



Midwest Regional Payroll Conference

Short-term business travel

Guidelines for multistate payroll tax
compliance



Building a better
working world

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Today's agenda

2017 Multistate Compliance Survey



Sourcing for unemployment insurance vs. income tax



Reciprocity and apportionment



Latest developments



Policy design considerations



Resources



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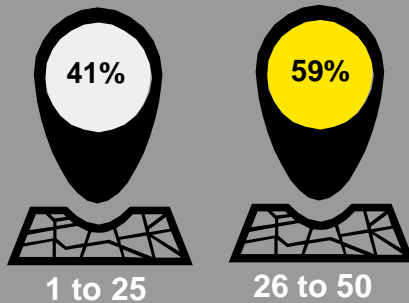
Highlights of the 2017 Multistate Payroll Tax Compliance Survey

2017 Multistate Payroll Tax Compliance Survey

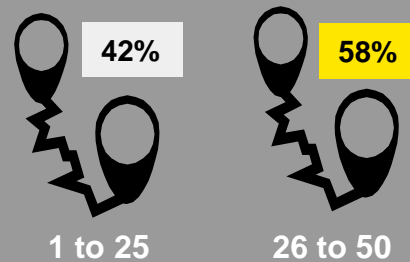
Who was surveyed?

Participant demographics

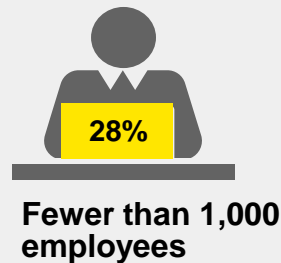
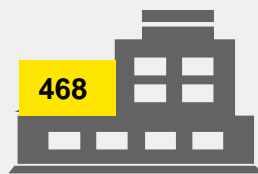
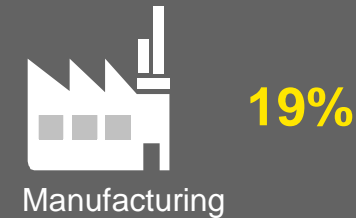
Number of work states



Number of states registered for income tax withholding



Industry representation

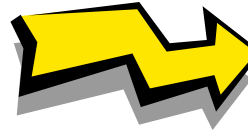


The 2017 Bloomberg Tax and Ernst & Young LLP Multistate Payroll Compliance Survey was conducted from May 17, 2017 to August 7, 2017. Several steps were taken to ensure participants' confidentiality. Overall, survey results are representative of several areas of employer interest such as risk sensitivity and geographic exposure. Note that we have excluded percentages for no response, therefore, percentages may sometimes not equate to 100.

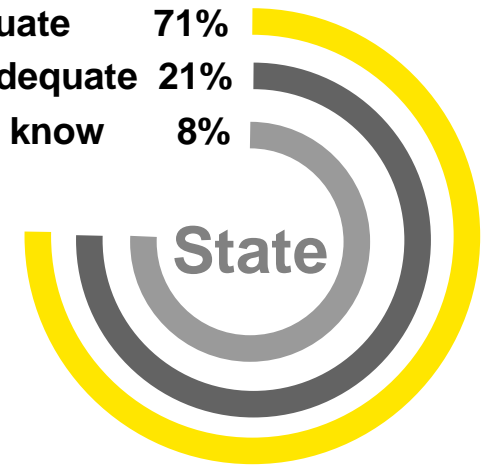
2017 Multistate Payroll Tax Compliance Survey

How are payroll systems performing?

Does the payroll system adequately accommodate income tax withholding calculations in multiple work states?



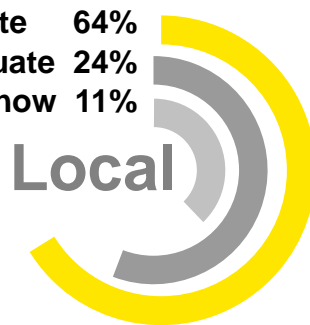
Adequate 71%
Not adequate 21%
Don't know 8%



The requirements for calculating income tax withholding for employees who work in multiple jurisdictions is variable by jurisdiction and consequently, complex. Businesses generally rely on their payroll systems to deal correctly with these calculations based on the most current jurisdictional requirements. Inadequate payroll systems can present risk to businesses and increase processing costs.

Local tax support is adequate

Adequate 64%
Inadequate 24%
Don't know 11%



Local jurisdictions

Respondents indicated that payroll systems were less adequate pursuant to local taxing jurisdictions.

Payroll system is adequate

Manufacturing 63%
Non-manufacturers 71%
Public, nonprofit 79%



Industry variables

Whether respondents thought payroll systems were adequate for state income tax withholding varied by industry.

2017 Multistate Payroll Tax Compliance Survey

How do you keep abreast of requirements and changes?

When and how third-party assistance is used



Relies on third-party tax advisor to assist with multistate payroll tax compliance



Fewer than 1,000 employees

46%



1,000 or more employees

54%



Resources used to keep track of state rule changes



Third-party tax advisor

42%



Payroll organization

59%



Professional publisher

75%



Nothing

3%

2017 Multistate Payroll Tax Compliance Survey

What was the payroll audit activity by size and industry?

Payroll tax audit experience by size and industry

Large employers reported more audit activity than small employers in all categories



33% v. 23%



26% v. 18%



49% v. 34%

Non-manufacturing employers reported a higher instance of income tax withholding audits than employers in other industries, but the manufacturing industry reported the highest unemployment insurance activity.



Nonprofit,
public sector

State
income
tax

Local
income
tax

Unemployment
insurance
tax

27%

18%

44%



Manufacturing

26%

22%

49%



Non-manufacturing

33%

27%

44%

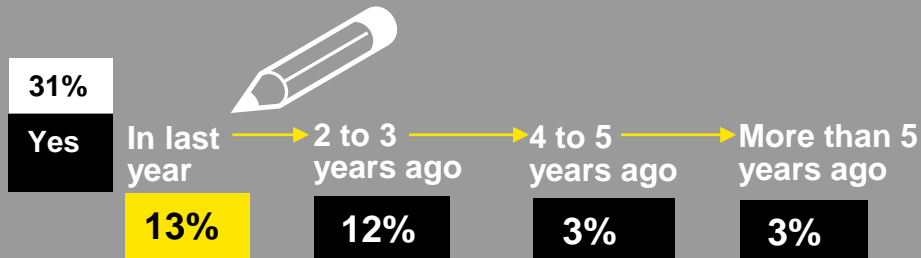
2017 Multistate Payroll Tax Compliance Survey

What was the audit experience?

Payroll tax audit experience

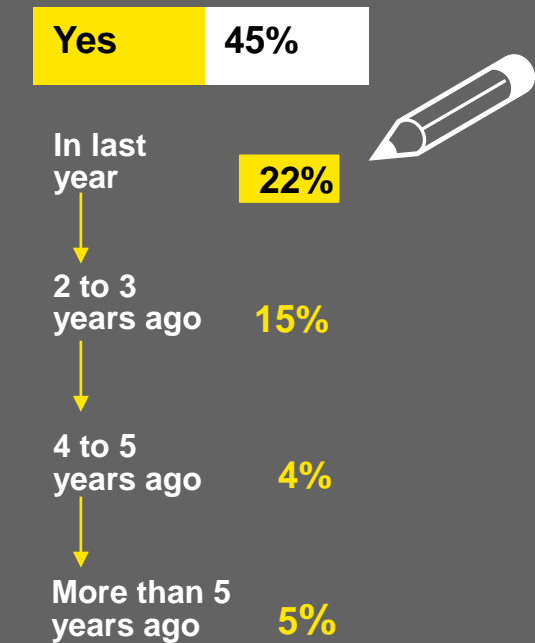
State income tax

Subject to an audit?



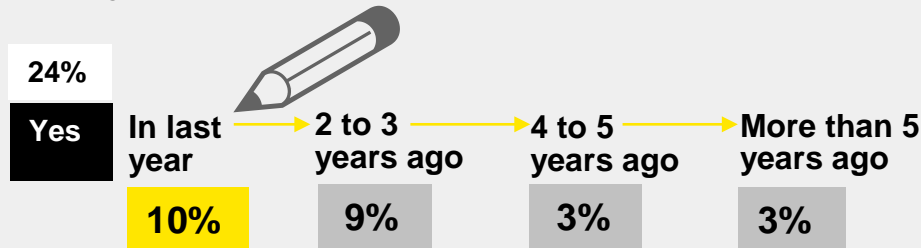
Unemployment insurance

Subject to an audit?



