Except during 1966, every taxpayer who is employed for a salary, wage, commission, or other compensation and who received any earned income not subject to the provisions relating to collection at source, shall make and file with the officer on a form prescribed or approved by the officer, a quarterly return on or before April 30, of the current year, July 31, of the current year, October 31, of the current year, and January 31, of the succeeding year, setting forth the aggregate amount of earned income not subject to

withholding by him during the three-month periods ending March 31, of the current year, June 30, of the current year, September 30, of the current year, and December 31, of the current year, respectively, and subject to the tax, together with such other information as the officer may require. Every taxpayer making such return shall, at the time of filing thereof, pay to the officer the amount of tax shown as due thereon.

SECTION 3.11 For the short year beginning July 1, 1966 and ending December 31, 1966, the aforesaid requirements pertaining to the filing of quarterly returns and to the payment of tax due thereon, the filing and payment dates shall be October 31, 1966 and January 31, 1967.

ARTICLE IV - COLLECTION AT SOURCE

SECTION 4. 1 Every employer having an office, factory, workshop, branch, warehouse or other place of business within the taxing jurisdiction who employs one or more persons, other than domestic servants, for a salary, wage, commission or other compensation, who has not previously registered, shall, within fifteen days after becoming an employer, or within fifteen days after the effective date of this ordinance, whichever shall first occur, register with the officer his name and address and such other information as the officer may require.

SECTION 4. 2 Every employer having an office, factory, workshop, branch, warehouse, or other place of business within the taxing jurisdiction who employs one or more persons, other than domestic servants, for a salary, wage, commission, or other compensation, shall deduct at the time of payment thereof, the tax imposed by this ordinance on the earned income due to

his employe or employes, and shall, on or before October 31, 1966, January 31, 1967, and thereafter on or before April 30, of the current year, July 31, of the current year, October 31, of the current year, and January 31, of the succeeding year, file a return and pay to the officer the amount of taxes deducted during the preceding three-month periods ending September 30, 1966, December 31, 1966, and thereafter ending March 31, of the current year, June 30, of the current year, September 30, of the current year, and December 31, of the current year, respectively. Such return unless otherwise agreed upon between the officer and employer shall show the name and social security number of each such employe, the earned income of such employe during such preceding three-month period, the tax deducted therefrom, the political subdivisions imposing the tax upon such employe, the total earned income of all such employes during such preceding three-month period, and the total tax deducted therefrom and paid with the return.

SECTION 4. 3 Any employer who for two of the preceding four quarterly periods has failed to deduct the proper tax, or any part thereof, or has failed to pay over the proper amount of tax to the taxing authority, may be required by the officer to file his return and pay the tax monthly. In such cases, payments of tax shall be made to the officer on or before the last day of the month succeeding the month for which the tax was withheld.

SECTION 4. 4 On or before February 28, of the succeeding year, every employer shall file with the officer

(a) An annual return showing the total amount of earned income paid, the total amount of tax deducted,

and the total amount of tax paid to the officer for the period beginning January 1, of the current year (July 1 in the year 1966), and ending December 31, of the current year.

(b) A return withholding statement for each employe employed during all or any part of the period beginning January 1, of the current year (July 1 in the year 1966), and ending December 31, of the current year, setting forth the employe's name, address and social security number, the amount of earned income paid to the employe during said period, the amount of tax deducted, the political subdivisions imposing the tax upon such employe, the amount of tax paid to the officer, Every employer shall furnish two copies of the individual return to the employe for whom it is filed.

SECTION 4. 5 Every employer who discontinues business prior to December 31, of the current year, shall, within thirty days after the discontinuance of business, file the returns and withholding statements hereinabove required and pay the tax due.

SECTION 4. 6 Except as otherwise provided in Section 9 of Act No. 511 of 1965, "The Local Tax Enabling Act of 1965", every employer who wilfully or negligently fails or omits to make the deductions required by this section shall be liable for payment of the taxes which he was required to withhold to the extent that such taxes have not been recovered from the employe.

