

Pennsylvania Municipal EIT Fact Sheet (2026)

Updated Oct 14, 2026 · @Lower Makefield

In 2026, 2,482 of Pennsylvania's 2,564 municipalities (96.8%) levy a municipal earned income tax (EIT). Only 82 (3.2%) levy none.

At a glance

Measure	Value
Municipalities with a municipal EIT	2,482 (96.8%)
Municipalities without a municipal EIT	82 (3.2%)
Most common municipal resident rate	0.5% (2,292 municipalities)
Counties where every municipality has an EIT	54 of 67
Bucks County municipalities with an EIT	51 of 54 (94.4%)

Bucks County

Bucks County is close to the statewide pattern: 51 of its 54 municipalities (94.4%) levy a municipal EIT. Only three don't:

- Lower Makefield Township
- Yardley Borough*
- Bristol Borough

Among the 51 that do, 33 levy 0.5%, 7 levy 0.75% and 9 levy 1.0%. Richland (0.6%) and New Britain Township (0.625%) fall in between. Of the 33 at 0.5%, 31 are in a school district that also levies an EIT.

Note: As of January 1, 2027, only two Bucks County municipalities, Lower Makefield Township and Bristol Borough, will not levy a municipal EIT. Yardley Borough recently adopted a 1% EIT effective January 1, 2027, which will bring the county to 52 of 54 municipalities.

Of the two, Bristol Borough's 2026 municipal property tax rate (general purpose and special purpose levies combined) is 51.39 mills, compared to Lower Makefield Township's 24.993 mills.

* Yardley Borough Council approved its 1% EIT on October 6, 2026. The DCED data above reflects 2026 rates. Pennsbury School District, which serves Lower Makefield, Yardley, Falls and Tullytown, does not levy an EIT.

What income a local EIT applies to

Under the Local Tax Enabling Act (Act 511, as amended by Act 32 of 2008), the EIT applies to **earned income** and **net profits**, using the same definition of "compensation" as the Pennsylvania personal income tax. It is not a tax on total income.

Subject to the EIT

- Salaries and wages
- Commissions, bonuses and tips
- Net profits from a business or self-employment
- Employee contributions to retirement plans
- Sick pay, stipends and incentive pay
- Stock options when exercised

Not subject to the EIT

- Social Security
- Most pension, IRA and 401(k) payments
- Interest, dividends and capital gains
- Unemployment and disability benefits
- Alimony, child support and gifts
- Lottery winnings
- Active-duty military pay

A loss from one business can offset profit from another business, but not wages. Corporations are not subject to the EIT. Early retirement-account withdrawals that are taxable for state purposes are also taxable locally.

Rates and the 1% limit

For most municipalities and school districts, Act 511 caps the **combined** resident EIT at **1%**. Where both levy the tax, the usual split is 0.5% municipal and 0.5% school district. Where the school district levies no EIT, as in Pennsbury, the municipality may levy the full 1%. If Pennsbury were later to adopt an EIT, the 1% would be shared between the district and its municipalities on a 50-50 basis. Rates above 1% are limited to home rule municipalities, distressed or special-purpose levies and certain school district levies.

Rates statewide

Nearly 9 in 10 municipalities levy exactly 0.5%

Municipal resident EIT rate, number of municipalities (of 2,564)



PA DCED EIT with Collector export, reporting year 2026 · 2,564 municipalities

0.5% is the usual municipal half of the 1% EIT shared with the school district under Act 511. Philadelphia (3.735%) and Chester City (3.75%) levy the highest rates.

How resident and non-resident EIT interact

Many municipalities also levy a **non-resident** EIT on people who work there but live elsewhere. Under Act 32, these taxes are **not stacked**: an employer withholds the **higher** of the employee's total resident rate or the work location's non-resident rate, not both. The resident municipality is paid first; any amount above the resident rate goes to the work location.

Today, Lower Makefield residents who work in a municipality with a non-resident EIT already have that tax withheld, and it is kept by the municipality where they work. With a 1% Lower Makefield resident EIT, the same amount would generally be withheld, but it would be sent to Lower Makefield instead.

LMT resident who works in...	Withheld today	With a 1% LMT EIT	Change for the resident
A PA municipality with a 1% non-resident EIT	1% → work municipality	1% → Lower Makefield	None
A PA municipality with a 0.5% non-resident EIT	0.5% → work municipality	1% → Lower Makefield	+0.5%
A PA municipality with no non-resident EIT, Lower Makefield itself, or New Jersey / out of state	0%	1% → Lower Makefield	+1%
Philadelphia	3.425% → Philadelphia	3.425% → Philadelphia; \$0 to LMT	None on Philadelphia wages

Self-employed residents and those whose employers do not withhold PA local tax (for example, out-of-state employers) pay through quarterly estimates and the annual local return.