Local income tax

Subject to an audit?



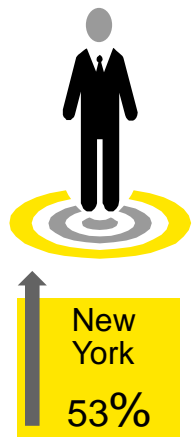
The 2017 Bloomberg Tax and Ernst & Young LLP Multistate Payroll Compliance Survey shows a continuing trend of increased audit activity by payroll taxing jurisdictions over the last five years. The 2017 survey results provide anecdotal evidence that employers could be more likely to face an unemployment insurance audit as compared to a state or local income tax withholding audit and a state income tax withholding audit is more likely than a local income tax withholding audit.

2017 Multistate Payroll Tax Compliance Survey

Which jurisdictions are conducting state income tax audits?

State income tax withholding audits

We asked survey respondents to tell us the states for which they have responded to a state income tax withholding audit. New York was listed as a state where audits occurred by 53% (47% in 2016) of respondents, far ahead of the rest of the states identified by respondents. Nonresident income tax withholding shortages, unreported wages and worker misclassification are generally the focus of income tax withholding audits.



Medium high: 9% to 6%

Connecticut	8%
Indiana	8%
Maryland	8%
Massachusetts	8%
Virginia	8%
Arizona	7%
Louisiana	7%
Minnesota	7%
North Carolina	7%
Colorado	6%
Kentucky	6%
Michigan	6%
Missouri	6%

High: 53% to 10%

New York	53%
California	31%
Pennsylvania	24%
Ohio	16%
Illinois	13%
Georgia	12%
New Jersey	11%

Medium: 5% to 4%

Delaware	5%
Iowa	5%
New Mexico	5%
Oregon	5%
Utah	5%
Vermont	5%
Wisconsin	5%
Puerto Rico	4%
Alabama	4%
Hawaii	4%
Kansas	4%
Mississippi	4%
Montana, Nebraska, West Virginia	4%

Low: less than 5%

Arkansas	3%
Idaho	3%
Oklahoma	3%
Virgin Islands	2%
Maine	2%
North Dakota	2%
Rhode Island	2%
South Carolina	2%

2017 Multistate Payroll Tax Compliance Survey

Which states conduct unemployment insurance audits?

State unemployment insurance audits

All states and territories were identified as having conducted audits in the last year. California and New York took the lead as most often identified as audit states by our respondents. Worker misclassification and unreported wages are generally the focus of unemployment insurance audits.

High: 22% to 10%

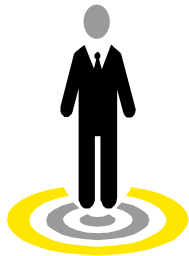
California	22%
New York	22%
Florida	19%
Ohio	14%
New Jersey	12%
Texas	12%
Pennsylvania	11%
Washington	11%

Medium: 5% to 4%

Alabama	5%
Connecticut	5%
Kansas	5%
Louisiana	5%
Maryland	5%
New Mexico	5%
Oregon	5%
Rhode Island	5%
Wisconsin	5%
Arizona	4%
Montana	4%
Tennessee	4%
Vermont	4%

Medium high: 9% to 6%

Colorado	9%	Utah	7%
Georgia	9%	Virginia	7%
Michigan	8%	Illinois	6%
North Carolina	8%	Kentucky	6%
Indiana	7%	Minnesota	6%
Massachusetts	7%	Nevada	6%
Missouri	7%		



California
22%
New York
22%

2017 Multistate Payroll Tax Compliance Survey

How could payroll and HR benefit from better collaboration?

Survey results show need for improved collaboration

The multistate payroll tax compliance challenge is complicated by the lack of effective internal processes for many employers, according to results gleaned from our 2017 survey. Following are the areas where payroll and human resources (HR) may need more focus.

Read more of our insights about collaboration pitfalls in this article published by [BBNA Weekly State Tax Report](#).

Does the payroll department receive timely notification of employee work states?

No 37%

Yes 63%



Failure to receive timely notification of an employee's work or resident state can result in improper employment tax payments, income tax withholdings, late deposits and reporting errors.

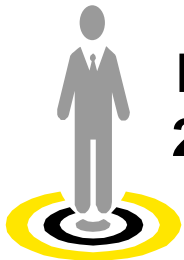
Why do you not source trailing compensation to the work states earned?

Lack of historical work state data

47%



Corrected Forms W-2 are frequently required when the correct work or resident state is not updated by the close of the calendar year.



No 22%

Do you obtain Form 8233 before implementing an income tax treaty exemption for nonresident alien employees?

The collection and integration of tax onboarding forms into the payroll system is one important collaboration point between human resources and payroll.

Yes 80%



Do multistate reporting issues result in the need to correct the Form W-2, *Wage and Tax Statement*?

Corrected Forms W-2 are frequently required when the correct work or resident state is not available by the close of the calendar year.

2017 Multistate Payroll Tax Compliance Survey

What are your employee policies for income tax withholding?

What methods are used for tracking employee movement over jurisdictional boundaries?



GPS	1%
Expense reports	22%
Time sheets	31%
Employee or calendar	2%
Travel providers	10%
None of the above	28%

What is your annual *de minimis* day threshold for disregarding nonresident income tax requirements?



100% compliant	48%
0 to 5 days	10%
6 to 10 days	5%
11 to 14 days	32%
15 to 20 days	7%
More than 20 days	15%

For which of the following groups are you compliant with the nonresident income tax withholding requirements?

All employees

55%

Executives, highly paid

19%

Frequent travelers

13%

Employees in select states

22%

Multistate Payroll Tax Compliance Survey

Key takeaways



Whether the business is large or small, survey respondents agree that multistate payroll tax compliance is challenging in a number of areas.



Manufacturing employers reported the highest incidence of unemployment insurance audits, while non-manufacturing, such as the service sector, ranked first for income tax withholding audits.



Payroll systems make multistate payroll tax compliance easier, but for at least a quarter of respondents, some additional support would be welcomed for state and local income tax.



Your people are key to multistate payroll tax compliance. Survey results show that improvements are needed in the collaboration between payroll and human resources to reduce common compliance errors.

Unemployment insurance sourcing

State unemployment insurance (SUI) sourcing

The four-prong test

Employer

- ▶ Where wages are paid
and
- ▶ There is a covered employee

Covered employee

- ▶ Applies only in one state at a time
- ▶ Temporary work incidental to main job location is not considered

The SUI state is where the employee performs some work, and (in this order):

- ▶ Where the work is localized
- ▶ The employee's base of operations
- Or**
- ▶ The employee's place of control.
- ▶ If none of the above:
 - ▶ The employee's residence

US Department of Labor, [Program Letter 20-04](#)

Unemployment insurance (UI) sourcing

Example

Employer

- ▶ Headquarters office is New York
- ▶ Employment and employees are UI covered in all states

Employee

- ▶ Works across two states, Texas and Louisiana
- ▶ Home office is in Texas
- ▶ General manager is in New Mexico

The employee work state is (in this order):

- ▶ Where the work is localized (N/A)
- ▶ Employee's base of operations (Texas)
- ▶ Employee's place of control (New Mexico)
- ▶ If none of the above:
 - ▶ Employee's residence

Since work is not localized in one state and Texas (rather than New York) is the base where the employee normally receives instructions, mail, etc., Texas is the UI state.

Income tax sourcing

State income tax sourcing basics

Resident state

- ▶ Employee resident state is determined based on length of time employee is present in the state
- ▶ Income tax withholding on wages is required if employer has **nexus** in this state

Nonresident state

- ▶ Wages for services here are subject to income tax withholding unless *de minimis* or other exemptions apply
- ▶ Keep in mind, nonresident employment triggers **nexus** for resident state income tax

Nexus

[nek-suh s]

A means of connection; tie; link

Source:
[Dictionary.com](https://www.dictionary.com)

Nexus for income tax withholding

The Due Process clause and the “definitive link”

The Due Process clause

- ▶ US Constitution, Fourteenth Amendment
 - ▶ *Nor shall any state deprive any person of life, liberty, or property without due process of law. (US Const., amend. XIV, §1).*
- ▶ Due process requires “some definite link, some minimum connection, between a state and the person, property or transaction it seeks to tax. The focus is on fair warning/notice and is governed by “traditional notions of fair play and substantial justice” (*Miller Brothers Co. v. Maryland*, 347 U.S. 340 (1954)).



