



Pennsylvania employers must prepare this year for significant local income tax changes

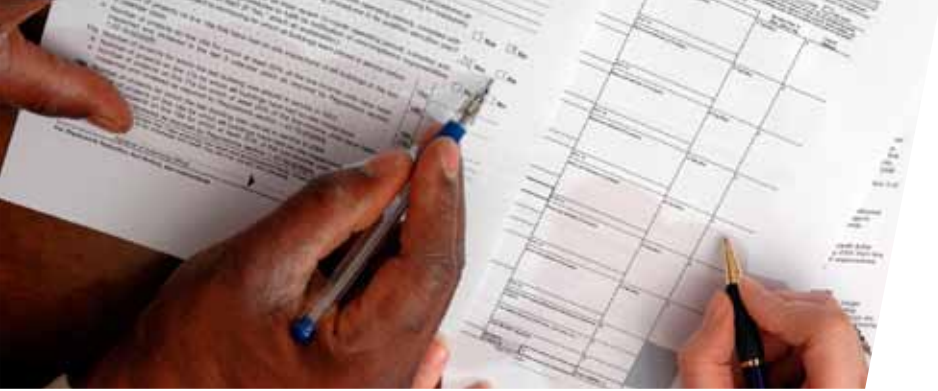
By Debera Salam, CPP, and Lisa Green, Ernst & Young LLP

Without a doubt, Pennsylvania has long held the record for complexity in local income tax withholding. Under the current Earned Income Tax (EIT) collection system, Pennsylvania businesses are required to withhold taxes for more than 2,900 local taxing authorities and remit those taxes to more than 500 Pennsylvania municipalities and school districts responsible for local tax administration. Needless to say, even the most diligent of employers has been challenged to remain in compliance due to the sheer magnitude of taxing jurisdictions and collection locations. The lack of uniformity from locality to locality in payment and reporting requirements has been similarly confusing, time-consuming and costly for businesses – and taxing authorities – to maintain.

The inefficiency of the system concerned Pennsylvania officials at a number of levels, the primary being a projected loss of revenues to municipalities and school districts, estimated in a 2004 report of the Department of Community and Economic Development (DCED) to be as high as \$237 million annually. After four years of diligent analysis and input from Pennsylvania's stakeholders, legislation was enacted in 2008 under Act 32 to streamline the EIT tax collection process. (*Governor's Center for Local Government Services, Earned Income Tax Consolidation System Best Practices Report, December 31, 2009.*)



Note that Philadelphia is exempt from Act 32 under the Sterling Act and taxes continue to be paid to Philadelphia.



Some of the Act 32 early adopters (as of March 31, 2011)

Berks EIT TCB. Berks has not fully implemented Act 32. Effective January 1, 2011, Berks EIT is merely the new tax collector of the EIT for all cities within Berk County except Boyer Towne School District (which will be effective January 1, 2012) and Twin Valley School District (which will be collected by Chester County). You are not required to provide the new PSD codes, although if they are available, that information would be helpful.

Blair County TCB. Blair County has not fully implemented Act 32. Effective January 1, 2011, Blair is merely the new tax collector of the EIT for only the city of Altoona. Like Berks, there is no requirement as yet to provide the PSD codes or meet the other requirements of Act 32.

Franklin County Area Tax Bureau (formerly Chambersburg). Franklin County has not fully implemented Act 32. It is now the tax collector for the Waynesboro (January 1, 2011), Greencastle (July 1, 2010), Chambersburg, Tuscarora and Fannett Metal school districts.

Other counties. Chester, Lancaster, Lebanon and Wyoming counties have fully implemented Act 32.

Local Services Tax (LST) is not subject to Act 32 and is paid to the TCD at the option of the municipality or school district.