Philadelphia Wage Tax and the Sterling Act

Philadelphia levies its Wage Tax under the Sterling Act of 1932, outside the Act 511/Act 32 system. Non-residents who work in the city pay 3.425% (for pay dates from July 1, 2026). Because state law gives Philadelphia's tax priority, a non-resident's Wage Tax is credited against the EIT owed to their home municipality.

- **No additional tax:** Lower Makefield residents who pay the Philadelphia Wage Tax would not owe an additional Lower Makefield EIT on those wages, since the credit exceeds a 1% resident rate.
- **No revenue to LMT:** Philadelphia keeps all of the Wage Tax it collects. None of it is returned to Lower Makefield or other home municipalities. Bills to require reimbursement have been introduced in Harrisburg but have not been enacted.
- **Other earnings:** Earned income from work performed outside Philadelphia, including a second job or a spouse's job, would be subject to the Lower Makefield EIT.

Lower Makefield: estimated revenue

Keystone Collections Group estimates that a 1% EIT could raise about **\$24.2 million** a year. The 2027 budget workbook uses **\$20.0 million**, below Keystone's estimate, to stay conservative.

From 2028 on, the workbook budgets the EIT at 0.5%, in case Pennsbury School District levies the other 0.5%, and grows it 3% a year for expected wage increases.

Earned income tax (\$ thousands)	2027	2028	2029	2030
EIT rate	1.0%	0.5%	0.5%	0.5%
Earned income tax revenue	20,000	10,300	10,609	10,927

Source: 2027 budget workbook with EIT (October 2, 2026). If Pennsbury does not levy an EIT, the full 1% would stay with Lower Makefield, about \$10.3 million to \$10.9 million a year more than budgeted for 2028–2030.

Lower Makefield residents who already pay an EIT elsewhere

About **32%** of EIT-eligible Lower Makefield residents already pay an EIT as non-residents where they work. In total they pay about **\$3.87 million** a year to other municipalities, about 16% of the \$24.2 million a 1% EIT could raise.

Collector	LMT residents	EIT paid elsewhere
Keystone Collections Group	5,647	\$2.42 million
Berkheimer (mostly Montgomery County)	1,494	\$1.45 million
Total	7,141	\$3.87 million

With a Lower Makefield EIT, that tax would be paid to Lower Makefield instead, at no additional cost to those residents up to the work location's rate. These figures do not include the Philadelphia Wage Tax paid by residents who work in the city; none of that tax would come to Lower Makefield.

Sources: Keystone Collections Group (February 6, 2026); Berkheimer (January 30, 2026); U.S. Census Bureau 2025 estimate.

School district EIT where the municipal rate is 0.5%

Of the 2,292 municipalities at 0.5%, 2,281 (99.5%) sit in a school district that also levies an EIT. For 1,719 of them, the school district rate is also 0.5%, the standard 0.5% + 0.5% split. The other 562 face school district rates from 0.6% to 2.05%. No school district levies a personal income tax (PIT) instead.

Where municipalities without an EIT are

The 82 municipalities without an EIT are in just 13 of 67 counties. Delaware, Wayne, Susquehanna and Pike counties account for 65 of them (79%).

County	Without EIT	Total municipalities	Share without EIT
Delaware	21	49	42.9%
Wayne	19	28	67.9%
Susquehanna	17	40	42.5%
Pike	8	13	61.5%
Chester	4	73	5.5%
Bucks	3	54	5.6%
Montgomery	3	62	4.8%
Somerset	2	49	4.1%
Clinton	1	29	3.4%
Forest	1	9	11.1%
Lebanon	1	26	3.8%
Lycoming	1	52	1.9%
Tioga	1	39	2.6%

Source and notes

Rate data: Pennsylvania DCED "EIT with Collector" export (EitWithCollector_Dyn_Excel.xlsx), reporting year 2026. Records were last updated September 17, 2026.

What "has an EIT" means: A municipal resident EIT rate above 0%. The school district's share is not counted.

Counting: The file has 2,627 rows. 61 municipalities appear more than once because they span more than one school district. Each municipality is counted once, and the repeated rows all show the same rate.

Taxable income, rate limits and withholding: Local Tax Enabling Act (Act 511 of 1965, as amended by Act 32 of 2008); PA DCED, Act 32 FAQ and Local Withholding Tax FAQs.

Philadelphia: City of Philadelphia Department of Revenue, Wage Tax rates effective July 1, 2026; Sterling Act of 1932 (Act 1932-45).

Lower Makefield: 2027 Budget Workshop 3 presentation, Options to Close the 2027 General Fund Deficit; 2027 budget workbook with EIT (October 2, 2026); Keystone Collections Group (February 6, 2026); Berkheimer (January 30, 2026); U.S. Census Bureau 2025 estimate.

Yardley: Bucks County Herald, "Yardley Borough implements 1% earned income tax," October 7, 2026.