**Louisville, KY Occupational Tax and Philadelphia, PA City Wage Tax Issues**

As you are aware from reviewing your pay statements in ADP, it is an employer’s responsibility to withhold the occupational tax in Louisville, Kentucky and the city wage tax in Philadelphia, Pennsylvania for its employees that work in offices located in those cities. In Louisville, employers are required to withhold the tax from every employee whose physical work location is in the Louisville Metro jurisdiction. The tax rate for withholding depends on where the employee lives and whether the employee is an ordained minister (lower rate applies to employees who live outside of the Louisville Metro jurisdiction, and lower rates apply to ordained ministers). In Philadelphia, all Philadelphia residents owe the city wage tax, no matter where they work. Non-residents who work in Philadelphia must also pay the city wage tax (at a lower rate than residents). Presbyterian Church (U.S.A.), A Corporation has continued to withhold these taxes for all employees who work in Louisville, Kentucky and Philadelphia, Pennsylvania during the COVID-19 pandemic. However, both cities have mechanisms via which employees meeting certain qualifications including remote work because of the COVID-19 pandemic may seek a refund. Employees who wish to apply for a refund have the option to do so. The following is information regarding which employees may seek a refund and how to make the needed application.

Employees in Philadelphia, Pennsylvania

The current form available online for Philadelphia employees is for the year 2019. It appears this form will be updated in December of 2020, and an employee will need to check in December to determine if an updated form is available. The form is titled Wage Tax Refund Petition. The current form with instructions is located at <https://www.phila.gov/media/20191218101514/Wage-Tax-refund-petition-salaried-employees-2019.pdf>. An employee who meets the qualifications (not a resident of Philadelphia and working remotely) would need to complete the form. Once an employee completes the necessary information, the form should be delivered to Ruth Gardner for the employer to complete the pertinent section. The form will be returned to the employee for filing. This form is always available and was not generated because of the COVID- 19 Pandemic but we understand that the City of Philadelphia Revenue Department may implement procedures to try and simplify the process for 2020 refund claims because of the expected volume.

Employees in Louisville, Kentucky

The current form for Louisville is titled Application for Employee Refund of Occupational Taxes Withheld. The instructions and form can be found at <https://louisvilleky.gov/revenue-commission/forms/form-w1ree>. An employee who meets the qualifications (not a resident of Metro Louisville, working remotely outside of Metro Louisville for at least 5% of the time) would need to complete the form. Once an employee completes the necessary information, the form should be delivered to Ruth Gardner for the employer to complete the pertinent section. The form will be returned to the employee for filing. This form is always available and was not created because of the COVID-19 Pandemic. Also, ordained ministers that work and reside in Metro Louisville pay a lower occupational tax rate. Ordained ministers that work in Metro Louisville but reside outside of Metro Louisville are not subject to the occupational tax.

When Louisville and Philadelphia Offices Reopen

Pursuant to informal advice from local officials, once the offices in Louisville reopen, the ability to secure a refund for these taxes will not be available even if an option to work remotely is offered as the employer must require the work take place outside the Louisville office. Similarly, Philadelphia uses a “requirement of the employer” standard, but we understand that it intends to publish guidance on how that rule will be implemented in the context of reopenings.

To Come in 2021:

1. Guidance for employees working in the New York, NY office
2. Updates from Philadelphia officials
3. Revaluation of Louisville withholding for those currently working outside Jefferson County