Act 32 – consolidation and uniformity of Pennsylvania’s local EIT tax collections

The act of December 31, 1965 (*P.L. 1257, No. 511*), also known as The Local Tax Enabling Act, was amended by Act 32 of 2008 by transferring administration of the existing EIT tax collection system from the existing 519 municipalities and school districts to 21 countywide EIT Tax Collection Districts (TCDs) with one per county (and with Allegheny County divided into four districts) once the Act is fully implemented. Each TCD will be governed by a Tax Collection Committee (TCC).

It is emphasized that Act 32 doesn’t apply to all municipalities (i.e., Philadelphia is exempt from Act 32 under the Sterling Act), and it does not cover all local taxes. Many municipalities and school districts impose a Local Services Tax (LST) on persons who work within their political subdivision. Act 32 of 2008 does not affect the collection of LST. Some LST jurisdictions may choose to transfer collection to the TCD, but they are not required to do so.

There are two goals of Act 32. First, the law increases efficiency by requiring uniform withholding, remittance, distribution, reporting and consistency in the administration of the EIT. Second, it improves EIT withholding compliance by requiring that businesses file routine and detailed reports concerning the resident and work locations of all employees living and/or working in Pennsylvania. This tracking is partly accomplished by the new requirement that a Political Sub-Division (PSD) code be assigned based on each employee’s Pennsylvania resident and/or work location address. (*Governor’s Center for Local Government Services, Earned Income Tax Consolidation System Best Practices Report, December 31, 2009.*)

No change in definition of wages

It is emphasized that Act 32 doesn’t change the Local Tax Enabling Act’s definition of taxable wages. By way of review, Act 24 of 2004 changed the definition of wages under the Local Tax Enabling Act to the definitions of earned income for state personal income tax purposes. As previously stated, Philadelphia is exempt from the Local Tax Enabling Act, including the 2004 amendment that required the wage definition conform to the definition that applies for state income tax withholding purposes.



Effective date and early adoption

The law allows for a three-year transition period, with mandatory compliance required by each TCD and all Pennsylvania businesses **no later than January 1, 2012**. Municipalities and school districts may conform to the Act 32 requirements in 2011. It is noted that some local tax administrators have already moved collection over to the TCD while still not fully adopting the Act 32 requirements (see page 2). Early adopters are required to submit written notification to businesses; however, this information is currently not maintained on the Pennsylvania Department of Revenue's website, making it difficult for businesses to ascertain if they are subject to any early adoption provisions.

Tax year 2011 will be challenging for businesses because they are not only required to reconfigure their systems and remap employee-level data to new tax rates and jurisdictions, but they also will need to keep track of changes being made throughout 2011 by jurisdictions that have decided to adopt either some or all of the Act 32 provisions. With only written notices from taxing authorities to rely on, some businesses will need assistance in tracking changes that take effect before and after January 1, 2012.

Summary of Act 32 requirements for employers

Employers will need to comply with the following seven basic requirements under Act 32:

- Step 1:** Obtain the Universal Residency Certification (URC) for all employees living and/or working in Pennsylvania (required only by certain localities, best practice for all employees)
- Step 2:** Determine the employee's resident EIT and nonresident EIT rates
- Step 3:** Withhold at the higher of the resident or nonresident rate
- Step 4:** Determine the TCD where EIT taxes will be remitted
- Step 5:** Register with the TCD(s)
- Step 6:** For multi-location employers, submit letter of intent to each work location one month in advance of making a consolidated tax payment and filing
- Step 7:** Understand and comply with the TCD's reporting and remittance requirements

Act 32 alphabet soup

Before preparing a transition work plan for your company, it will be necessary to become familiar with the many acronyms that are used when complying with Act 32.

DCED – Pennsylvania Department of Community and Economic Development

DOR – Pennsylvania Department of Revenue

EIT – Earned Income Tax

LST – Local Services Tax

PSD – Political Sub-Division

TCC – Tax Collection Committee

TCB – Tax Collection Bureau (see TCD)

TCD – Tax Collection District

URC – Universal Residency Certification (for employees)





Employee EIT data fields

- ▶ PA resident name
- ▶ PA resident PSD
- ▶ PA resident rate
- ▶ Date moved to resident location
- ▶ PA work location name
- ▶ PA work location PSD
- ▶ PA work location rate (nonresident)
- ▶ Effective EIT withholding rate (if not automatically calculated)
- ▶ PSD for reporting and making tax payments

Residency certificates must be filed with the TCD within 15 days of the employee signing it.

