

ORDINANCE NO. 2022- 02

**AN ORDINANCE OF LANGHORNE BOROUGH, BUCKS COUNTY, PENNSYLVANIA,  
LEVYING AN EARNED INCOME TAX ON RESIDENTS AND NON-RESIDENTS OF THE  
BOROUGH OF LANGHORNE PURSUANT TO THE LOCAL TAX ENABLING ACT FOR  
GENERAL REVENUE PURPOSES**

WHEREAS, the Langhorne Borough Council is authorized by the Pennsylvania Local Tax Enabling Act to levy a tax on wages, salaries, commissions, net profits or other compensation of its residents and non-residents for work performed in the Borough of Langhorne; and,

WHEREAS, the Langhorne Borough Council desires to levy a tax in the amount of one percent (1%) on wages, salaries, commissions, net profits or other compensation of residents of and persons who work within the Borough of Langhorne for general revenue purposes;

WHEREAS, the Langhorne Borough Council has determined that the health, safety and welfare of its citizens shall be improved by imposing a tax on earned income and profits;

NOW THEREFORE, BE ORDAINED AND ENACTED as follows:

**EARNED INCOME AND NET PROFITS TAX**

**SECTION 1. DEFINITIONS**

A. All terms defined in the Local Tax Enabling Act, 53 P.S. § 6924.101 et seq., shall have the meanings set forth therein. The following terms shall have the meanings set forth:

*Association.* A partnership, limited partnership, or any other form of unincorporated enterprise owned by two or more persons.

*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.

*Business entity.* A sole proprietorship, corporation, joint-stock association or company, partnership, limited partnership, limited liability company, association, business trust, syndicate or other commercial or professional activity organized under the laws of this Commonwealth or any other jurisdiction.

*Collector.* The Tax Officer for the administration and collection of the earned income tax of Langhorne Borough appointed and acting pursuant to the various provisions of the Local Tax Enabling Act and this Ordinance.

*Combined tax rate applicable to residents.* The total rate applicable to residents of the Taxing Authority, including the tax imposed by the School District, if any, and by the municipality in which the individual resides, is one percent (1%).

*Domicile.* The place where a person lives and has a permanent home and to which the person has the intention of returning whenever 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 voluntarily fixed place of habitation of a person, not for a mere special or limited purpose, but with the present intention of making a permanent home, until some event occurs to induce the person to adopt some other permanent home. In the case of a business, domicile is that place considered as the center of business affairs and the place where its functions are discharged.

*Earned income.* The compensation as required to be reported to or as determined by the Department of Revenue under section 303 of the act of March 4, 1971 (P.L. 6, No 2), known as the Tax Reform Code of 1971, and rules and regulations promulgated under that section. Employee business expenses as reported to or determined by the Department of Revenue under Article III of the Tax Reform Code of 1971 shall constitute allowable deductions in determining earned income. The term does not include offsets for business losses. The amount of any housing allowance provided to a member of the clergy shall not be taxable as earned income. Earned income shall not include any wages or compensation paid by the United States to any person for active service in the military of the United States or the Commonwealth of Pennsylvania or any other state for such service.

*Effective Date.* January 1, 2023.

*Employer.* A person, business entity or other entity, employing one or more persons for a salary, wage, commission or other compensation. The term includes the Commonwealth, a political subdivision, and an instrumentality or public authority of either. For purposes of penalties under this Ordinance, the term includes a corporate officer.

*Governing body.* The Council of the Langhorne Borough, Bucks County, Pennsylvania.

*Local Tax Enabling Act.* Act of December 31, 1965, P.L. 1257, 53 P.S. §§ 6924.101- 6924.901, and any amendments thereto.

*Municipal tax rate applicable to non-Residents.* The total rate applicable to non-residents working within the Taxing Authority based on the municipal non-resident tax rate is one percent (1%).

