



November 3, 2011

Re: Pennsylvania Act 32

As outlined in our previous correspondence, Pennsylvania Act 32 is one of the most significant pieces of local tax legislation that has been enacted in recent years. Pennsylvania passed Act 32 in 2008 and provided for a three year transition period with full implementation by January 2012. Act 32 has huge implications for employers in Pennsylvania and for payroll service providers. This legislation affects all employers with employees that reside and/or work in Pennsylvania.

As we continue to move forward with our programming to accommodate these new regulations, you as an employer will also have to make preparations for the change. Your most important responsibility will be the collection of the Residency Certification Form. This form must include the employee's work and resident Political Subdivision (PSD) Codes. If an employee works from his or her home, the PSD will be the same for both. A new Residency Certificate will be required each time an employee changes their address. The original form should be kept as part of your records.

A copy of the Residency Certificate is available on the Ahola website. The form can also be found on the New PA website www.newpa.com/webfm_send/1862. PSDs can be obtained from the New PA website, www.newpa.com/get-local-gov-support/municipal-statistics. From that site, you can follow a link that will allow you to search for a PSD by address. This is usually the most efficient way of obtaining the PSD codes.

It is the responsibility of the employee and employer to be sure that the correct PSD codes are collected. Please note that Ahola will not process a 2012 payroll for any employee that resides and/or works in Pennsylvania without a completed Residency Certificate form.

As we get closer to the January 1, 2012 effective date we will inform you when we are ready for you to send copies of the Residency Certificates to your processor. Until then we suggest you begin putting procedures in place to insure you are obtaining residency certificates from all applicable employees in a timely manner. These procedures will be the key in making sure your employees' payroll checks are not delayed.

Please be on the lookout for more communications from us that reference Act 32.