Step 1: Universal Residency Certificate

Act 32 requires that employers obtain a completed *Universal Residency Certification Form* for each new Pennsylvania employee, and by each Pennsylvania employee whenever his or her residence address changes. Some localities also require the form for all current employees and is a best practice consideration for all employees. The URC is required to be filed with the TCD within 15 days of the employee signing a new URC (including a URC on which the employee has indicated a change of address). Each TCD has its own form for this purpose; however, the content of the form is uniform as required under Act 32. All TCDs are required to be capable of accepting URC data in either hard copy or electronic format. Before submitting URC data to the TCD, you must first be registered. (See step 4.) Multi-location employers also have the option of filing with one TCD and should make this designation before filing URC data. (See steps 4 and 6.)

The URC is the most significant step in the process because it provides the data needed by the employer to determine the correct municipality and school district where the employee is domiciled, the associated PSD code for domicile address, and the work location address and associated PSD code. This information is necessary for the employer to determine the correct EIT withholding rate. (See steps 2 and 3.)

Finally, the URC provides the date when an employee moved to a new domicile address. Under the Act 32 requirements, employees' current URC data is considered to be an addendum to the Form W-4, and URC data is regularly remitted to the URC. (See step 7.)

Most employers do not as yet have software capabilities for storing information that is contained on the URC. Specifically, each employee's record should include the following fields: PA resident name, PA resident PSD, PA resident rate, PA work location name, PA work location PSD, PA work location (nonresident) rate, date moved to resident location, and the effective EIT withholding tax rate (if the system is not automated to choose the higher of the resident or nonresident rate).

Some business also may be missing some of the required URC data, in which case, they will need to reach out to employees to gather the required information. This could be a significant undertaking for some employers, and an automated solution may be necessary. For instance, some businesses have stated that they likely will incorporate the URC data gathering requirements within the existing electronic W-4 system. As a leading practice, the electronic system should be capable of assigning the resident and work state name and PSD codes based on the employee's address. Finally, it also may be necessary to include in the employee record the PSD of the TCD where tax remittances and filings will be submitted if the work location PSD does not apply (see step 4). For a sample copy of the *Universal Residency Certification Form*, see page 10.



Steps 2 and 3: Determine whether the employee's resident EIT or nonresident EIT is higher and implement withholding in the PSD having the higher rate

Act 32 requires that employers withhold EIT from all employees who live and/or work in Pennsylvania. *Technically, this includes employees who are temporarily assigned to the work location. Keep in mind that tracking temporary nonresident work assignments is a challenge employers faced even before Act 32.*

In contrast to general withholding logic that places priority on withholding in the workplace jurisdiction, Act 32 instead requires that employers identify the employee's resident EIT tax rate and the workplace EIT tax rate, then withhold using the higher of the two rates. The following examples demonstrate this process. (*Lancaster Tax Collection Bureau, Employer EIT Act 32 Instructions, 2-2011; Pennsylvania Department of Revenue website, Act 32 FAQs.*)

Example 1: EIT nonresident rate withholding required

Step 1 – Identify employee's domicile and work location (per URC)	
Domicile (permanent residence)	Maryland
Work location	PA Quarryville Borough/Solanco Area School District
Step 2 – Identify the EIT rates imposed by the PSDs where employee is domiciled and works using the Tax Register located on DCED's website	
Resident EIT rate	0.00 (reason: out of state)
Nonresident EIT rate – work location	1.00 %
Step 3 – Withhold the higher of the two rates	
EIT rate to withhold	1.00 %