SECTION 4. 7 The failure or omission of any employer to make the deductions required by this section shall not relieve any employe from the payment of the tax or from

complying with the requirements of the ordinance relating to the filing of declarations and returns.

SECTION 4. 8 If an employer makes a deduction of taxes as required by this ordinance, the amount deducted shall constitute in the hands of such employer a trust fund held for the account of the governing body as beneficial owner, and the employe from whose earned income such tax was deducted shall be deemed to have paid such tax.

ARTICLE V - POWERS AND DUTIES OF OFFICER

SECTION 5. 1 It shall be the duty of the officer to collect and receive the taxes, fines and penalties imposed by this ordinance. It shall also be his duty to keep a record showing the amount received by him from each person or business paying the tax and if paid by such taxpayer or employer in respect of another taxpayer, the name of such other taxpayer, and the date of such receipt.

SECTION 5. 2 The officer is hereby charged with the administration and enforcement of the provisions of this ordinance and is hereby empowered to prescribe, adopt, promulgate and enforce, rules and regulations relating to any matter pertaining to the administration and enforcement of the ordinance, including provisions for the reexamination and correction of declarations and returns, and of payments alleged or found to be incorrect, or as to which an overpayment is claimed or found to have occurred, and to make refunds in cases of overpayment, for any period of time not to exceed six years subsequent to the date of payment of the sum involved, and to prescribe forms necessary for the administration of the

ordinance. No rule or regulation of any kind shall be enforceable unless it has been approved by resolution by the governing body. A copy of such rules and regulations currently in force shall be available for public inspection.

SECTION 5. 3 The officer shall refund, on petition of, and proof by the taxpayer, earned income tax paid on the taxpayer's ordinary and necessary business expenses, to the extent that such expenses are not paid by the taxpayer's employer.

SECTION 5. 4 The officer and agents designated by him are hereby authorized to examine the books, papers, and records of any employer or of any taxpayer or of any person whom the officer reasonably believes to be an employer or taxpayer, in order to verify the accuracy of any declaration or return, or if no declaration or return was filed, to ascertain the tax due. Every employer and every taxpayer and every person whom the officer reasonably believes to be an employer or taxpayer, is hereby directed and required to give to the officer, or to any agent designated by him, the means, facilities and opportunity for such examination and investigations, as are hereby authorized.

SECTION 5. 5 Any information gained by the officer, his agents, or by any other official or agent of the taxing district, as a result of any declarations, returns, investigations, hearings or verifications required or authorized by this ordinance, shall be confidential, except for official purposes and except in accordance with a proper judicial order, or as otherwise provided by law.

SECTION 5. 6 The officer is authorized to establish different filing, reporting and payment dates for taxpayers whose fiscal years do not coincide with the calendar year.

ARTICLE VI - SUIT FOR COLLECTION OF TAX

SECTION 6. 1 The officer may sue in the name of the taxing district for the recovery of taxes due and unpaid under this ordinance.

SECTION 6. 2 Any suit brought to recover the tax imposed by this ordinance shall be begun within three years after such tax is due, or within three years after the declaration or return has been filed, whichever date is later: Provided, however, that this limitation shall not prevent the institution of a suit for the collection of any tax due or determined to be due in the following cases:

(a) Where no declaration or return was filed by any person although a declaration or return was required to be filed by him under provisions of this ordinance, there shall be no limitation.

(b) Where an examination of the declaration or return filed by any person, or of other evidence relating to such declaration or return in the possession of the officer, reveals a fraudulent evasion of taxes, there shall be no limitation.

(c) In the case of substantial understatement of tax liability of twenty-five percent or more, and no fraud, suit shall be begun within six years.

(d) Where any person has deducted taxes under the provisions of this ordinance, and has failed to pay the amounts so deducted to the officer, or where any person has wilfully failed or omitted to make the deductions required by this section, there shall be

no limitation.