The question of nexus as it pertains to income tax withholding generally boils down to this; is the employer or the employee doing business in the employee’s resident state?

Nexus for income tax withholding

Activities that do and don't create nexus

Some activities that generally create nexus

- ▶ Repairs and maintenance
- ▶ Technical assistance, consulting
- ▶ Resolving customer complaints
- ▶ Picking up or replacing damaged or returned property
- ▶ Installation or supervision of installation at or after shipment/delivery
- ▶ Hiring, training or supervising unless connected to sales
- ▶ Approving or accepting orders
- ▶ Collection of current or past due accounts
- ▶ Collecting deposits on sales
- ▶ Conducting training or making presentations to clients for other than sales
- ▶ Credit checks

Some activities that generally don't create nexus

- ▶ Sales activities of the nature covered by P.L. 86-272
- ▶ Passing along orders, inquiries, and complaints to the home office
- ▶ Checking customer inventory without a charge thereafter
- ▶ Recruiting, evaluating or training sales staff including occasional use of homes, hotels and similar places for sales personnel meetings

Always check state and local law before assuming that nexus doesn't apply, and when in doubt, confer with your tax advisor

Nexus for income tax withholding

Federal exemption for certain sales activities

Which taxes are covered by the law?

State and local taxes measured on net income including:

- ▶ Corporate income tax
- ▶ **Income tax withholding**

The “controlling question is whether the state has given anything for which it can ask return.’ Since by ‘the practical operation of [the] tax the state has exerted its power in relation to opportunities which it has given, to protection which it has afforded, to benefits which it has conferred.’ it ‘is free to pursue its own fiscal policies, unembarrassed by the Constitution.’” (*Wisconsin v. J.C. Penney Co.*, 311 US 435, 444 (1940))

Interstate Commerce Act of 1959 (P.L. 86-272)

- ▶ Enacted by Congress to address concerns stemming out of the US Supreme Court decision, *Northwestern Cement v. Minn.*, 358 US 450 (1959)
- ▶ Provides a more definitive rule for establishing when a multistate business is subject to the income tax of another state when the connection to the state is limited to merely certain sales activities
- ▶ States and municipalities are prohibited under the law from imposing income tax on out-of-state businesses for activities within the state if the activities are limited to the mere solicitation of orders for the sale of tangible personal property and the orders are approved and filled from outside the state

Nexus for income tax withholding

Other federal preemptions

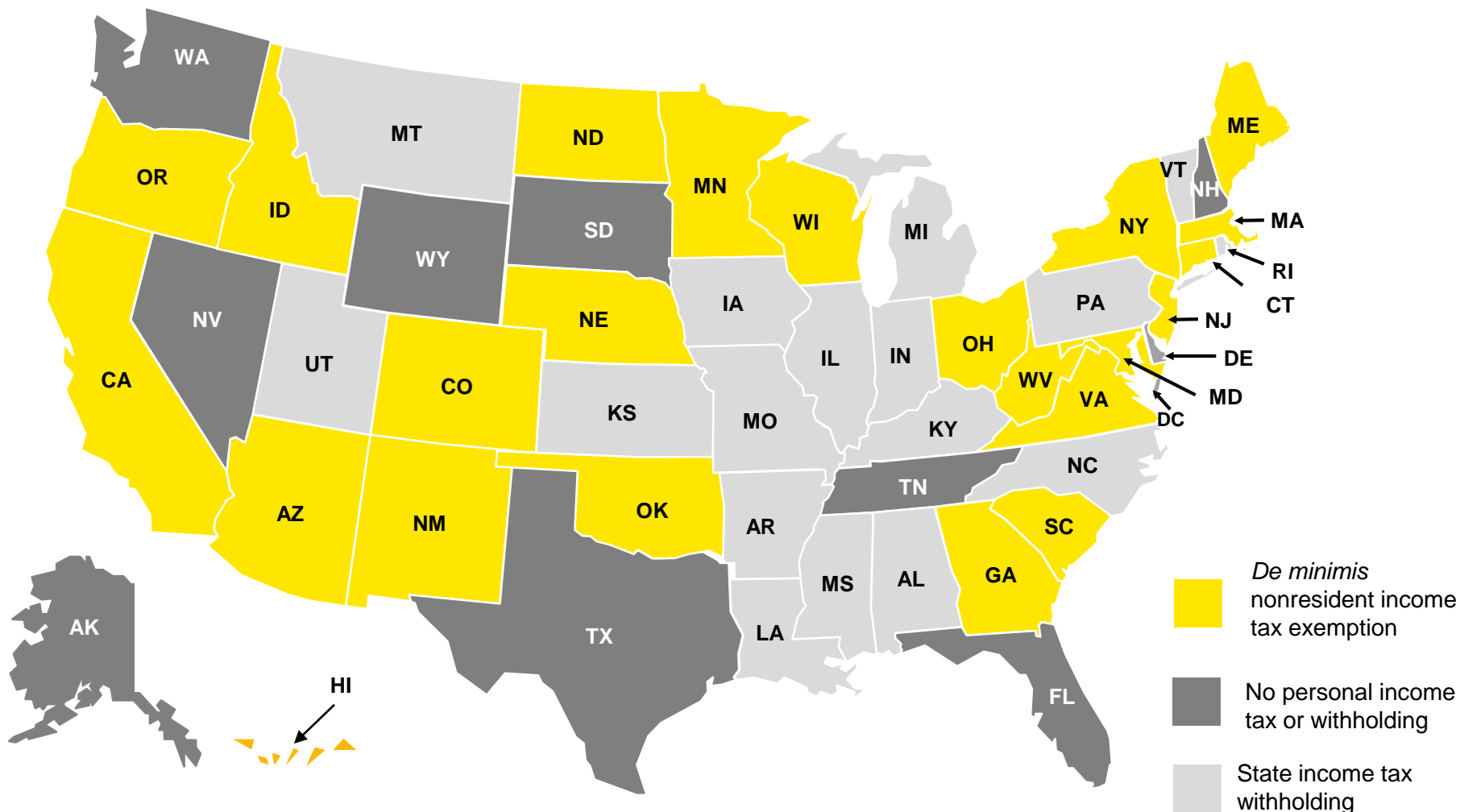


At various times, other federal legislation has also been enacted to limit a state's ability to impose income tax on out-of-state businesses and individuals. Following are some of these laws:

- ▶ **Pension plans.** In 1996, federal legislation under [P.L. 104-95](#) was enacted to prevent states from taxing certain pension income paid to individuals no longer a resident
- ▶ **Interstate transportation.** Motor carriers ([49 USC 14503\(a\)](#)); Rail carriers ([49 USC 11502](#)); Water carriers ([49 USC 14503\(b\)\(2\)](#)); Air carriers ([49 USC 40116\(f\)\(2\)](#))
- ▶ **Military Spouse Residency Relief Act.** See more [here](#).

Nonresident income tax for short assignments

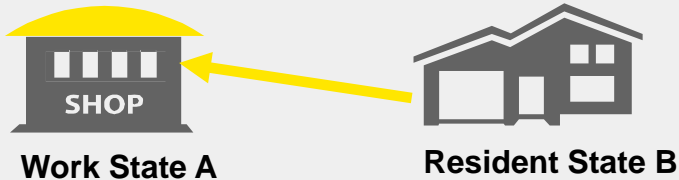
Only 23 states have an exemption based on days or earnings



Nexus for income tax withholding

Examples

Headquarters office is located only in State A.
Employee commutes from State B to State A.

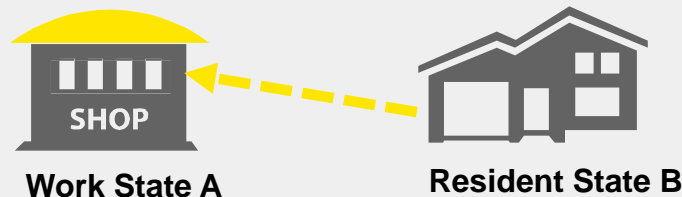


Result: There is nexus in State A but not State B.
You must withhold nonresident income tax from State A
but resident income tax in State B is not required.