Example 2: No EIT withholding required

Step 1 – Identify employee's domicile and work location (per URC)	
Domicile (permanent residence)	Maryland
Work location	PA Bart Township/Solanco School District
Step 2 – Identify the EIT rates imposed by the PSDs where employee is domiciled and works using the Tax Register located on DCED's website	
Resident EIT rate	0.00 (reason: out of state)
Nonresident EIT rate – work location	0.00
Step 3 – Withhold the higher of the two rates	
EIT rate to withhold	None

Example 3: EIT resident rate withholding required

Step 1 – Identify employee's domicile and work location (per URC)	
Domicile (permanent residence)	PA Quarryville Borough/Solanco School District
Work location	PA Manor Township/Penn Manor School District
Step 2 – Identify the EIT rates imposed by the PSDs where employee is domiciled and works using the Tax Register located on DCED's website	
Resident EIT rate	1.65% (0.5% municipal plus 1.15% school district)
Nonresident EIT rate – work location	1.00%
Step 3 – Withhold the higher of the two rates	
EIT rate to withhold	1.65%

Note: tax rates shown in these examples are for illustration only and may not be the actual tax rate for the named municipality and school district.



New Pennsylvania businesses must register with the appropriate TCD(s) within 15 days after becoming an employer.

Multi-location employers may generally choose one TCD for filing returns and making EIT withholding payments.

Each work location TCD must be notified one month in advance of the intent to make consolidated tax payments and filings to one TCD. For businesses meeting a January 1, 2012, effective date, intent letters should be sent by December 1, 2011.

Step 4: Determine the TCD where EIT taxes will be remitted

Employers may file EIT tax returns and pay EIT tax withheld to all applicable work location TCDs. Optionally, the employer may file EIT returns and remit EIT withholding either to the TCD in which the employer's payroll operations are located or as determined by the DCED.

If an employer's headquarters/payroll operations are located outside of Pennsylvania, the employer may file a single consolidated return/payment with any TCD where the employer has a work location. (Remember, Philadelphia is not covered by Act 32, and returns and tax payments must continue to be made with Philadelphia).

Multi-location and out-of-state employers that want to begin the Act 32 process prior to January 1, 2012, may be eligible to file and pay with one of the early adopters. Keep in mind that there is some benefit in starting the process before the deadline – for instance, most of the early adopters are temporarily waiving penalties for reporting errors.

Step 5: Register with the TCD(s)

Once the employer has determined where it will file EIT returns and remit EIT withholding payments, it must register with the TCD(s) before submitting URC data, making tax payments or filing returns.

Act 32 specifies that employers having an office, factory, workshop, branch, warehouse or other place of business within a TCD and that employs one or more persons, other than domestic servants, for a salary, wage, commission or other compensation are required to withhold EIT and to register with the appropriate TCD(s).

New Pennsylvania businesses must register with the appropriate TCD(s) within 15 days after becoming an employer and provide the addresses of its work locations and other information required by DCED.

Step 6: For multi-location employers, submit letter of intent to each work location one month in advance of making a consolidated tax payment and filing

As explained in step 4, multi-location and out-of-state employers may make a combined filing and remittance to a single TCD in which it has employees. Before executing this option, the employer must file a letter of intent to file combined returns and make combined payments with the TCD for each place of employment at least one month before filing its first combined return or making its first combined payment. If an employer intends to comply with Act 32 effective January 1, 2012, letters of intent would need to be filed by December 1, 2011. For employers with a significant number of Pennsylvania work locations, this will be a substantial undertaking; however, the long-term benefit of filing and remitting to a single TCD is well worth the effort. (See page 11 for a sample letter of intent.)



Step 7: Understand and comply with the TCD's reporting and remittance requirements.