*Net profits.* The net income from the operation of a business other than a corporation, as required to be reported to or as determined by the Department of Revenue under section 303 of the act of March 4, 1971 (P.L. 6, No. 2), known as the Tax Reform Code of 1971, and rules and regulations promulgated under that section. The term does not include income under any of the following paragraphs:

- 1) Income which:
  - a. Is not paid for services provided; and
  - b. Is in the nature of earnings from an investment.

- 2) Income which represents:
  - a. Any gain on the sale of farm machinery;
  - b. Any gain on the sale of livestock held 12 months or more for draft, breeding or dairy purposes; or
  - c. Any gain on the sale of other capital assets of a farm.

*Nonresident.* A person or business domiciled outside the Taxing Authority.

*Person.* A natural person, partnership, corporation, fiduciary, or association. Whenever used in any section prescribing and imposing a penalty, the term "person" as applied to associations, shall mean the partners or members thereof, and as applied to corporations, the officers thereof.

*Resident.* A person or business domiciled in Langhorne Borough.

*Tax.* The tax imposed by this Ordinance.

*Taxing authority.* Langhorne Borough, Bucks County, Pennsylvania.

*Taxpayer.* A person or business required under this Ordinance and the Local Tax Enabling Act to file a return of the earned income and net profits tax or to pay the earned income and net profits tax.

*Tax return.* A form prescribed by the Collector for reporting the amount of tax or other amount owned or required to be withheld, remitted, or reported pursuant to this Ordinance or the Local Tax Enabling Act.

*Tax year.* The period from January 1 to December 31.

*Taxing Authority.* Langhorne Borough, Bucks County, Pennsylvania.

*TCC.* The Bucks County Tax Collection Committee, which has been established to govern and oversee the collection of earned income tax within the TCD under the Local Tax Enabling Act.

*TCD.* Any tax collection district to which the Taxing Authority or any part of the Taxing Authority is assigned under the Local Tax Enabling Act.

B. Singular shall include the plural, and the masculine shall include the feminine and neuter.

## **SECTION 2. IMPOSITION OF TAX**

- a. General Purpose Resident Tax. The Taxing Authority imposes a Tax for general revenue purposes at the rate of one percent (1%) on earned income and net profits of residents of the Taxing Authority.
- b. General Purpose Nonresident Tax. The Taxing Authority also imposes a Tax for general revenue purposes at the rate of one percent (1%) on earned income and net profits derived by an individual who is not a resident of the Taxing Authority, from any work, business, profession, or activity, of any kind engaged in within the boundaries of the Taxing Authority.

- c. Ongoing Tax. The Tax shall continue at the above rates during the current Tax Year and each Tax Year thereafter, without annual re-enactment, until this Ordinance is repealed or the rate changed.
- d. Local Tax Enabling Act Applicable. The Tax is imposed under authority of the Local Tax Enabling Act, and all provisions that relate to a tax on earned income or net profits are incorporated into this Ordinance. Any future amendments to the Local Tax Enabling Act that are required to be applied to a tax on earned income or net profits will automatically become part of this Ordinance upon the effective date of such amendment, without the need for amendment of this Ordinance, to the maximum extent allowed by 1 Pa.C.S.A. § 1937.
- e. Incorporation of Statute. The provisions of the Local Tax Enabling Act, 53 P.S. Section 6901-24.01 et seq. and Act 32 of 2008, as hereafter amended, supplemented, modified or reenacted by the General Assembly of Pennsylvania, are incorporated by reference as though set forth at length; except to the extent that options provided in Section 6924.01 et seq. and Act 32 are not selected, and except as and where specifically provided otherwise.
- f. Applicable Laws, Regulations, Policies, and Procedures. The Tax shall be administered and collected in accordance with: (1) all applicable laws and regulations; and, (2) policies and procedures adopted by the TCC or by the Collector. This includes any regulations, policies, and procedures adopted in the future to the maximum extent allowed by 1 Pa.C.S.A. § 1937.

### **SECTION 3. EXEMPTION.**

Any individual earning a total income of less than \$12,000.00 shall be exempt from the earned income tax.

