

# ET-1 2021

## PAYROLL EXPENSE TAX Employer/Sole Proprietor/Partner/ Contractor City of Pittsburgh

Rev 12/20

<b>CITY ID</b>	<b>FEDERAL ID</b>
<b>QUARTER</b>	

**DUE ON OR BEFORE**

Amended Return

SIGNATURE \_\_\_\_\_

TITLE \_\_\_\_\_ DATE \_\_\_\_\_

PHONE \_\_\_\_\_

E-MAIL ADDRESS \_\_\_\_\_

PREPARER'S NAME \_\_\_\_\_

PREPARER'S PHONE \_\_\_\_\_

I hereby certify, swear and aver that all statements herein are true and correct to the best of my knowledge and belief, being duly apprised of my duty under the law to submit honest and complete information or be subject to the penalties provided by law.

**OMISSION OF THE ABOVE APPLICABLE INFORMATION  
CONSTITUTES AN INCOMPLETE RETURN**

**USE BLACK INK ONLY ON THIS FORM-DO NOT STAPLE ANYTHING TO THIS FORM**

If you are a **501-C 3 Purely Public Charity**- please check the following box and refer to instructions on how to complete the form.

If you are a Contractor/User of Help Supply Service – include the General Contractor Detail Report as an attachment with the name, address, tax id number (EIN), PLI permit number, and phone number of the subcontractors/help supply service.

COMPUTATION OF TAX	TAXABLE AMOUNT	TAX RATE	AMOUNT DUE
<b>TAXABLE PAYROLL EXPENSE</b>			
1. EMPLOYERS (refer to instructions)	1a. _____	<b>X .0055 =</b>	1b. _____
2. SELF-EMPLOYED* (refer to instructions)	2a. _____	<b>X .0055 =</b>	2b. _____
3. PARTNER* (refer to instructions)	3a. _____	<b>X .0055 =</b>	3b. _____
4. CONTRACTOR / USER OF HELP SUPPLY SERVICE (refer to instructions)	4a. _____	<b>X .0055 =</b>	4b. _____

\*Partnerships/sole proprietorships that do not provide services through employees and only earn passive income (e.g. rents, interest, dividends, royalties, and capital gains) have nothing to report. You must continue to file returns timely, even if the tax due is zero.

- |   |          |
|---|----------|
| 5. TAX DUE (Add lines 1b through 4b)        | 5. _____ |
| 6. INTEREST (0.5% (0.005%) per month)       | 6. _____ |
| 7. PENALTY (1% (0.01%) per month)           | 7. _____ |
| 8. TOTAL AMOUNT DUE (Add Lines 5 through 7) | 8. _____ |

Amounts of \$2.00 or less are not due

Make check payable to: **TREASURER, CITY OF PITTSBURGH – DO NOT SEND CASH**  
 Mail to: **PAYROLL EXPENSE TAX – 414 GRANT ST – PITTSBURGH PA 15219-2476**  
 A **\$30.00** service fee will be charged for any check returned from the bank for any reason.

# CITY OF PITTSBURGH PAYROLL EXPENSE TAX

CITY CODE, TITLE TWO, CHAPTER 258

## INSTRUCTIONS

### WHO MUST FILE

Every employer conducting business in the City of Pittsburgh is required to file a Payroll Tax on their payroll expense and on their own net earnings distributions to each partner, sole proprietor or individual performing services within the City of Pittsburgh. A person shall be deemed to be conducting business within the City of Pittsburgh if one engages, hires, employs or contracts with one or more individuals as employees or is self-employed. **NOTE:** You must continue to file returns timely, even if the tax due is zero. Form can be downloaded at [www.pittsburghpa.gov/finance](http://www.pittsburghpa.gov/finance).

**GENERAL CONTRACTORS-** If you are a General Contractor, complete the General Contractor Detail Report listing all subcontractors who have performed work or rendered services within the City of Pittsburgh during the quarter. Submit this report with the Payroll Expense Tax Form. **Note** General Contractor Detail Report **should not** be used to complete the General Contractor's Payroll Expense Tax Form. Subcontractors are responsible for filing their own tax forms with the City. General Contractor Detail Report can be downloaded at [www.pittsburghpa.gov/finance](http://www.pittsburghpa.gov/finance).

**PROFESSIONAL EMPLOYER ORGANIZATIONS-** If you are a Professional Employer Organization, who is responsible for filing the Payroll Expense Tax on behalf of your clients, complete the Payroll Expense Tax Allocation Schedule for Professional Organization form found at [www.pittsburghpa.gov/finance](http://www.pittsburghpa.gov/finance).

### COMPENSATION MEANS

Salaries, wages, commissions, bonuses, net earnings and incentive payments, whether based on profit or otherwise, fees, tips and any other form of remuneration earned for services rendered, whether paid directly or through an agent, and whether in cash or in property or the right to receive property, excluding any Passive Income received by Partners or Self-employed persons. The Compensation of a Partner or Self-employed person is that person's Taxable Distributions from each separate Business activities carried on within the City.