Act 32 requires that EIT returns be filed at the time that remittance is made. The following information is required to be provided on EIT returns:

- ▶ Name, resident address and Social Security number of each employee
- ▶ Compensation of the employee during the period covered by the return (preceding month or preceding quarter)
- ▶ Total EIT deducted from the employee and paid with the return
- ▶ PSD and name of the political sub-division imposing the resident income tax on the employee
- ▶ Employment place location address of each employee (the address of the location where an employee is normally based and conducts daily activities, e.g., an employee working in the delivery industry will normally have a base location)
- ▶ PSD and name of the political sub-division imposing the non-resident (employment place location) income tax on the employee

Special transition year consideration

Some TCDs may require that the EIT withheld in 2011 for the previous tax collector and required to be paid and filed in 2012 be remitted and filed with the new TCD. For this reason, it is important that businesses obtain specific instructions from the 2011 tax collector(s) as to where final 2011 tax returns are to be filed and tax payments remitted.





Businesses that file and remit to each TCD must file and pay quarterly. Businesses that make a consolidated EIT remittance must electronically file and pay on a quarterly basis.

Annual returns must be filed with the TCD and information statements given to employees no later than February 28. Forms W-2 must include not only EIT withheld but EIT remitted to the TCD.

Pennsylvania local income tax Form W-2 reporting alert

Note the current Form W-2 systems may not currently be able to comply with the requirement to report total EIT actually paid to the tax collector. Additionally, there is currently no space within boxes 18-20 to report this additional information. Employers will need to be certain that this information is accumulated at the employee level, and that it is reported in Form W-2, box 14, or on a separate EIT statement provided to employees with the PA local Form W-2.

Pay frequency and filing requirements

- ▶ **General rule.** Employers that file and remit to each work location TCD are required to file the EIT return and remit EIT tax within 30 days following the end of each calendar quarter to the TCD assigned to the employment place location.
- ▶ **Multi-location employers.** Employers with a place of employment in more than one TCD but that remit a consolidated EIT return are required to file the EIT return and remit EIT tax within 30 days following the last day of each month. *The return and EIT taxes deducted must be filed and paid electronically.*
- ▶ **Monthly filing.** An employer that for two of the preceding four quarterly periods has failed to deduct or pay the proper amount of EIT may be required by the TCD to file returns and pay EIT on a monthly basis. In such cases, payments of EIT must be made to the TCD on or before the last day of the month succeeding the month for which the EIT was withheld.
- ▶ **Closing businesses.** An employer that ceases doing business in a TCD prior to December 31 of the current year must, within 30 days after the discontinuance of business, file the EIT returns and pay the EIT withheld.
- ▶ **Annual returns and information statements.** On or before February 28 of the succeeding year, an employer must file with the TCD where EIT has been deducted and remitted:
 - ▶ An annual return showing, for the period beginning January 1 of the current year and ending December 31 of the current year, the total amount of compensation paid, the total amount of EIT deducted, the total amount of EIT paid to the TCD and any other information prescribed by the DCED.
 - ▶ An individual withholding statement, which may be integrated with Form W-2, for each employee employed during all or any part of the period beginning January 1 of the current year and ending December 31 of the current year, showing the address and Social Security number, the amount of compensation paid to the employee during the period, the amount of EIT deducted, the amount of EIT paid to the tax collector, the PSD representing the TCD where the quarterly or monthly payments were remitted and any other information prescribed by the DCED.

Act 32 important web links

There are a few web links that are key to the implementation and ongoing compliance with the Act 32 requirements.

To look up an employee's resident and nonresident PSD:

munstatspa.dced.state.pa.us/FindLocalTax.aspx

Act 32 FAQs:

www.newpa.com/webfm_send/1606

PSD codes and locality names in Excel:

munstatspa.dced.state.pa.us/Registers.aspx



Ernst & Young LLP insights

While transitioning to Pennsylvania's new streamlined local tax collection process will take a significant effort, there are many long-term benefits including reduced risk of liability for unintentional noncompliance and a reduction in administrative costs.

