

## An important update about payroll taxes for team members working at PHL

Philadelphia Team,

In April, we shared that the company was working to ensure our approach to Philadelphia payroll taxes is compliant from a tax perspective and that it's consistently applied for all team members and all workgroups. The review process required a significant amount of coordination between many different groups, which added additional time to the process. So, thank you for your patience as we worked through this.

Before we get into the details, it's important to understand the tax requirements for team members working at Philadelphia International Airport (PHL). Local payroll taxes for team members working at PHL are handled differently than most other airports and that's a result of the unique way the airport is located in both the city of Philadelphia and Tinicum Township. Also, please note that these rules do not apply to our flight crews.

At a high level, the tax code outlines that:

- Team members who live in the City of Philadelphia will be taxed at applicable Philadelphia payroll tax rates, regardless of where they work at the airport.
- Team members who aren't Philadelphia residents should have their local payroll taxes withheld based on their physical work location as determined by cost center.
  - Team members who work in multiple areas of the airport should have their local payroll taxes withheld based on an estimated percentage of time team members could spend in Philadelphia and Tinicum Township.

As a result of our review, some team members may see changes to their payroll taxes withheld beginning with their first paycheck in 2020. In the coming weeks, you'll receive an email from the Payroll Service Center showing your current and future Philadelphia or Tinicum Township payroll tax splits based upon your current cost center. If you have any questions related to your cost center, work location or tax split, please reach out to your local administration office.

To help you understand how these changes could affect you, we've posted a document to the PHL Hub page on Jetnet that details how Philadelphia and Tinicum Township payroll taxes for each cost center will be split. You'll want to refer to this chart during future shift bids as transferring to a new cost center may affect how your Philadelphia and Tinicum Township payroll taxes are split.

If you have any questions related to your cost center, work location tax split or how it was determined, please reach out to your local administration office. If you have questions regarding your paycheck, please reach out to the Payroll Service Center at 800-447-2000, option 1 then option 6, or at [psc@aa.com](mailto:psc@aa.com). They're available Monday – Friday, 7 a.m. – 5 p.m. MST/Arizona time.

Thank you again for your patience and for all you do to take care of our customers and each other.

