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FACT SHEET

ADP Affirms Its Readiness to Comply with PA Act 32



Pennsylvania Act 32 of 2008 reforms the Earned Income Tax Collection System for local governments and school districts covered by the Local Tax Enabling Act. As of January 1, 2012, the Earned Income Tax Collection System will be restructured into 69 Tax Collection Districts (TCD), predominately based on county boundaries. The collection of taxes for each TCD will be handled by a “certified” tax collector designated by Pennsylvania’s Department of Community and Economic Development (DCED). Employers must fully implement the changes contained in Act 32 beginning on January 1, 2012.

ADP Readiness

ADP is prepared to handle the earned income tax withholding and the tax payment and reporting requirements (Tax Filing clients only) in response to Pennsylvania Act 32 (PA Act 32), which takes effect with paychecks dated January 1, 2012.

As is the case with payroll changes in local, state and federal legislation, rules and regulations, ADP has deployed a specialized team of tax, policy, legal and product development experts across ADP’s business segments to assess and modify all necessary systems and processes to help clients comply with the new requirements.

To that end, ADP has executed an integrated initiative to achieve the following four objectives:

1. Engage the PA Department of Community and Economic Development (DCED) and earned income tax collection agencies chosen by each PA county to confirm and clarify the implications of the new requirements;
2. Inform ADP sales associates and service teams about PA Act 32 and equip them with the appropriate resources to help educate our clients about the new requirements and their implications;
3. Inform our clients about PA Act 32 and how ADP can assist them with complying with the Act, including sharing third-party informational web sites; and
4. Enhance ADP’s internal systems and processes throughout all business segments to conform to PA Act 32 starting with paychecks dated January 1, 2012.

As part of this initiative, ADP has:

- Monitored legislation since its initial introduction and subsequent enactment in 2008.
- Deployed a team of tax, policy, legal and product development experts across all ADP business segments to prepare a comprehensive strategy about how ADP will: (1) create the necessary systems and process upgrades and changes to conform to the Act; and (2) develop communications materials to inform sales associates and clients about the changes.



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- Engaged in ongoing meetings with the PA DCED and tax collection agencies to understand and clarify all aspects of the Act (e.g., the political subdivision (PSD) codes, rates and rules). ADP continues its ongoing outreach with the 21 earned income tax collectors that represent Pennsylvania's 66 counties (69 tax collection districts) to gather agency requirements and gain compliance insight.
- Updated internal systems designed to comply with new tax withholding, tax deposit and reporting obligations.
- Educated and trained its sales associates and service teams about PA Act 32, providing necessary tools and resources (e.g., a central internal online repository so all relevant documents are available to ADP associates) to counsel clients to help them achieve compliance.
- Provided ongoing guidance and instruction directly to clients and business partners (e.g., accountants) about the adoption of PA Act 32, including letters and notices, numerous in-person meetings, and periodic legislative and regulatory updates housed on adp.com (such as **Eye on Washington**).
- Created an ADP associate and client education and training webinar that includes the most essential topics, such as the purpose of Act 32, the obligation of employers versus employees, and the Certificate of Residency required to be completed by all employees. This webinar remains available on ADP.com and continues to be viewed.
- ADP has also directed clients and business partners to various external resources, such as the Commonwealth of Pennsylvania website where local government support and, more specifically, information about PA Act 32 can be easily found. Employer requirements are presented in a step-by-step format making it simple for our clients to understand what the state expects from them.

To reinforce our clients' readiness to comply with PA Act 32:

- ADP will continue to ease the burden of our clients' tax filing obligations by processing or determining the applicable tax rate for the PSD codes, when provided by the client, withholding the tax, remitting the tax payments and filing required quarterly and annual returns to the appropriate collector.
 - ADP will calculate and withhold the tax due from each employee based on the higher of the rate associated with their non-resident worksite PSD code as compared to the rate of their residence location PSD code.
- ADP acknowledges that employers with multiple worksite locations throughout Pennsylvania, or employers with consolidated filings, may opt to file monthly employee-level wage detail and remit monthly EFT payments to a single county collector. Regardless of the employer's choice, ADP will meet the Act requirements and file required quarterly and annual returns to the appropriate collector.

ADP is committed to assisting businesses with increased compliance requirements resulting from rapidly evolving legislation. Our goal is to minimize your administrative burden across the spectrum of payroll, tax, HR and benefits, so that you can focus on running your business. Neither the content nor the manner in which this notice is presented reflects the thoughts or opinions of ADP or its employees. This notice is provided as a courtesy to our clients, to assist in understanding the impact of certain regulatory requirements, and should not be construed as tax or legal advice. Such information is by nature subject to revision and may not be the most current information available. ADP encourages interested readers to consult with appropriate legal and/or tax advisors.

Contact your local ADP client service team if you have any questions regarding our services or call 1 800 CALL ADP or go to accountant.adp.com.