Employers with multiple Pennsylvania work locations and/or employees will need to begin planning now for the initial work effort that will be required to meet the January 1, 2012, deadline. The primary processes include:

1. Determine how information will be gathered from employees concerning their domicile (resident) address and primary work location address. Consider using an automated system that can be adapted to accomplish this data gathering, such as your current electronic W-4 system.
2. Determine how the current system will be modified to include all of the employee-level data fields required to comply with Act 32, including the employee's resident PSD, nonresident PSD, effective EIT tax rate and total EIT paid to the tax collector.
3. Determine whether the system will be able to accommodate multiple employee-level work locations, and if there is no system capability, how compliance will be achieved.
4. Consider how you will properly match employee resident and work locations to the resident and nonresident political sub-division names and PSD codes.
5. If you will be a consolidated EIT filer, consider how you will meet the requirement to issue letters of intent to all employment location TCDs by December 1, 2011.
6. Determine how you will ensure that you are compliant with early adopters, i.e., municipalities and school districts that change tax collectors prior to January 1, 2012.
7. Determine where final 2011 EIT returns and payments will be made under the special transition rule for 2011-12.
8. If in the process of complying with Act 32, an employer discovers it failed to file or pay to Pennsylvania local taxing authorities in prior periods, consideration should be given to the benefits of voluntarily disclosing any such prior period failures.

Ernst & Young LLP can help you with every aspect of the Act 32 implementation requirements. For more information, contact one of our Act 32 advisors listed below:

Mary Angelbeck
mary.angelbeck@ey.com
+1 215 448 5307

Pete Berard
peter.berard@ey.com
+1 212 773 4084

Lisa Green
lisa.green@ey.com
+1 614 232 7511

Ken Hausser
kenneth.hausser@ey.com
+1 732 516 4558

Chris Peters
christina.peters@ey.com
+1 614 232 7112

Debera Salam
debera.salam@ey.com
+1 713 750 1591



LOCAL EARNED INCOME TAX RESIDENCY CERTIFICATION FORM

TO EMPLOYERS/TAXPAYERS:

This form is to be used by employers and/or taxpayers to report essential information for the collection and distribution of Local Earned Income Taxes. This form must be utilized by employers when a new employee is hired or when a current employee notifies employer of a name and/or address change.

EMPLOYEE INFORMATION - RESIDENCE LOCATION

NAME (Last, First, Middle Initial)			SOCIAL SECURITY NUMBER		
FIRST LINE OF ADDRESS (If PO Box, please include actual street address)					
SECOND LINE OF ADDRESS					
CITY		STATE	ZIP CODE	DAYTIME PHONE NUMBER	
MUNICIPALITY (City, Borough, Township)					
COUNTY		PSD CODE		TOTAL RESIDENT EIT RATE	
		<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>			

EMPLOYER INFORMATION - EMPLOYMENT LOCATION

EMPLOYER NAME (Use Federal ID Name)			EMPLOYER FEIN		
FIRST LINE OF ADDRESS (If PO Box, please include actual street address)					
SECOND LINE OF ADDRESS					
CITY		STATE	ZIP CODE	PHONE NUMBER	
MUNICIPALITY (City, Borough, Township)					
COUNTY		PSD CODE		MUNICIPAL NON-RESIDENT EIT RATE	
		<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>			

CERTIFICATION

SIGNATURE OF EMPLOYEE			DATE		
PHONE NUMBER		EMAIL ADDRESS			

For information on obtaining the appropriate MUNICIPALITY (City, Borough, Township), PSD CODES and EIT (Earned Income Tax) RATES, please refer to the Pennsylvania Department of Community & Economic Development website:

www.newPA.com
Select Get Local Gov Support, >Municipal Statistics

NOTICE OF INTENT TO FILE COMBINED RETURNS AND MAKE COMBINED PAYMENTS

DATE:

[Insert name and address of work location TCD]

Please be advised that [insert employer name], [insert employer FEIN], with a facility located within your taxing jurisdiction at [insert address of work location for the TCD receiving intent letter] hereafter known as EMPLOYER, is hereby filing this Notice of Intent to File Combined Returns and Make Combined Payments of the Earned Income Tax withheld from all employees who are employed in the Commonwealth of Pennsylvania with the [insert name of designated TEC collector]. The filing of combined returns and payments is effective [insert effective date which must be the 1st day of the month].