LUS Cost Center Number	LAA and New Payroll System Cost Center Number	Department Unit Name	Local Tax Philadelphia/Tinicum Township Tax Split	Explanation
9951/1370	0330/1655	PHL International	PHL 20%, TIN 80%	Majority of work is in Tinicum Township, but can sometimes work in Philadelphia
	0330/1950	AA Credit Union	PHL 100%, TIN 0%	The Credit Union is located entirely in Philadelphia
	0330/4300	PHL Customer Experience Admin	PHL 100%, TIN 0%	Team members only work in Philadelphia
9951/3700	0330/4410	PHL Domestic Customer Care	PHL 80%, TIN 20%	Majority of work is in Philadelphia, but can sometimes work in Tinicum Township
9951/7370	0330/4450	PHL Hub Control Center	PHL 80%, TIN 20%	Majority of work is in Philadelphia, but can sometimes work in Tinicum Township
9951/2370	0330/4510	PHL Domestic Customer Ops	PHL 80%, TIN 20%	Majority of work is in Philadelphia, but can sometimes work in Tinicum Township
9951/4370	0330/4513	PHL Catering	PHL 80%, TIN 20%	Catering facility is located in Philadelphia, but deliveries are made to Tinicum Township
	0330/4605	Cargo	PHL 0%, TIN 100%	Cargo facility is located entirely in Tinicum Township
9942/0605	0330/4820	PHL GSE	PHL 0%, TIN 100%	Team members only work in Tinicum Township
	0330/4994	PHL Admirals Club	PHL 50%, TIN 50%	Team members change locations daily
9951/3250	0330/4999	PHL Admirals Club	PHL 50%, TIN 50%	Team members change locations daily
9951/3050	0330/5733	PHL Admirals Club	PHL 50%, TIN 50%	Team members change locations daily
	0330/6110	Inflight	PHL 20%, TIN 80%	Team members work mainly in A-West to support IPD flights
9952/0140	0330/6120	Flight Attendants	Not applicable	Not applicable
	0330/7030	PHL Flight Ops	PHL 50%, TIN 50%	Flight offices are located at the B16 hammerhead and A West (across from A17). Team members aren't assigned to either position, but go between the two daily
9941/0000	0330/7211	PHL Flight Ops	Not applicable	Not applicable
9942/3500	0330/7640	Inspection Line Maintenance Hub	PHL 0%, TIN 100%	Team members only work in Tinicum Township
9942/0165	0330/7720	PHL Tech Ops Stores	PHL 0%, TIN 100%	Team members only work in Tinicum Township
9942/0465	0330/7930	Aircraft Line Maintenance Hub	PHL 0%, TIN 100%	All team members and leadership report to A concourse and hangar
	0330/7933	M&E Line Maintenance Prod Cont.	PHL 80%, TIN 20%	All employees and managers that report to B and C concourses
9942/0466	0330/7931	Aircraft Line Maintenance Hub	PHL 80%, TIN 20%	All team members and leaders report to B and C concourses
	0600/1650	Regional Investigations	PHL 100%, TIN 0%	Team members only work in Philadelphia
	0600/7528	TESS Supply Chain/Tech Ops PMO	PHL 0%, TIN 100%	Offices located in Tinicum Township
	0612/7738	Aircraft Maintenance Records	PHL 0%, TIN 100%	Team members only work in Tinicum Township
9941/0050	0701/7200	Pilots	Not applicable	Not applicable
	0752/4125	James Rollins (EE#052518)	PHL 0%, TIN 100%	Cargo facility is located entirely in Tinicum Township
	0900/1291	Facilities	PHL 50%, TIN 50%	Team members work equally in Philadelphia and Tinicum Township
	0900/1366	Drug & Alcohol	PHL 100%, TIN 0%	Team members only work in Philadelphia
	0900/1371	HR Business Partners	PHL 100%, TIN 0%	Team members only work in Philadelphia
	0900/1454	Government Affairs	PHL 100%, TIN 0%	Team members only work in Philadelphia
	0900/1456	Field Communications	PHL 100%, TIN 0%	Team members only work in Philadelphia
	0900/1574	IT Services	PHL 50%, TIN 50%	Team members work equally in Philadelphia and Tinicum Township
	0900/1748	IT Unified Communications	PHL 100%, TIN 0%	Team members only work in Philadelphia
	0900/1899	IT Supply Chain Logistics	PHL 0%, TIN 100%	Team members only work in Tinicum Township
	0900/5714	Customer Experience	PHL 0%, TIN 100%	Team members only work in Tinicum Township
	0900/6410	Food and Beverage Catering Ops	PHL 100%, TIN 0%	Team members only work in Philadelphia
	0900/8402	Corporate and Employee Safety	PHL 80%, TIN 20%	Offices located in Philadelphia, but team members work throughout airport
	0900/8406	Safety Compliance	PHL 80%, TIN 20%	Offices located in Philadelphia, but team members work throughout airport
	0905/7949	M&E Eng. In-flight Entertainment	PHL 50%, TIN 50%	Work performed on the ramp and in terminals
	0905/8304	Control Center Systems Integration	PHL 100%, TIN 0%	Team members only work in Philadelphia
	0910/4910	Eastern Division Sales	PHL 0%, TIN 100%	Home-based team members work outside Philadelphia
9942/0575	0330/7934	Facilities Maintenance Ops	PHL 0%, TIN 100%	Team members only work in Tinicum Township
9942/0555	0200/7798	PHL GSE	PHL 0%, TIN 100%	Team members only work in Tinicum Township
9955/4300	0600/7952	Maintenance Training Specialist	PHL 0%, TIN 100%	Team members only work in Tinicum Township

## Frequently Asked Questions

**1. When do these Philadelphia and Tincum Township payroll tax splits take effect?**

Updated Philadelphia and Tincum Township payroll tax withholding will be effective with your first paycheck in 2020. Updated tax withholding will also take effect any time there is a change to your cost center, if the cost center has a different tax split assigned to it.

**2. How is my cost center's Philadelphia and Tincum Township taxation calculated?**

For team members who spend their entire workday in either Philadelphia or Tincum Township, their payroll tax withholding will be either 100% Philadelphia or 100% Tincum Township.

For team members who spend their workday split between Philadelphia and Tincum Township, tax withholding will be based on estimated time that could be spent in each municipality. So if a team member could spend most of their workday in Philadelphia, they'll have a higher percentage for Philadelphia and less in Tincum Township. Please refer to the chart on pgs. 2-3 for to see how a specific cost center is affected.

For team members who shift bid a location in either Philadelphia or Tincum Township and have the ability to shift trade or work overtime in a location other than the bid location, their local payroll tax will be split. The split will have a higher amount in the bid location and lesser amount in the area where they are eligible to shift trade or work overtime. For example, if you're a Customer Service Agent in Customer Care and you shift bid to work at International, you'll be taxed 80% Tincum Township and 20% Philadelphia. The calculation is based on the eligibility to work in Philadelphia by way of shift trades and overtime.

Don't forget that team members who are Philadelphia residents will be taxed at applicable Philadelphia payroll tax rates, no matter where they work in the airport.

