



TAX UPDATE

PENNSYLVANIA – NEW JERSEY RECIPROCAL AGREEMENT TO STAY (update to “Tax Update” dated September 20, 2016)

The Governor of New Jersey has reversed an announcement he made in September and has now declared that the longstanding reciprocal agreement between the states of Pennsylvania and New Jersey will remain unchanged. When the announcement to end the agreement was made, the Governor indicated that he could change plans if a budget deficit could be eliminated. It appears as if legislation recently signed by the Governor has achieved this goal and allowed the Governor to change course.

The continuation of the reciprocal agreement will allow residents who live in one of the states and work in the other to continue to only file tax returns in his/her home state. As noted in our September 20, 2016 Tax Update, had the reciprocal agreement been terminated, employers in each state would have to change their systems so that they could withhold the other state’s taxes when they had employees from the other state working for them. The continuation of the reciprocal agreement means companies will not have to worry about making this change.

Questions?

If you have any questions or wish to discuss this issue further, please contact Charles Marston at cmarston@srsnodgrass.com or (724) 934-0344.