Exception:

Watch for reciprocal agreements.
See later slides.

Headquarters office is located only in State A.
Employee works full time from home in State B.



Result: For this employee, there is nexus in State B but
not State A. You must withhold resident income tax for
State B but nonresident income tax withholding in
State A does not apply.

Exception:

If state has a “convenience of the
employer” provision, withholding
is required in both State A and
State B. See later slides.

Telecommuter considerations

Nonresident income tax may apply in the headquarters' state

Double taxation under the “convenience of the employer” rule

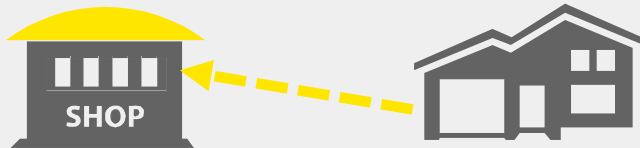
- ▶ Some states (e.g., New York) take the position that 100% of the wages paid to a nonresident are subject to state income tax if the employee is working out of state for the employee's own convenience
- ▶ The rule applies when an employee receives direction and control from a New York location
- ▶ To argue that work location is for the employer's convenience, there must be a direct business benefit in having the employee work outside of New York
- ▶ The rule can result in double taxation (e.g., tax in both the resident state and New York)
- ▶ The US Supreme Court declined to hear a challenge concerning the constitutionality of this law (*Zelinsky v. Tax Appeals Tribunal*)



Nexus for income tax withholding

Convenience of the employer illustration

Headquarters office is located only in State A.
Employee works full time from home out of State B.

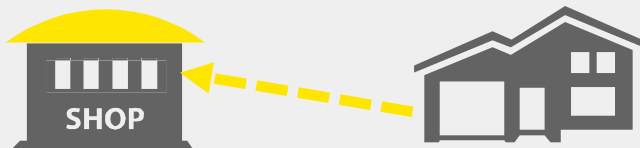


Work State A

Resident State B

Result: For this employee, there is nexus in State B but not State A. You must withhold resident income tax for State B but nonresident income tax for State A does not apply.

Headquarters office is located in New York. Employee works full time from home out of State B.



New York

Resident State B

Result: There is nexus in New York and State B. You must withhold New York nonresident and State B resident income tax.



Telecommuter considerations

The home office could be a local business office



- ▶ If employees regularly work from home, the home office could be treated as a work location of the employer in many states (and localities)
- ▶ If the home office is deemed an employer work location, the business can be subject to income tax withholding, unemployment insurance and other businesses taxes
- ▶ In a New Jersey case, it was determined that a foreign corporation with a principal place of business in Maryland was subject to New Jersey's corporate income tax requirements because one of its employees was allowed to work on a full-time basis from her New Jersey home office (*Telebright Corporation v. Director, N.J. Super. Ct. App. Div., Dkt. No. A-5096-09T2, March 2, 2012*)

Courtesy withholding

Dealing with risk

- ▶ Because income tax withholding can send a false nexus flag to taxing authorities, businesses that courtesy withhold are sometimes erroneously assessed unemployment insurance and other business taxes
- ▶ Take action to reduce risk
 - ✓ Consult your tax advisor when registering a new income tax withholding account
 - ✓ If not clear on the business registration form, call or write the taxing authority bringing to their attention that nexus does not apply
 - ✓ Monitor new tax accounts closely for incorrect business tax assessments and respond promptly to any agency notices
 - ✓ Confirm that you are paying unemployment insurance to the correct states and make a prompt claim for refund where overpayments are discovered



Courtesy withholding

Deducting income tax when not required to

- ▶ Some employers withhold resident income tax even in the absence of nexus
- ▶ If you do courtesy withhold, you are responsible for making timely deposits with the taxing authorities and are liable for underpayments and subject to penalty for late payments
- ▶ Courtesy withholding helps employees avoid large, unexpected tax balances when they file their income tax returns
 - ▶ Employees take for granted that income tax is withheld from their wages, so if you will not courtesy withhold be sure to notify employees in writing at the time of hire or relocation

2017 Multistate Payroll Tax Compliance Survey

Courtesy withholding

Do you provide state courtesy withholding for your employees?

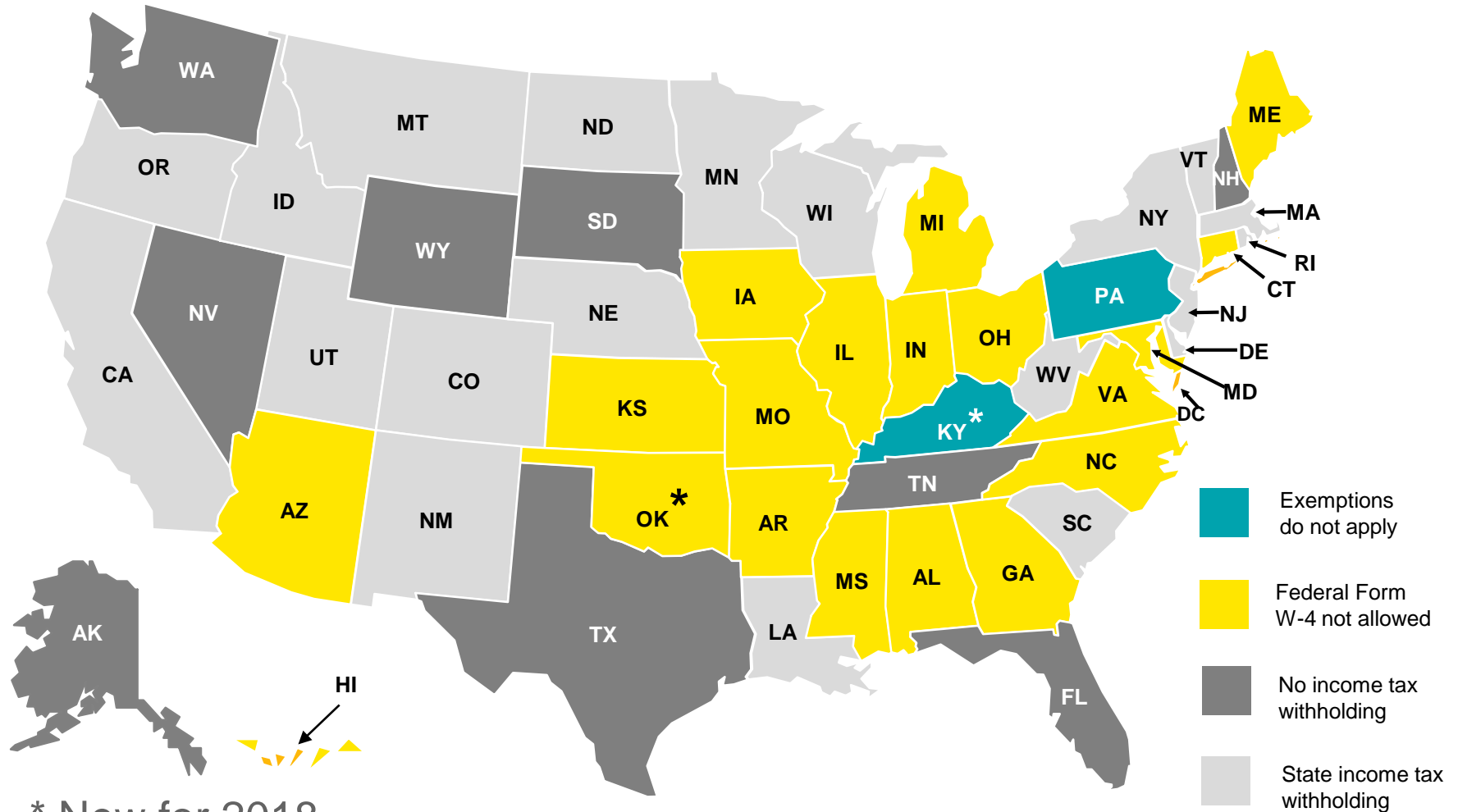


Yes	46%
No	33%
For some	21%

Overall results were generally matched by employers large and small in all industries

The Multistate Payroll Tax Compliance Survey is hosted by Ernst & Young LLP and Bloomberg Tax and is conducted annually. To access all of the 2017 survey results click [here](#).