As part of this decision EMPLOYER understands and commits to the following requirements:

1. EMPLOYER shall deduct from the compensation due each employee, employed at each of EMPLOYER'S Pennsylvania work locations, the greater of the employee's resident tax or the employee's work location non-resident tax as released in the official register maintained by the Department of Community and Economic Development, Municipal Statistics Division.
2. Within 30 days of the end of each month, EMPLOYER shall file a return and pay the amount of income taxes deducted during the preceding calendar month from all employees employed within the Commonwealth of Pennsylvania.
3. The return shall be filed electronically and shall show the name, address and social security number of each employee, the compensation of the employee during the preceding month, the local earned income tax deducted from the employee, the PSD Code and political subdivision name imposing the income tax upon the employee, the total compensation of all employees during the preceding month, the total local earned income tax deducted from the employees and paid with the return and the work/employment location municipality name and PSD Code for each employee.
4. Payment of the local earned income tax withheld must be made electronically within thirty (30) days following the last day of each month, at the time of filing the monthly income tax return.
5. This Notice of Intention to File Combined Returns and Make Combined Payments shall not be construed to change the location of an employee's place of employment for purposes of non-resident tax liability.
6. On or before February 28 of the succeeding year, EMPLOYER shall file with the [insert name of designated TCD collector]
 - i. An Annual Return showing, for the period beginning January 1 of the current year and ending December 31 of the current year, the total amount of compensation paid, the total amount of income tax deducted, the total amount of local earned income tax paid to the Lancaster County Tax Collection Bureau.
 - ii. An individual withholding statement, which may be integrated with the Federal Wage and Tax Statement (Form W-2), for each employee employed for all or any part of the period beginning January 1 of the current year and ending December 31 of the current year, setting forth the address and Social Security number, the amount of compensation paid to the employee during the period, the amount of local earned income tax deducted, the amount of local earned income tax paid to the [insert name of designated TCD collector] the numerical code prescribed by the department representing the tax collection district where the payments of deducted tax were remitted.

NOTE: [insert name of designated TCD and PSD code]. This numerical code must be listed in the "locality" box **Box 20** on the withholding statement of each employee whose income tax was remitted to [insert name of designated TCD collector]

7. If EMPLOYER discontinues business prior to December 31 of the current year they shall, within thirty (30) days after the discontinuance of business, electronically file the returns and withholding statements required above and electronically pay the income tax due at the time of filing the final returns.

Responsible Person (signature) _____ Dated _____

Responsible Person (printed name) _____

Responsible Person (title) _____

Responsible Person Phone # _____ Email _____

Responsible Person Address _____

Copy to:

[Insert name of designated TCD collector]

Contacts

Mary Angelbeck

mary.angelbeck@ey.com

+1 215 448 5307

Pete Berard

peter.berard@ey.com

+1 212 773 4084

Lisa Green

lisa.green@ey.com

+1 614 232 7511

Ken Hausser

kenneth.hausser@ey.com

+1 732 516 4558

Chris Peters

christina.peters@ey.com

+1 614 232 7112

Debera Salam

debera.salam@ey.com

+1 713 750 1591

Ernst & Young

Assurance | Tax | Transactions | Advisory

About Ernst & Young

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 141,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US. For more information about our organization, please visit www.ey.com.

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

© 2011 Ernst & Young LLP.

All Rights Reserved.

CSG no. 1104-1250748

This publication has been carefully prepared but it necessarily contains information in summary form and is therefore intended for general guidance only; it is not intended to be a substitute for detailed research or the exercise of professional judgment. The information presented in this publication should not be construed as legal, tax, accounting, or any other professional advice or service. Ernst & Young LLP can accept no responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. You should consult with Ernst & Young LLP or other professional advisors familiar with your particular factual situation for advice concerning specific audit, tax or other matters before making any decision.