

TOWNSHIP OF LOWER MERION
FINANCE DEPARTMENT
75 East Lancaster Avenue
Ardmore, Pa 19003-2323

Dear Business Owner,

Welcome to the Township of Lower Merion! We are delighted that you have chosen to operate your business in our Township. This letter will help explain the three (3) township business tax requirements for your new business. More detailed information, tax forms and regulations are available on the Township's website www.lowermerion.org. The quickest way to access the business tax page is to select *Business/Mercantile Tax Forms* from the Quicklinks menu at the top right of the home page.

1. ANNUAL BUSINESS LICENSE/REGISTRATION FEE: \$20.00

All businesses in the Township are required to secure a Business License/Registration certificate. The annual license fee is \$20 and the license must be conspicuously posted at the business location. New businesses should include the license payment with their completed license application within 30 days of commencing operations. Annual renewals will be billed in December for the following year. There is no need to file an application each year unless your business information needs to be updated. The *Application for License/Registration* is available at the following link: www.lowermerion.org/Index.aspx?page=442

2. BUSINESS PRIVILEGE/MERCANTILE TAX RETURNS

Businesses operating within The Township of Lower Merion must file a **Business Privilege and Mercantile Tax Return** each year. The Business Privilege/Mercantile Tax is a gross receipts tax. Tax forms are mailed to all registered businesses in January of each year and the annual filing deadline is April 15th. Forms and instructions are also available on the Township website at the link above including a calculating PDF version of the form. New businesses file the Business Privilege and Mercantile Tax Return within 40 days of starting business and pay an estimated tax payment based on their first month's gross receipts. Thereafter, returns are due April 15 for the previous calendar year.

Gross Receipts are taxed at two different rates based on the following:

- A. Receipts from selling wholesale and/or retail goods or restaurant operations are subject to the Mercantile Tax. Complete the Mercantile Tax section of the tax form for these receipts.

Mercantile Tax Rate:

.001 of Gross Receipts (\$1.00 per \$1,000)

- B. Receipts from rendering services or any non mercantile activity are subject to the Business Privilege Tax. Complete the Business Privilege section of the tax form for these receipts.

Business Privilege Tax Rate:

.0015 of Gross Receipts (\$1.50 per \$1,000)

3. LOCAL SERVICES TAX (LST)

The LST is a payroll withholding tax in the amount of \$52 per year payable by anyone who engages in an occupation in the Township of Lower Merion. For employees, the tax is spread over the number of pay periods established by the employer for the calendar year. For sole proprietors and general partners, the tax is paid in a lump sum in the first quarter. Even if a business does not have employees business owners are subject to the LST if they generate net profits from self employment or real estate activities in excess of \$12,000. Prior to 2008 businesses were required to file the Emergency Municipal Services Tax (EMST) or the Occupational Privilege Tax (OPT). Forms are available for years prior to 2008 on the Township website.

LST forms are mailed in January of each year to all registered businesses and are included in the same tax package as the Business Privilege/Mercantile Tax return. Exemption Certificates, Refund Applications and LST tax forms and instructions as well as the complete rules and regulations for LST are available on the Township website on the business tax page: www.lowermerion.org/Index.aspx?page=442

LST returns are due quarterly on April 30, July 31, October 31 and January 31 every year.

SPECIAL SITUATIONS

BERKHEIMER AND EARNED INCOME TAX:

Berkheimer and Associates is the Earned Income Tax collector appointed by Montgomery County pursuant to PA Act 32. Although Lower Merion Township may appear on correspondence as the political subdivision the Township does not have any role in the collection of Earned income Tax and cannot offer any guidance as to the filing requirements. Business Owners should contact Berkheimer for all questions related to EIT.

HOME OFFICES:

Additionally, anyone planning to operate a business using their home address is required to receive a *Certificate of Occupancy* from the Building and Planning Department before a business tax account can be established. W2 employees working from home are not required to obtain a *Certificate of Occupancy* unless they will be meeting with customers or clients in the home. For further information about a *Certificate of Occupancy*, please contact the Building and Planning Department at (610) 645-6200.

All business tax forms, ordinances and regulations are posted on our Website at www.lowermerion.org, Should you have additional questions please feel free to contact the Business Tax Department at BusinessTax@lowermerion.org or by calling the Business Tax Hotline at (610) 645-6142. We look forward to working with you!

Sincerely,

Business Tax Division
Finance Department