FORMS ND-1 (a) & (b) INSTRUCTIONS (5/19/2006 version)

General ND-1 Form Instructions

In Blocks 1-5 enter your EMST Employer Number, your company name, the Tax Year of the reporting, the Taxing Jurisdiction levying the tax (if both a coterminous municipality and school district are levying the tax, only list the municipality, if only the school district levies the tax, enter the school district) and the amount of Emergency and Municipal Services Tax (EMST) you are required to deduct from each employee. If you are reporting both the ND-1(a) and ND-1(b) Form and they are on the same sheet of paper, you don't need to replicate this same info on the second side. If you have multiple business locations in different EMST taxing jurisdictions, complete separate ND-1's form for each.

Specific ND-1(a) Instructions:

This form is to report various credits against an employers EMST withholding liability other than from the "10% Rule." "10% Rule" credits are to be reported on the ND-1**(b)** form.

(A - B)   Enter Employee's Social Security Number & name, respectively
(C)   Enter Appropriate Code for the Situations Described Below:

1. Pay stub or receipt provided by employee showing EMST payment to another taxing jurisdiction. If multiple receipts are provided <u>for the same taxing jurisdiction,</u> <u>credit may only be given up to the full annual tax levy of the taxing jurisdiction(s) (municipality and coterminous school district if both levy the tax)</u>. The employee should apply to appropriate tax office for refund of excess payment(s) to the same taxing jurisdiction. (e.g., if an employee shows you pay stubs from 2 different employers that each deducted the Newport Borough's $10.00 EMST, you may only give the employee credit for $10.00.)

   If an employee paid the EMST to more than one other taxing jurisdiction, list the employee multiple times for each <u>different</u> taxing jurisdiction deduction to a total maximum of $52.00.
   An individual is subject to a maximum EMST per year of $52 regardless of how many taxing jurisdictions that subject them to this tax. So the only time anyone will receive credit for EMST paid to other taxing jurisdictions is when the total of EMST paid to the other taxing jurisdictions, plus the amount due to the current taxing jurisdiction will exceed $52. Their credit would be that amount that would exceed $52, up to the amount of the current EMST levy. If used correctly, Columns F-K will correctly apply the limits and amount of useable credit.

2. No deduction was made because employee retired or ceased employment with our company at the end of the previous year but received a final paycheck this year. DO NOT use this code if the final paycheck includes any compensation for paid leave that extends into this year. In such a case, the tax would be due. If this code is used, enter the amount not deducted in column K.

3. No deduction was made because employee worked exclusively at a facility of ours outside of the taxing jurisdiction(s) for which this report is being filed. Any EMST due was remitted to the locality where the employee worked. If this code is used, enter the amount not deducted in column K. This is a "niche" category that is uncommon. Be sure not to include the same employees that were reported on Line 4 of your EMST-5 report.

4. Employee is a clergy person and is being paid for clergy services (this occupation is exempt from the EMST).

5. For <u>Bloomfield Borough</u> EMST <u>ONLY</u>: The employee turned 70 years of age or older anytime during the tax year.

(D)   Enter the name of the employer that made the prior deduction as indicated on the receipt or pay stub. If entering a credit for an EMST the employee paid personally, enter "Taxpayer" in this column.
(E)   Enter the name of the taxing jurisdiction that the prior EMST deduction was for. If not indicated on the receipt or pay stub, ask employee for the address where he reported to work and contact our office for the taxing jurisdiction to enter here.
(F)   List here the EMST receipt amounts paid personally by the employee or withheld by another employee to <u>the same</u> taxing jurisdiction(s) this report is for (as listed in Box 5).
(G)   List here the EMST receipt amounts paid personally by the employee or withheld by another employee to <u>different</u> taxing jurisdiction(s) this report is for (as listed in Box 5).

Specific ND-1(b) Instructions:

This form is to calculate and report <u>only "10% Rule" credits</u> against an employer's EMST withholding liability. All other type credits must be reported on the ND-1(a) form. The "10% Rule" (regulation) was devised as an option since current EMST law only permits taxing jurisdictions to require a "one-time" withholding of the tax. However, acknowledging that employees may be part-time, and/or that they may be hired near the end of a calendar quarter, an optional minimum withholding schedule has been established, that if followed, will relieve an employer of any liabilities for under-withholding the EMST. Where the entire EMST tax liability is not withheld, but an employer withholds EMST equal to at least of 10% of an employee's gross wages, the employer will be considered to have met the withholding requirements.

Employers who make no deduction or deduct less than 10% of an employee's gross pay are responsible for the difference between what was deducted and the employee's full EMST liability.

(A)   Enter employee's Social Security Number
(B)   Enter employee's name
(C)   Enter employee's gross pay for the calendar year
(D)   Enter 10% of gross pay (multiply Column C by .10)
(E)   Enter amount you actually deducted from, and paid for, the employee
(F)   Enter amount you were unable to deduct – subtract amount deducted (Column E) from employee's EMST liability for this taxing jurisdiction
(G)   If Column E is equal to or greater than Column D, enter the amount in Column F in Column G; otherwise leave Column G blank. In the latter case, you are responsible for the remaining tax balance due.