### WHEN TO FILE AND PAY

THE PAYROLL EXPENSE TAX WILL REVERT TO A CALENDAR REPORTING QUARTER AS FOLLOWS:

First quarter calculated on January, February and March due May 31<sup>st</sup>

Second quarter calculated on April, May and June due August 31<sup>st</sup>

Third quarter calculated on July, August and September due November 30<sup>th</sup>

Fourth quarter calculated on October, November and December due February 28<sup>th</sup>

### TAXABLE PAYROLL EXPENSE

**Line 1 - EMPLOYERS-** the compensation earned by the employees, irrespective of when paid, including salaries, wages, commissions, bonuses, and other compensation, by an individual who, during the tax year, performs work or renders service, in whole or in part of the City. The Payroll Tax is on gross payroll of the Employer. The Employers' portions of federal and state payroll taxes, health insurance premiums, retirement plan contributions, etc., are not part of taxable gross payroll.

- a. **Line 1a.** - Enter the taxable payroll expense amount
- b. **Line 1b.** - Multiply line 1a by 0.0055

**Lines 2 and 3 - SELF-EMPLOYED INDIVIDUALS/PARTNERS-** in addition to the foregoing, the entire amount of distributions made to any self-employed individual from their business for services performed **in whole or in part of the City** during the tax year. The term payroll expense for partnerships shall also mean, in addition to foregoing, the entire amount of distributions made to any person having an interest in such partnerships for services performed in the City of Pittsburgh. A partner or a self-employed individual is taxed only on the draws and distributions received by him or her during the year from his or her business. Any draws and distributions that exceed the net income of the partnership or sole proprietorship for the calendar year are not subject to tax. In calculating net income from the business, partners and sole proprietors are not allowed to deduct the following items: IRA, pension, or Section 401(k) contributions, or Section 125 benefits, or health insurance premiums allocable to that partner or to that self-employed person. Moreover, special federal tax deductions that are not allowed for Pennsylvania personal income tax purposes are not allowed on the Form ET.

- c. **Line 2a (Self-Employed) & Line 3a (Partners)** - Enter the taxable payroll expense amount
- d. **Line 2b (Self-Employed) & Line 3b (Partners)** - Multiply line 2a and/or 3a by 0.0055

**Line 4- CONTRACTOR/USER OF HELP SUPPLY SERVICE** - employee compensation includes taxable compensation reported for Pennsylvania individual income tax purposes, including commissions, bonuses, stock options, incentive, and overtime payment. However, deductions from wages for the following items are not allowed in determining compensation earned in the City of Pittsburgh: deferred compensation, IRA, SEP, Section 401(k) contributions, or Section 125 plans for medical or other cafeteria plan benefits. Other than these special rules, compensation income that is not subject to Pennsylvania personal income tax is not subject to the Form ET tax. However, income excluded from Pennsylvania personal income tax under a state reciprocity agreement (see PA Form-419 EX) is not exempt if it is earned in Pittsburgh. In addition to the foregoing, if work is performed by subcontractors or employees of a help supply service, the contractor must show the name, address, tax id number (EIN), PLI permit number, and phone number of the subcontractors/help supply service on an attachment. For definition of Help Supply, cross reference 61 Pa. Code Sec. 60.4 (sales tax). **NOTE:** Line 4 **should not be** used to report monies paid to subcontractors and not be included in the tax calculations on the Payroll Expense Tax Form. Attach the General Contractor Detail Report to report monies paid to sub-contractors.

- e. **Line 4a.** – Enter the taxable payroll expense amount
- f. **Line 4b.** – Multiply line 4a by 0.0055

**501C-3 Purely Public Charitable Organization** -shall calculate the tax that would otherwise be attributable to the City of Pittsburgh and file a return, but shall only pay the tax on that portion of its payroll expense attributable to business activity for which a tax may be imposed pursuant to Section 511 of the Internal Revenue Code. If the charity has purchased or is operating branches, affiliates, subsidiaries or other business entities that do not independently meet the standards of the “Institutions of Purely Public Charity Act”, the tax shall be paid on the payroll attributable to such for-profit branches, affiliates or subsidiaries, whether or not the employees are leased or placed under the auspices of the charity’s umbrella or parent organization. A current copy of the Federal 990 tax return and Non-Profit Charter may be requested to support your claim of a Purely Public Charity.

- g. **Line 1a.**- enter the total Payroll Expense that would be taxable if entity were not a Purely Public Charity.
- h. **Line 1b.** - Multiply line 1a by 0.0055
- i. **Line 5-** enter tax due, if applicable
- j. **Line 9** enter the amount of tax owed and paid.
- k. Attach a worksheet showing what is taxable and what is not taxable.

**FOR ASSISTANCE CALL 412 255 2525**

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Has business been sold or discontinued? Do you need to update or change your business information? If **YES**, a **CHANGE IN BUSINESS STATUS FORM** must be completed and returned for processing. Form(s) can be downloaded at [www.pittsburghpa.gov/finance](http://www.pittsburghpa.gov/finance) or call **412-255-2525** to request the form.

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