When is a separate state Form W-4 required?



Reciprocity & apportionment

State reciprocal agreements

An exception to the nonresident income tax requirement

- ▶ Some states have entered into reciprocal agreements (usually with bordering states) where nonresident state income tax is not required
 - ▶ **Example:** Under Indiana's reciprocal agreement, income tax withholding is not required for services performed in the state by residents of Kentucky, Michigan, Ohio, Pennsylvania and Wisconsin if employees have properly completed and filed Indiana Form WH-47 with the employer
- ▶ Generally, the exemption from nonresident income tax under a reciprocal agreement doesn't apply unless the employee files the required certificate with the employer (usually, a certificate of nonresidency)

States and District of Columbia with reciprocal agreements

District of Columbia	Montana
Illinois	New Jersey
Indiana	North Dakota
Iowa	Ohio
Kentucky	Pennsylvania
Maryland	Virginia
Michigan	West Virginia
Minnesota	Wisconsin

Multistate resident income tax withholding

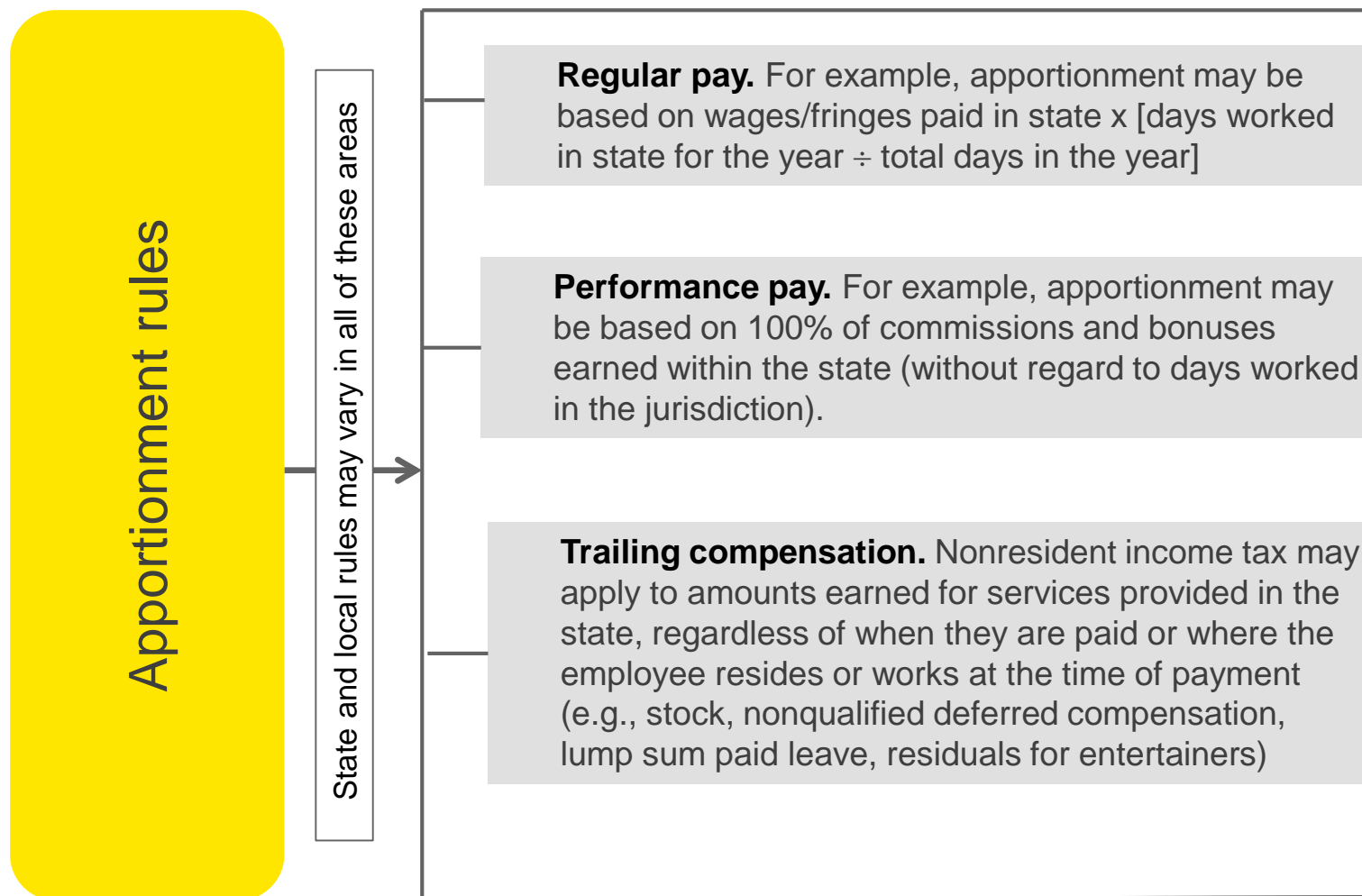
There is no one-size fits all approach

Rather than withhold on all wages paid to the resident, states may allow for one of these exceptions

- 1 Reduce by amount of income tax withheld in another state (e.g., Massachusetts)
- 2 Not required if nonresident income tax applies in nonresident state (e.g., Alabama)
- 3 Wages earned outside of the state are specifically exempt from income tax withholding (e.g., Arizona)
- 4 Wisconsin excludes Minnesota nonresident wages from resident income tax withholding

Nonresident income tax withholding

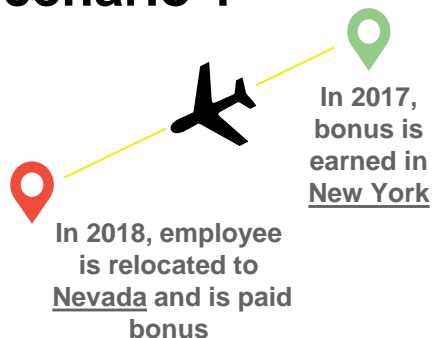
Apportionment rules vary by jurisdiction and earnings type



Trailing compensation

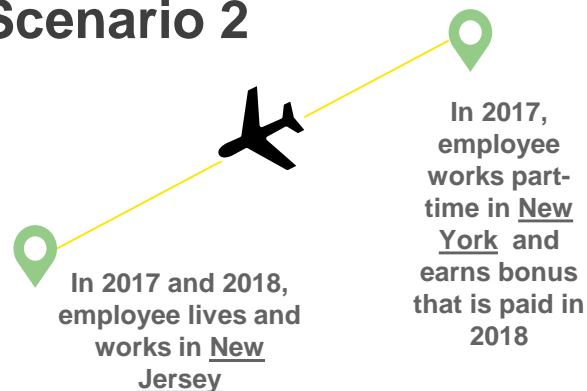
Sourcing delayed wage payments to the jurisdiction earned

Scenario 1



Result: New York nonresident income tax on bonus. There is no income tax in Nevada.

Scenario 2



Result: New York nonresident income tax and New Jersey resident income tax applies to the bonus

- ▶ In many US states and localities, lump sum payments such as accrued paid time off, severance, equity compensation and nonqualified deferred compensation must be sourced to the jurisdiction(s) where the compensation was earned for income tax withholding purposes
- ▶ For US state income tax purposes, an exception applies to qualified retirement and to top-heavy plans (Supplemental Executive Retirement Plan (SERP) or nonqualified deferred compensation) that are paid in substantially equal periodic payments over a period of not less than 10 years ([P.L. 104-95](#))

Latest developments

Mobile workforce income tax

Federal proposed legislation

Barriers to passage



Counter to conservative House-Senate majority view of constitutional state authority



While passed by the House in 2012 and 2015, it failed to gain traction in the Senate both times



Currently, more pressing matters are likely to take priority, namely, health care and tax reform