(e) This section shall not be construed to limit the governing body from recovering delinquent taxes by any other means provided by this ordinance.

SECTION 6. 3 The officer may sue for recovery of an erroneous refund provided such suit is begun two years after making such refund, except that the suit may be brought within five years if it appears that any part of the refund was induced by fraud or misrepresentation of material fact.

ARTICLE VII - INTEREST AND PENALTIES

SECTION 7. 1 If for any reason the tax is not paid when due, interest at the rate of six percent per annum on the amount of said tax, and an additional penalty of one-half of one percent of the amount of the unpaid tax for each month or fraction thereof during which the tax remains unpaid, shall be added and collected. Where suit is brought for the recovery of any such tax, the person liable therefor shall, in addition, be liable for the costs of collection and the interest and penalties herein imposed.

ARTICLE VIII - FINES AND PENALTIES

SECTION 8. 1 Any person who fails, neglects, or refuses to make any declaration or return required by this ordinance, any employer who fails, neglects or refuses to register or to pay the tax deducted from his employes, or fails, neglects or refuses to deduct or withhold the tax from his employes, any person who refuses to permit the officer

or any agent designated by him to examine his books, records, and papers, and any person who knowingly makes any incomplete, false or fraudulent return, or attempts to do anything whatsoever to avoid the full disclosure of the amount of his net profits or earned income in order to avoid the payment of the whole or any part of the tax imposed by this ordinance, shall, upon conviction thereof before any justice of the peace or court of competent jurisdiction in the county, be sentenced to pay a fine of not more than five hundred dollars (\$500.00) for each offense, and costs, and, in default of payment of said fine and costs to be imprisoned for a period not exceeding thirty days.

SECTION 8. 2 Any person who divulges any information which is confidential under the provisions of this ordinance, shall, upon conviction thereof before any justice of the peace or court of competent jurisdiction, be sentenced to pay a fine of not more than five hundred dollars (\$500.00) for each offense, and costs, and, in default of payment of said fines and costs to be imprisoned for a period not exceeding thirty days.

SECTION 8. 3 The penalties imposed under this section shall be in addition to any other penalty imposed by any other section of this ordinance.

SECTION 8. 4 The failure of any person to receive or procure forms required for making the declaration or returns required by this ordinance shall not excuse him from making such declaration or return.

**ARTICLE IX - COLLECTION OF DELINQUENT EARNED INCOME TAXES
FROM EMPLOYERS, ETC.**

SECTION 9. 1 The tax collector shall demand, receive

and collect all delinquent taxes from all corporations, political subdivisions, associations, companies, firms or individuals, employing persons owing delinquent earned income taxes, or whose wife owes delinquent earned income taxes, or having in possession unpaid commissions or earnings belonging to any person or persons owing delinquent earned income taxes, or whose wife owes delinquent earned income taxes, upon the presentation of a written notice and demand under oath or affirmation, containing the name of the taxable or the husband thereof and the amount of tax due. Upon the presentation of such written notice and demand, it shall be the duty of any such corporation, political subdivision, association, company, firm or individual to deduct from the wages, commissions or earnings of such individual employes, then owing or that shall within sixty days thereafter become due, or from any unpaid commissions or earnings of any such taxable in its or his possession, or that shall within sixty days thereafter come into its or his possession, a sum sufficient to pay the respective amount of the delinquent earned income taxes, and costs, shown upon the written notice or demand, and to pay the same to the tax collector within sixty days after such notice shall have been given. Such corporation, political subdivision, association, firm or individual shall be entitled to deduct from the moneys collected from each employe the costs incurred from the extra bookkeeping necessary to record such transactions, not exceeding two percent of the amount of money so collected and paid over to the tax collector. Upon the failure of any such corporation, political subdivision, association, company, firm or individual to deduct the amount of such taxes or to pay the same over to the tax collector, less the cost of bookkeeping

involved in such transaction, as herein provided, within the time hereby required, such corporation, political subdivision, association, company, firm or individual shall forfeit and pay the amount of such tax for each such taxable whose taxes are not withheld and paid over, or that are withheld and not paid over together with a penalty of ten percent added thereto, to be recovered by an action of assumpsit in a suit to be instituted by the tax collector, or by the proper authorities of the taxing district, as debts of like amount are now by law recoverable, except that such person shall not have the benefit of any stay of execution or exemption law.

