

2021 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 2021 is due on or before February 28, 2022. **Failure to file and pay by this date will result in the imposition of interest, penalty, fines and legal costs.**

Where To File: **To file this return online**, go to <https://tax-services.phila.gov>. After submitting the return, you must print the resulting confirmation page for your records. W2 data must be submitted in accordance with the requirements specified on Page 2 of these instructions. **To file this return by mail**, 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 <https://tax-services.phila.gov>. Contact the Department by calling 215-686-6600 or send e-mail to revenue@phila.gov.

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 www.phila.gov/tax-change. If the wage tax withholding responsibilities terminated prior to 2021, mail in the Change Form but do not complete and file a 2021 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 Credits are accepted for payment of tax. For more information or to enroll in this program go to <https://phila.gov/revenue/eft-ach> or email michele.gamble@phila.gov.

Returned Checks. If your check is returned unpaid for insufficient or uncollected funds, (1) you authorize The City of Philadelphia or its agent to make a one-time electronic funds transfer from your account to collect a fee of \$20; and (2) The City of Philadelphia or its agent 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 on company letterhead, 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://tax-services.phila.gov>.

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.

For current interest rates, see the Department of Revenue's website at <https://tax-services.phila.gov>.

W-2 Submission Requirements for 2021

Transmittal form: The Annual Wage Tax reconciliation return is the only form that is transmitted with the W-2's. No other transmittal form is required.

Submitting W-2s: Employers with more than 250 W-2's cannot remit on paper. Employers with fewer than 250 employees are strongly encouraged to remit electronic files and not use paper resources. To submit W-2s electronically, use our new tax and filing website, [the Philadelphia Tax Center \(https://tax-services.phila.gov\)](https://tax-services.phila.gov). Follow these instructions:

- If you have used the Philadelphia Tax Center previously, go to the homepage and log in using your username and password.
- If this is your first time using the Philadelphia Tax Center, select "Create a username and password" under the "Existing Taxpayers" panel and follow the instructions. Please be aware verifying your existing tax account can take a week or more.
- Once you log in, select the tab "More options..."
- Then select "W-2 upload" under the panel "1099s and W-2s."
- Read the instructions for submitting W-2s and select Next.
- Select the file type of your W-2s (.txt or Excel).
 - Your file format must follow the specifications detailed below.
 - If you select "Excel," you can download a template to use to complete the submission.
- Select "Add" to upload each of your W-2s as attachments.
- Finally, select "Submit" to complete the submission.

The City does not accept CDs or other electronic media through the mail. If you file the 2021 Annual Wage Tax Reconciliation return online, you must still prepare an electronic W-2 file and submit it via [the Philadelphia Tax Center](https://tax-services.phila.gov).

Record format for W-2 electronic file: Only the EFW2 (formerly MMREF-1) and Excel format are acceptable. EFW2 is the same format transmitted to the Social Security Administration, as stated in SSA Publication - Magnetic Media Reporting and Electronic Filing. **PDF files are not acceptable.** For full instructions, please refer to the Social Security Administration's [Specifications for Filing Forms W-2 and W-2c \(EFW2/EFW2C\)](#).

There are four record types required: submitter information (RA), employer information (RE), federal employee information (RW), and state employee information (RS). It is very important to follow exactly all Social Security Administration rules for displaying data. The following information for all four record types must be included:

RA record: Submitter's Employer Identification Number (EIN), User Identification (User ID), Submitter Name, Submitter's Delivery Address, Submitter's City, Submitter's State Abbreviation, Submitter's ZIP Code, Contact Name, Contact Phone Number, Contact Email

RE record: Tax Year, Employer/Agent Identification Number (EIN), Employer Name, Location Address, Delivery Address, City, State, Zip Code, Kind of Employer, Employer Contact Name, Employer Contact Phone Number, Employer Contact Phone Extension, Employer Contact Fax Number (If applicable enter the employers fax number including area code. Otherwise fill with blanks), Employer Contact E-Mail/Internet

RW record: Social Security Number (SSN), Employee First Name, Employee Last Name, Wages, Tips & Other Compensation, Federal Income Tax Withheld, Social Security Wages, Social Security Tax Withheld, Medicare Wages and Tips, Medicare Tax Withheld, Social Security Tips, Dependent Care Benefits, Deferred Compensation Contributions to Section 401(k), Deferred Compensation Contributions to Section 403(b), Deferred Compensation Contributions to Section 408(k)(6), Deferred Compensation Contributions to Section 457(b), Deferred Compensation Contributions to Section 501(c)(18)(D), Nonqualified Plan Section 457 Distributions or Contributions, Nonqualified Plan Not Section 457 Distributions or Contributions, Deferral Under a Section 409A Nonqualified Deferred Compensation Plan

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

Social Security Number (SSN), Employee First Name, Employee Last Name, Delivery Address, City, State Abbreviation, ZIP Code, State Taxable Wages, State Income Tax Withheld, Tax Type Code (**must** equal "C"), Local Taxable Wages (**must** equal Philadelphia Taxable Wages), Local Income Tax Withheld (**must** equal Philadelphia Wage Tax Withheld), State Control Number (**must** equal City Tax Account number)

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, we will contact you.

For inquiries about filing W-2s, please send us a secure message through the [Philadelphia Tax Center](https://tax-services.phila.gov). Log in and select the "More options..." tab. Under the panel "Messages," select "View messages" and then "Send a message."