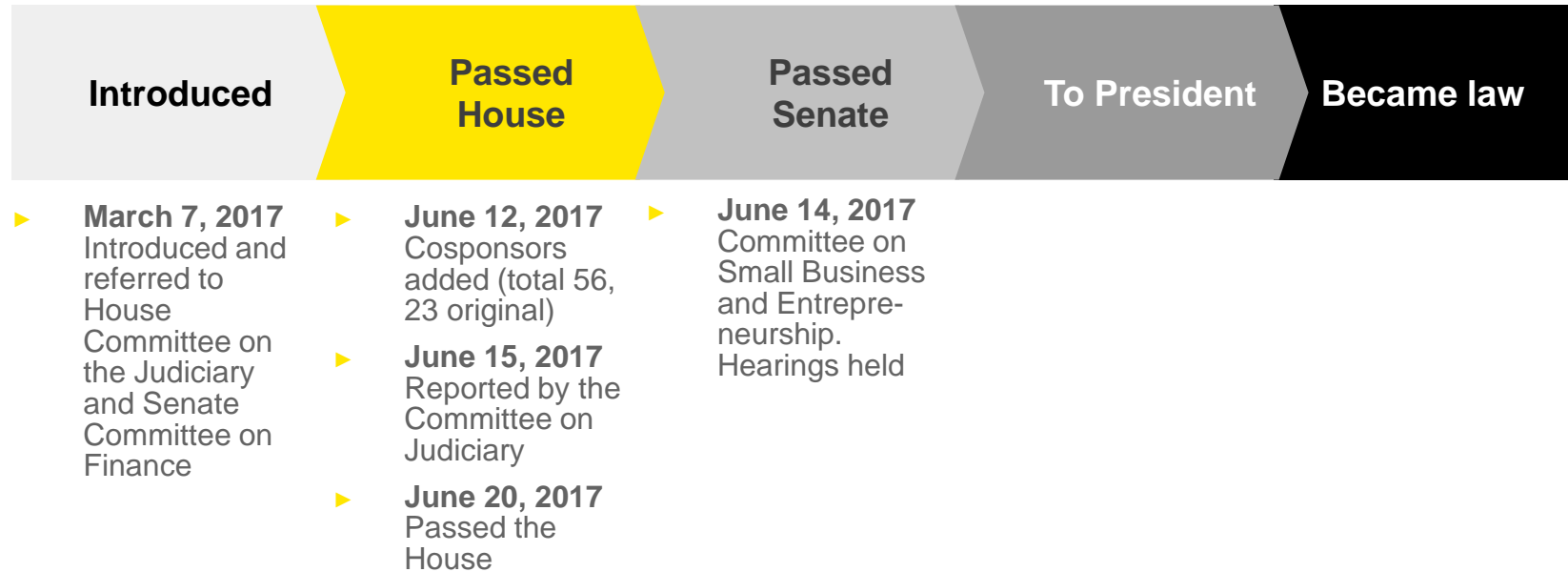
Mobile Workforce State Income Tax Simplification Act of 2017 ([HR 1393](#)/[S.540](#))

- ▶ First introduced in 2009
- ▶ Currently opposed by the Federation of Tax Administrators and the National Governors Association
- ▶ Also opposed by states that benefit the most from nonresident income tax revenues
- ▶ Currently supported by the American Institute of Certified Public Accountants and the American Payroll Association
- ▶ Notably, the proposed legislation would prohibit a state from imposing an income tax on nonresident individuals who work within the nonresident state for 30 or fewer days
 - ▶ The bill does not address the tax treatment of equity or other trailing compensation

Mobile Workforce Tax Simplification Act

Congressional tracker for HR 1393/S.540

115th Congress (2017-2018) 



Two approaches to simplification

Mandatory federal vs. voluntary state

Provision	Mobile Workforce State Tax Simplification Act	Model Mobile Workforce Statute
▶ Days constituting <i>de minimis</i>	▶ 30	▶ 20
▶ Definition of day in nonresident state	▶ Where most time spent	▶ Any part of day, regardless of multiple state assignments
▶ Travel through the state purely for travel	▶ Not counted in threshold	▶ Any transit time in state not considered in determining work location
▶ Work for more than one related employer	▶ No specific provision	▶ Days are aggregated in determining if threshold is met
▶ Work for more than one related employer	▶ No specific provision	▶ Days are aggregated in determining if the threshold is reached
▶ Income threshold	▶ No provision	▶ <i>De minimis</i> threshold doesn't apply to key employees (50 highest-paid officers)
▶ Workers not covered by the <i>de minimis</i> rule	▶ Professional athletes, professional entertainers, certain public figures (persons of prominence)	▶ Professional athletes, professional entertainers, persons of prominence, construction workers, top highest-paid officers

Connecticut telecommuter income tax

Under recently enacted legislation and effective January 1, 2019, Connecticut income tax is imposed on nonresidents who perform their services outside of the state for the convenience of the employee. The new telecommuter rule applies only when nonresident employees are residents of a state imposing a similar rule. ([Public Act 18-49, Sec. 20\(2\)\(C\).](#))

This new telecommuter rule will not apply to sources of income from a business, trade, profession, or occupation carried on in Connecticut other than compensation for personal services rendered by a nonresident employee, and does not apply to sources of income derived by an athlete, entertainer or performing artist, including, but not limited to, a member of an athletic team.

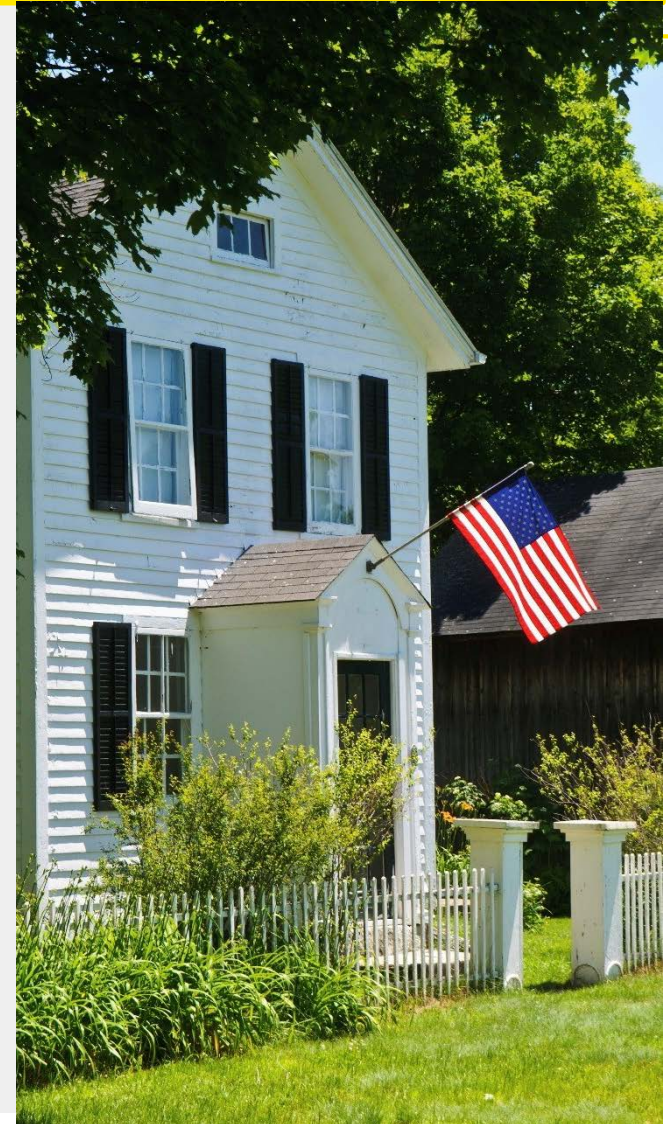
The following states impose the convenience of the employer rule:

Delaware ([2017 Delaware Schedule W](#))