ARTICLE X - PAYMENT OF TAX TO OTHER POLITICAL SUBDIVISIONS
OR STATES AS CREDIT OR DEDUCTION: WITHHOLDING TAX

SECTION 10. 1 Payment of any tax to any other political subdivision pursuant to an ordinance or resolution passed or adopted prior to the effective date of Act No. 511 of 1965, "The Local Tax Enabling Act of 1965", shall be credited to and allowed as a deduction from the liability of taxpayers for any tax imposed under this ordinance.

SECTION 10. 2 Payment of any tax on salaries, wages, commission, other compensation or net profits of business, professions or other activities to any other political subdivision by residents thereof pursuant to any ordinance or resolution passed or adopted under the authority of Act No. 511 of 1965, "The Local Tax Enabling Act of 1965", shall be credited to and allowed as a deduction from the liability of such persons for any tax imposed under this ordinance.

SECTION 10. 3 Payment of any tax on income to any

other political subdivision by residents thereof pursuant to an ordinance or resolution passed or adopted under the authority of Act No. 511 of 1965, "The Local Tax Enabling Act of 1965", shall to the extent that such income includes salaries, wages, commissions, other compensation or net profits of businesses, professions or other activities, but in such proportion as hereinafter set forth, be credited to and allowed as a deduction from the liability of such persons for any tax imposed under this ordinance.

SECTION 10. 4 Payment of any tax on income to any state or to any other political subdivision thereof by residents thereof, pursuant to any State or local law, shall, to the extent that such income includes salaries, wages, commissions, or other compensation or net profits of businesses, professions or other activities but in such proportions as hereinafter set forth, be credited to and allowed as a deduction from the liability of such person for any tax imposed under this ordinance, if residents of the political subdivision in Pennsylvania receive credits and deductions of a similar kind to a like degree from the tax on income imposed by the other state or political subdivision thereof.

SECTION 10. 5 Payment of any tax on income to any state other than Pennsylvania or to any political subdivision located outside the boundaries of this Commonwealth, by residents of a political subdivision located in Pennsylvania shall, to the extent that such income includes salaries, wages, commission, or other compensation or net profits of businesses, professions, or other activities but in such proportions as hereinafter set forth, be credited to and allowed as a deduction from the liability of such person for any tax imposed under this ordinance.

SECTION 10. 6 Where a credit or a deduction is allowable in any of the several cases hereinabove provided, it shall be allowed in proportion to the concurrent periods for which taxes are imposed by the other state or respective political subdivisions, but not in excess of the amount previously paid for a concurrent period.

ARTICLE XI - INCORPORATION OF LOCAL TAX ENABLING ACT

SECTION 11. 1 All provisions of Act No. 511 of 1965, "The Local Tax Enabling Act of 1965" are incorporated herein by reference.

ARTICLE XII - EFFECTIVE DATE

SECTION 12. 1 This ordinance shall become effective on July 1, 1966.

ARTICLE XIII - SEVERABILITY

SECTION 13. 1 The provisions of this ordinance are severable. If any sentence, clause or section if for any reason is found to be unconstitutional, illegal or invalid, this shall not affect or impair any of the remaining provisions which are intended to remain in full force and effect.

SO ENACTED AND ORDAINED this 21st day of May, A.D., 1966.

HILLTOWN TOWNSHIP BOARD OF
SUPERVISORS

Elmer S. Hockman

Paul Frankenburg

Albert T. Cign