**3. How do I find my cost center?**

You can find your cost center in Employee Central:

1. From the Jetnet homepage, click on Resources on the top right side of the page, then click Application Links.
2. Under Your Information, click Employee Central. Employee Central opens in a new window.
3. Click on the Home drop-down at the top of the page, then click My Employee File.
4. Click on Employment Information in the center of the page. Organization information displays at the bottom of the page.
5. Click on Show more and your cost center information is displayed.

**4. Why is this change happening now?**

As we continue to combine work groups into one payroll system, we're also making sure that the tax treatment of all team members is consistent and compliant with local tax laws. We've identified some inconsistencies in the treatment of team members as it relates to local tax requirements of both Philadelphia and Tincum Township. Please be assured that our changes are only being made to make sure we are compliant with these unique local tax laws.

**5. Does this apply to all PHL-based team members?**

No. Only team members who work at PHL airport have their taxation calculated based on cost center. These tax rules do not apply to flight crews.

**6. How is the payroll tax split determined?**

The tax split for a cost center is based on the physical location of that cost center's work and the time team members could work at each location.

**7. I never work in Philadelphia, so why am I being taxed?**

Your cost center may be subject to Philadelphia tax due to the estimated amount of time you could spend working there due to shift trades, operational needs, IROPs meetings and events. So even though you don't spend time working in Philadelphia today, your local administration office has determined that you could work there at some point. This process was applied to all cost centers where team members may physically work in both municipalities.

**8. What if I live in Tincum Township? Will I always be taxed at 100% Tincum Township rates?**

No, you'll be taxed based on your physical work location at the airport as a non-Philadelphia resident.

**9. I think my tax split is incorrect. Who can I contact?**

If you believe your tax split is incorrect based on your current shift bid and the calculations listed above, please contact your local administration office.

**10. Where is the border between Philadelphia and Tincum Township?**

The map below gives you a good idea of the division between the City of Philadelphia and Tincum Township. Cost centers located in Philadelphia are highlighted in blue, and locations in Tincum Township are in yellow.



**11. Do I need to do anything?**

No. We simply want to be sure you understand the payroll tax calculation method and application process for team members working at PHL.

**12. Will these percentages remain the same or will they change at some point?**

Your individual payroll tax percentages will remain the same unless you make a shift bid that results in a change in work locations for you and the new cost center has a different tax split assigned to it.

**13. Will shift bids always result in a new tax split?**

No. Your payroll taxes will be calculated using the same tax split until a shift bid changes your work location and the new cost center has a different tax split assigned to it.

**14. If I change cost centers during a shift bid, how long will it take for the payroll taxes to change (assuming there is a change)?**

If there is a change to your cost center and it has a different tax split, payroll taxes will be updated based on the effective date entered into the HR system, Employee Central.

**15. Can you give a real life example of how these percentages play out?**

Absolutely. Assume you are a non-Philadelphia resident:

- Example 1: You're a Cargo team member in cost center 0330/4605. Because the cargo facility is located entirely in Tincum Township and you don't work in any other part of the airport, you're taxed 100% Tincum.
- Example 2: You're an Admirals Club team member in cost center 0330/4994. Because you change work locations daily, you're taxed 50% Philadelphia and 50% Tincum.
- Example 3: You're a non-Philadelphia resident Customer Service Agent who currently works a shift in the Domestic Department. You're taxed 80% Philadelphia and 20% Tincum. On the next shift bid, you choose a line in the International Department. You'll be changed and taxed 20% Philadelphia and 80% Tincum Township.

**16. Does this have any tax impact on previous years?**

No. Any changes are effective with your first paycheck in 2020, and would only affect your 2020 payroll tax withholding and beyond.

**17. My tax professional is requesting the company sign a City of Philadelphia Wage Tax Refund Petition. Where can I get this?**

If you choose to complete the petition, you'll need to work with your tax professional as the company cannot provide the petition or sign it. Note that although there is an Employer Certification section on the petition, the City of Philadelphia will still process it without a signature from American.

**18. Where do I find the tax code?**

We strongly encourage you to consult with your tax advisor regarding the wage withholding rules that apply to the City of Philadelphia. You can find these rules on the City of Philadelphia Department of Revenue website through this link:

<https://www.phila.gov/departments/department-of-revenue/>

**19. Are there any other changes that may affect the payroll tax withheld from my paycheck?**

In addition to payroll tax changes you may see in January 2020 as part of the City of Philadelphia and Tincum Township split update, there may also be payroll tax changes as your workgroup moves into the new payroll system.

**20. I have a question about something not listed here. Who can help me?**

- If your question is related to your cost center tax split, please contact your local administration office.
- If your question is related to your paycheck, please reach out to the Payroll Service Center at 800-447-2000, option 1 then option 6, or at [psc@aa.com](mailto:psc@aa.com). They're available Monday – Friday, 7 a.m. – 5 p.m. MST/Arizona time.