### **SECTION 4. INDIVIDUAL TAX RETURNS AND PAYMENTS.**

- a. Every resident receiving earned income or earning net profits in any Tax Year shall file Tax Returns and pay Tax in accordance with the Local Tax Enabling Act and this Ordinance.
- b. Every taxpayer whose net profits are subject to the tax imposed by this Ordinance shall file a declaration of net profits for the current year and shall pay the tax due in one annual installment, as provided in the Local Tax Enabling Act.
- c. Every taxpayer whose earnings are subject to the tax imposed by this Ordinance shall make and file final returns and pay to the Collector the balance of the tax due, as provided in the Local Tax Enabling Act.
- d. Every taxpayer whose earnings are not subject to collection at the source, shall make and file with the Collector annual returns and shall pay the amount of tax shown due on such returns on or before April 15 of the year following the current year, all as provided in the Local Tax Enabling Act.
- e. The Collector is authorized to provide by regulation, subject to the approval of Borough Council, that the return of an employer or employers, showing the amount of tax deducted by said employer or employers from the salaries, wages, commissions of any employee, paid to the Collector shall be accepted as the return required of any employee whose sole income, subject to the tax or taxes under this Ordinance, is such salary, wage or commission.

**SECTION 55. EMPLOYER WITHHOLDING, REMITTANCE, AND TAX RETURNS.** Every employer having an office or place of business within the Borough, who employs one or more persons for a salary, wage, commission or other compensation, shall register with the Collector, deduct the tax imposed by this Ordinance on the earned income of an employee or employees, make and file quarterly returns and final returns, and pay quarterly to the Collector the amount of taxes deducted, all as provided in the Local Tax Enabling Act and this Ordinance.

**SECTION 6. TAX COLLECTOR.** The Collector will collect the Tax from residents and employers.

**SECTION 7. INTEREST AND PENALTIES FOR LATE PAYMENT.** If for any reason the tax is not paid when due, interest at the rate of six percent (6%) per annum on the amount of said tax, and an additional penalty of one-half of one percent (1/2 %) of the amount of 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 shall, in addition, be liable for the costs of collection, including attorney's fees and filing fees, and the interest and penalties imposed in this section. Residents and employers are subject to such additional interest, penalties, costs, and fines in accordance with the Local Tax Enabling Act, including costs imposed by the Collector in accordance with authorization by the TCC having jurisdiction.

**SECTION 8. PENALTIES FOR VIOLATIONS.**

- a. 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 employees, or fails, neglects, or refuses to deduct or withhold the tax from employees, any person who refuses to permit the Collector to examine books, records, accounts, and papers, and any person who knowingly makes any incomplete, false, misleading or fraudulent return, or attempts to do anything whatsoever to avoid the full disclosure of the amount of 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 before any district justice, 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 attorney fees incurred by or charged to the Borough.
- b. Each quarterly payment, each annual declaration, each annual return and each annual payment required shall be treated as a separate violation and subject to separate penalties.
- c. Any person who divulges any information, which is confidential under this provisions of this Ordinance, shall, upon conviction before any district justice, 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 attorney fees incurred by or charged to the Borough.
- d. The penalties imposed under this section shall be in addition to any other penalties imposed by any other section of this Ordinance of the Local Tax Enabling Act.
- e. 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.

**SECTION 8. SEVERABILITY.** The provisions of this Ordinance are severable and if a court rules any provision invalid or unconstitutional, such decision shall not affect or impair any of the remaining provisions of this Ordinance. It is declared to be the intention of the Borough that this Ordinance would have been adopted if such invalid or unconstitutional provision had not been included.

**SECTION 9. EFFECTIVE DATE.** This Ordinance shall become effective no later than January 1, 2023, in accordance with the provisions of the Borough Code, and shall continue on a calendar year basis, thereafter, without annual reenactment.

**ORDAINED AND ENACTED** this 12<sup>th</sup> day of October, 2022.

**LANGHORNE BOROUGH COUNCIL**

**ATTEST:**

  
Paul Murdock, President

  
Nancy Culleton, Secretary (Interim)

Examined and approved this 12<sup>th</sup> day of October, 2022.

  
Joe Taylor, Mayor