


MANAGEMENT DIRECTIVE

Commonwealth of Pennsylvania Governor's Office

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| Subject: Withholding of Delinquent Local Taxes from Employees' Paychecks | Number: 315.9 Amended |
| Date: August 30, 2011 | By Direction of:  Charles B. Zogby, Secretary of the Budget |
| Contact Agency: Office of the Budget, Office of Comptroller Operations, Bureau of Commonwealth Payroll Operations, Telephone 717.772.5340 | |

This directive establishes policy, responsibilities, and procedures for the withholding of delinquent local taxes from commonwealth employees' paychecks. This amendment adds an objective, definition, and responsibilities; replaces references to "emergency services tax" with "local services tax"; and updates references to commonwealth agencies based on current organization charts. Marginal dots are excluded due to major changes.

- 1. PURPOSE.** To establish policy, responsibilities, and procedures for the withholding of delinquent local taxes from commonwealth employees' paychecks.
- 2. SCOPE.** This directive applies to all departments, boards, commissions, and councils (hereinafter referred to as "agencies") under the governor's jurisdiction and employees of independent agencies whose payroll is processed by the Office of the Budget, Office of Comptroller Operations, Bureau of Commonwealth Payroll Operations (BCPO).
- 3. OBJECTIVE.** To ensure delinquent local taxes are collected in accordance with commonwealth laws and procedures.
- 4. DEFINITION. Wage Attachments Detail Report.** A report provided to tax collectors that includes employee name, personnel area, case number, and amount withheld to ensure each employee owing delinquent local taxes is credited appropriately.

5. POLICY.

- a. Upon presentation of a notice and demand under oath or affirmation to BCPO or any other fiscal officer of the commonwealth or its agencies, it shall be the duty of BCPO to deduct from salaries or wages then owing, or that shall within 60 days thereafter become due an employee, a sum sufficient to pay the respective amount of the delinquent per capita, occupation, occupational privilege, local services, and earned income taxes shown on the notice and demand. The withheld delinquent taxes shall be remitted to the tax collector of the taxing district in which the delinquent tax was levied within 60 days of such notice.
- b. The amount to be withheld should not exceed 10 percent of an employee's gross pay, except that the full amount must be withheld in no more than three installments.
- c. Upon presentation of a valid notice and demand, the commonwealth is obligated to withhold without regard to an employee's effective date of employment:
 - (1) All per capita and occupation taxes that became delinquent after September 27, 1963.
 - (2) All occupational privilege taxes, local services taxes and earned income taxes that became delinquent after February 28, 1966.
- d. To be a valid notice and demand requiring withholding of delinquent per capita, occupation, occupational privilege, local services, and earned income taxes, the request must:
 - (1) Be a written or electronically transmitted notice and demand for attachment of a commonwealth employee's salary or wages.
 - (2) Be issued by the tax collector and include a statement under oath attesting that the information contained in the document is true.
 - (3) Include a statement that the employee whose salary or wages are to be attached works for the commonwealth and lives within the taxing district from which the demand was received.
 - (4) Include information to identify the types of delinquent taxes, the amounts of delinquent taxes, and the years for which the delinquent taxes are owed.
- e. Employees are to be notified of the reason for the payroll deduction and the amount of the delinquent taxes prior to the first date of payroll deductions.
- f. If the commonwealth overpays an employee and makes a wage attachment deduction from the amount overpaid, the amount of the overpayment including the wage attachment deducted may be recouped pursuant to *Management Directive 315.8, Restitution of Overpayments*.

- g. The commonwealth will not honor tax liens for out-of-state delinquent taxes.

6. RESPONSIBILITIES.

- a. **Agency or Office of Administration, Office for Human Resources Management, Human Resources Service Center (HRSC).** Forward all notices and demands regarding delinquent local taxes to BCPO.
- b. **Office of the Budget, Office of Comptroller Operations, Bureau of Commonwealth Payroll Operations.**
 - (1) Review delinquent tax notices for appropriateness and to ensure all required information is included.
 - (2) Prepare and distribute correspondence to employees whose salaries or wages will be subject to payroll deduction resulting from delinquent local taxes.
 - (3) Process transactions in SAP to initiate payroll deductions.
 - (4) Remit checks payable for delinquent local taxes, with a copy of the corresponding Wage Attachment Detail Report, to the appropriate tax collector.
 - (5) Maintain supporting documentation of the withholding and remission of delinquent local taxes in accordance with applicable records retention and disposition schedules.

7. PROCEDURES.

- a. **Action By: Taxing Authority.** Provides delinquent tax notice to the employee's agency, the Office of Administration, Office for Human Resources Management, Human Resources Service Center (HRSC) or BCPO.
- b. **Action By: Agency or Office of Administration, Office for Human Resources Management, Human Resources Service Center (HRSC).** Immediately forwards delinquent tax notice from a taxing authority to the BCPO Payroll Services Division, Special Processing Section, Garnishment Unit.
- c. **Action By: Office of the Budget, Office of Comptroller Operations, Bureau of Commonwealth Payroll Operations:**
 - (1) **Payroll Services Division, Special Processing Section, Garnishment Unit**
 - (a) Receives the delinquent tax notice.
 - (b) Determines the delinquent tax notice is for appropriate per capita, occupation, occupational privilege, local services, and/or earned income taxes, and that the required information (type of tax, amount of tax, years for which taxes are owed) has been provided.

- (c) Prepares and distributes correspondence prior to the first date of payroll deductions that informs the employee of the reason for the deduction, the amount of the delinquent taxes, and refers all questions related to the delinquent tax and/or the attachment to the appropriate taxing authority.
 - (d) Processes an employee transaction to initiate payroll deductions.
- (2) Travel and Payroll Accounting Services Division, Deduction Accounting Unit.**
- (a) Forwards the payroll deduction check payable to the appropriate tax collector with a copy of the Wage Attachments Detail Report.
 - (b) Maintains supporting documentation of the withholding and remission of delinquent taxes in accordance with applicable records retention and disposition schedules.

This directive replaces, in its entirety, *Management Directive 315.9* dated November 4, 1996.