

Earned Income Tax

The Local Tax Enabling Act authorizes Local Earned Income Taxes (EIT) for municipalities and school districts. This tax is .5% of your earned income for the municipality and between .9% and 1.5% for the school district in which you reside. School districts cannot increase the EIT or reinstate an occupational tax. The Earned Income Tax is deducted from your paycheck by your employer.

Local Services Tax

Act 7 of 2007 amended the Local Tax Enabling Act, Act 511 of 1965, to permit municipalities and school district to impose, on persons employed within the jurisdiction, a combined Local Services Tax (LST) of up to a maximum of \$52 a year. Municipalities must use funds from an LST for police, fire or emergency services; road construction or maintenance; or the reduction of property taxes. Additionally, municipalities must use at least 25% of the revenues for emergency services. This limitation does not apply to the school district. The situs for the LST is the actual location where the individual taxpayer works. No person should pay more than \$52 a year, regardless of the number of political jurisdictions in which they worked during that year. Contact the taxing municipality and school district where you work to find out if they have adopted the LST.