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Higher Education Taxation Institute

Remote Work Force Issues

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The information provided herein is educational in nature and is based on authorities that are subject to change.

You should contact your tax adviser regarding application of the information provided to your specific facts and circumstances.

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Worker Mobility

“AICPA/Harris Poll Reveals Many Taxpayers Unaware of State Tax Liabilities Related to Working Remotely”

- 55% of Americans that worked remotely during the pandemic are not aware of possible tax consequences from not changing their state tax withholding to reflect their remote work location
- 47% are not aware that each state has their own tax laws related to remote working
- 71% were not aware that working remotely in other states can have an impact on the amount of state taxes owed
- 54% were unaware that the number of days worked out of the state where their physical workplace is located may also impact the amount of state taxes owed

Source: AICPA

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Worker Mobility

- Prior to the pandemic, the issue of worker mobility and employer payroll tax withholding was being discussed by all stakeholders
- The pandemic has forced employers to consider payroll tax withholding on remote workers and worker mobility within their organizations.
- Employers are generally responsible for proper payroll tax withholding and reporting of their employees' state-sourced income.
- Generally, wages are reported to the state in which the employee primarily performs services and usually to one state per calendar year.
- Employers withhold federal, state, and local taxes from employees' compensation.
 - For state and local taxes, the withholding rules vary by state.
 - State of domicile or residence versus state of work.

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Cross-Border Remote Work Generally

- Employee needs/wants to work outside their home country
- Strategy and Consistency are Critical – balancing talent acquisition/retention against risk
- Compelling reason (e.g., COVID-19 issues, immigration, family, etc.)

Worker Mobility – State Rules Vary

- State payroll tax withholding rules vary by state.
 - Some state have entered into reciprocal agreements with other states, usually neighboring states.
 - Some states have adopted the convenience of the employer rule, whereby compensation is sourced to the employer's location in which the employee is based unless the arrangement is for the employer's necessity, not the employee's convenience.
- Example: NY Rules!
- State vs. State Issues
- Possible Federal Solution

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Title search: Remote Work Force

Also available as part of the eCourse

[2021 Higher Education Taxation eConference](#)

First appeared as part of the conference materials for the
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"Remote Work Force"