

# **2016 ANNUAL RECONCILIATION OF EMPLOYER WAGE TAX**

**Who Must File:** All employers who paid taxable compensation to residents of Philadelphia, even if earned outside of Philadelphia, and to non-residents for services performed within Philadelphia.

**When To File:** The Annual Reconciliation of Employer Wage Tax for the calendar year 2016 is due on or before February 28, 2017. **Failure to file and pay by this date will result in the imposition of interest, penalty, fines and legal costs.**

**Where To File:** Sign the Annual Reconciliation return and mail to: Philadelphia Department of Revenue, P.O. Box 1670, Philadelphia, PA 19105-1670.

**Print your numbers legibly to ensure efficient processing.** Photocopies of this return are not acceptable. Regulations, returns and instructions are available at [www.phila.gov/revenue](http://www.phila.gov/revenue). Contact the Department by calling 215-686-6600 or send e-mail to [revenue@phila.gov](mailto:revenue@phila.gov).

To file this return online, go to <https://ework.phila.gov/revenue/>. **After submitting the return you must print the resulting confirmation page for your records.** W-2 data must be submitted in accordance with the requirements specified on Page 2 of these instructions.

If the entity no longer has wage tax withholding responsibilities, use the **Change Form** to indicate the termination of wage tax liability and enter the termination date on the return in the space provided. The Change Form is available online at <https://alpha.phila.gov/documents/tax-account-change-form/>. If the wage tax withholding responsibilities terminated prior to 2016, mail in the Change Form but do not complete and file a 2016 Wage Tax Reconciliation return.

**Line 3:** Put on this line the amount of tip income reported to the employer by the tipped employees (e.g. IRS Form 4070) and any other tips allocated to the employees (by the employer) in accordance with applicable U.S. Treasury Regulations. An employer's liability for withholding the Wage Tax on employees' tip income is based on the wages under the employer's control (other than tips) and amounts turned over voluntarily to the employer by the employee to meet the withholding. Therefore if the employer is unable (due to insufficient funds) to withhold the Wage Tax on any compensation (i.e. both salary and tips), report those amounts here.

**Line 13: Tax Due** - If the tax due on Line 13 of the Annual Reconciliation of Wage Tax return is \$1 or more, make a check payable to "City of Philadelphia". Do not remit tax due if less than \$1. Internet filers can pay the tax due via credit card or by e-check. A user fee is added when paying by credit card. **E-CHECK IS FREE.**

ACH Debits and Credits are accepted for payment of tax. For more information or to enroll in this program go to <https://alpha.phila.gov/services/payments-assistance-taxes/paying-city-taxes/>. Contact the Electronic Government Unit at 215-686-6582, 6579 or 6628 or e-mail to [egovservices@phila.gov](mailto:egovservices@phila.gov).

**Returned Checks.** If your check is returned unpaid for insufficient or uncollected funds, (1) you authorize eCollect, LLC to make a one-time electronic funds transfer from your account to collect a fee of \$20; and (2) eCollect, LLC may re-present your check electronically to your depository institution for payment.

**Line 16: Tax Overpaid** - To obtain a refund of an overpayment of Philadelphia City Wage Tax, you must file a Refund Petition with the Department of Revenue. A refund can be the result of an over withholding of tax from the employees' pay by the employer or an overpayment of tax that was not withheld (a duplicate payment). If the overpayment is the result of over withholding, a letter signed by a company officer must accompany the Refund Petition stating that the tax that was over withheld has been refunded to the employee(s) by the company. If the refund is the result of a duplicate payment, supporting documentation showing the duplicate payment must accompany your refund petition.

To download a Refund Petition, go to <https://alpha.phila.gov/documents/refund-petition-form/>.

If you have questions about your filing requirements, application of payments or tax balances due, call Taxpayer Services at 215-686-6600.

## **Interest, Penalties and Costs**

**Effective January 1, 2014** - All taxes (except Real Estate) bear simple interest. The annual rate shall be the Federal Short-Term Rate effective January 1 of such calendar year (26 § USCA 6621 et. seq.) plus five (5) percentage points.

Penalty will be at the rate of 1¼% of the unpaid tax for each month or fraction thereof.

See the Department of Revenue web site for current interest rate.

## **W-2 Submission Requirements for 2016**

**Transmittal Form:** The Annual Wage Tax Reconciliation return is the only form that is transmitted with the W2's. No other transmittal form is required.

**Submitting W2s:** Employers with more than 250 W2's cannot remit on paper. Employers with less than 250 employees are strongly encouraged to remit electronic files and not use paper resources.

If you must submit W2's electronically they must be submitted via our secure FTP site. The link to the secure FTP is: <https://ework.phila.gov/revenue/>. The City will no longer accept CDs and other electronic media through the mail.

After you successfully upload the W2 file, you will see instructions to send contact information to a City email address. The email address is: [w2.1099@phila.gov](mailto:w2.1099@phila.gov).

**Online filing of the 2016 Annual Wage Tax Reconciliation return:** If you file the 2016 Annual Wage Tax Reconciliation return online, you must still prepare an electronic W2 file and submit it via the City's secure FTP site.

**Record Format for W2 electronic file:** Only the EFW2 (formerly MMREF-1) format is acceptable. This is the same format transmitted to the Social Security Administration, as stated in SSA Publication - Magnetic Media Reporting and Electronic Filing for 2015. PDF files are not acceptable.

The **RA**, **RE**, **RW** and **RS** records must be included. It is extremely important to follow exactly all Social Security Administration rules for displaying data. The following information must be included:

**RE record:**

Positions 222-248 – Employer Contact Name

Positions 249-263 – Employer Contact Phone Number

Positions 264-268 – Employer Contact Phone Extension

Positions 269-278 – Employer Contact Fax Number (If applicable enter the employers fax number including area code. Otherwise fill with blanks)

Positions 279-318 – Employer Contact E-Mail/Internet

**RS record:** If the employer is withholding Philadelphia Wage Tax on the employee, then the following positions are required (only include **Philadelphia** data - do not include data for other jurisdictions):

- \* **“Tax Type Code”** – This code **must** equal **“C”** (position 308).
- \* **“Local Taxable Wages”** – Positions 309 to 319 **must** equal Philadelphia Taxable Wages.
- \* **“Local Income Tax Withheld”** – Positions 320 to 330 **must** equal Philadelphia Wage Tax Withheld.
- \* **“State Control Number”** – Positions 331 to 337 **must** include the **7-digit City Tax Account number**.

**File name specifications:** When you upload the electronic W2 file to the City's website, please make sure that the file name includes the name of your company, the 7-digit City Tax Account number, and the tax year.

**Test Data:** *Philadelphia does not accept test data.* If errors are found in your data file or if you have not used the required EFW2 format, you will be contacted.

For inquiries concerning filing of W2's, send an e-mail to [revenue@phila.gov](mailto:revenue@phila.gov).