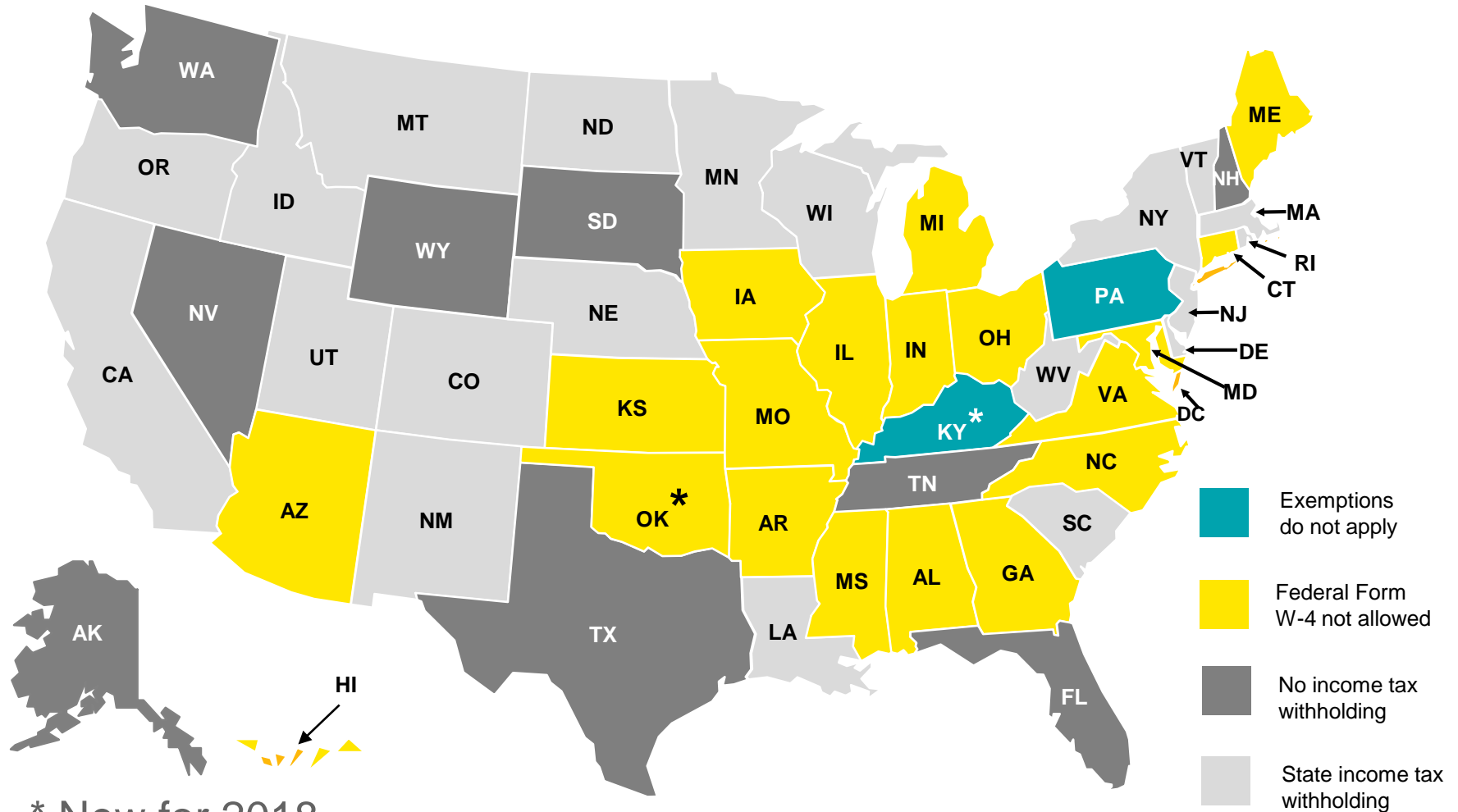
Nebraska ([Neb. Admin. R. & Regs. § 003.01C](#))

New York ([Technical Memorandum TSB-M-06\(5\)l](#))

Pennsylvania ([61 Pa. Code § 109.8](#))



When is a separate state Form W-4 required?



Policy design considerations

Policy design placeholders

Consider these areas in your design

Operations

Employee benefits

01

Income tax withholding compliance

For some businesses, compliance with all state and local requirements is not feasible. In this case, compliance groups are selected based on exposure to risk

02

Deposit frequency

Due to delays in gathering location data it may not be possible to meet the deposit requirements of all jurisdictions. In this case, set a timing considering exposure to risk

03

Location tracking

Decide what methods will be used to track employee travel and employee requirements for using these methods

04

Records management

Identify all records required for compliance, how long they are needed (e.g., trailing compensation) and substantiating records relevant for tax audit purposes

05

Tax equalization

Will international employees, domestic employees on short-term assignment and business travelers be reimbursed for their income taxes? If so, how and when will the gross-up occur?

06

Tax preparation services

Will international employees, domestic employees and business travelers be provided with tax preparation assistance?

07

Travel expenses

Taking into account the IRS accountable plan rules, when are employees eligible for reimbursement, what substantiation is required and what rates will apply (e.g., per diem, mileage rate)?

08

Telework

Considering exposure to international, state and local nexus, which employees qualify, how often is travel to home office required, what expenses will be reimbursed and how will this group be monitored?

Policy design – location tracking

Data gathering and processing considerations



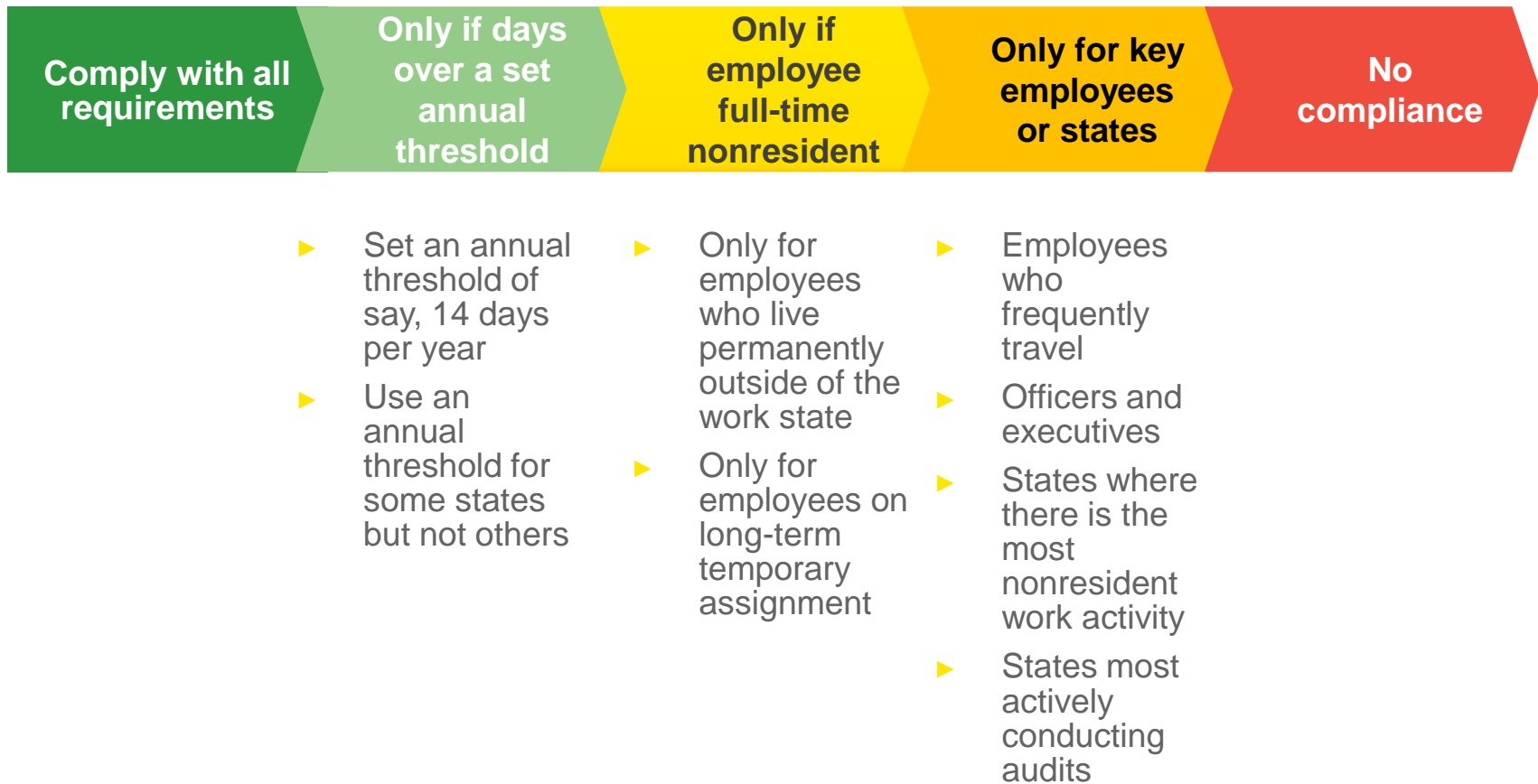
The accurate tracking and reporting of business travelers' wages and taxes poses many challenges for employers, including:

- ▶ Accumulating accurate travel data
- ▶ Making sure it is current – accurate data that is too old is dangerous if a threshold has already been exceeded
- ▶ Maintaining up-to-date knowledge of all relevant jurisdictions, particularly newly visited or infrequently visited locations
- ▶ Understanding the difference between the letter of the law and established practice in some locations
- ▶ Managing the data such that risks and consequences of noncompliance are minimized

Policy design

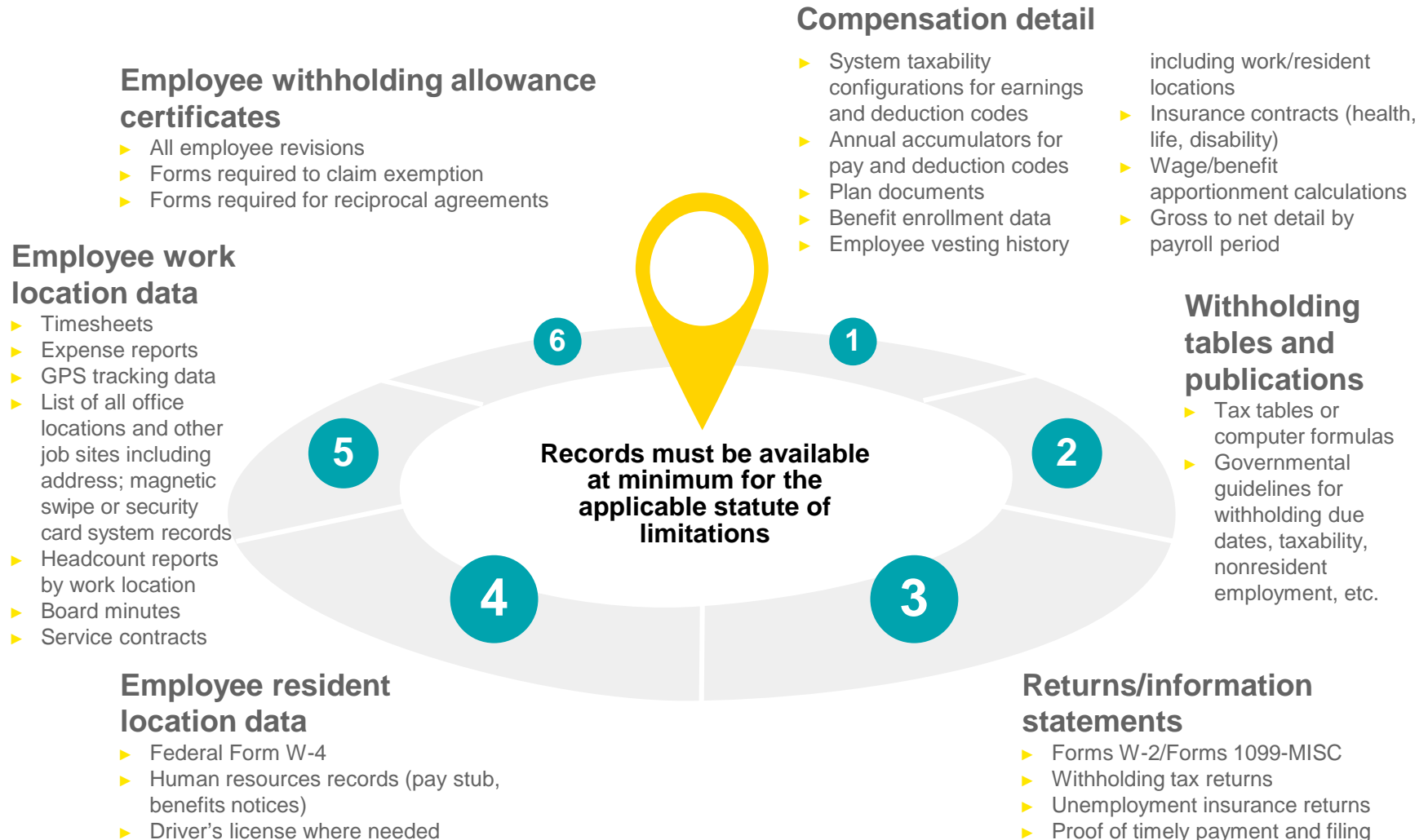
Income tax withholding compliance

When determining your approach to income tax withholding compliance, consider the level of exposure to risk

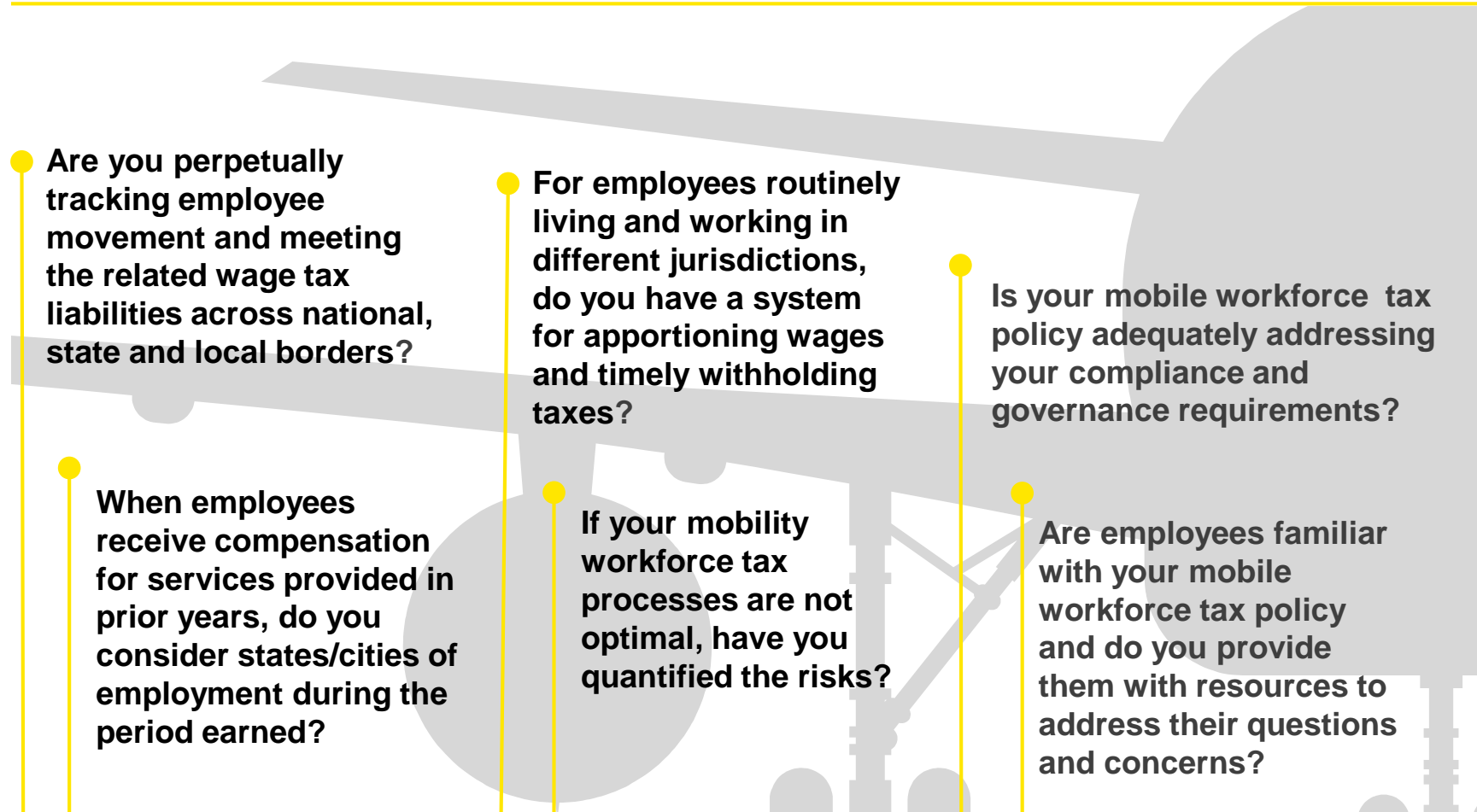


Policy design – records management

Consider what is vital in a tax audit

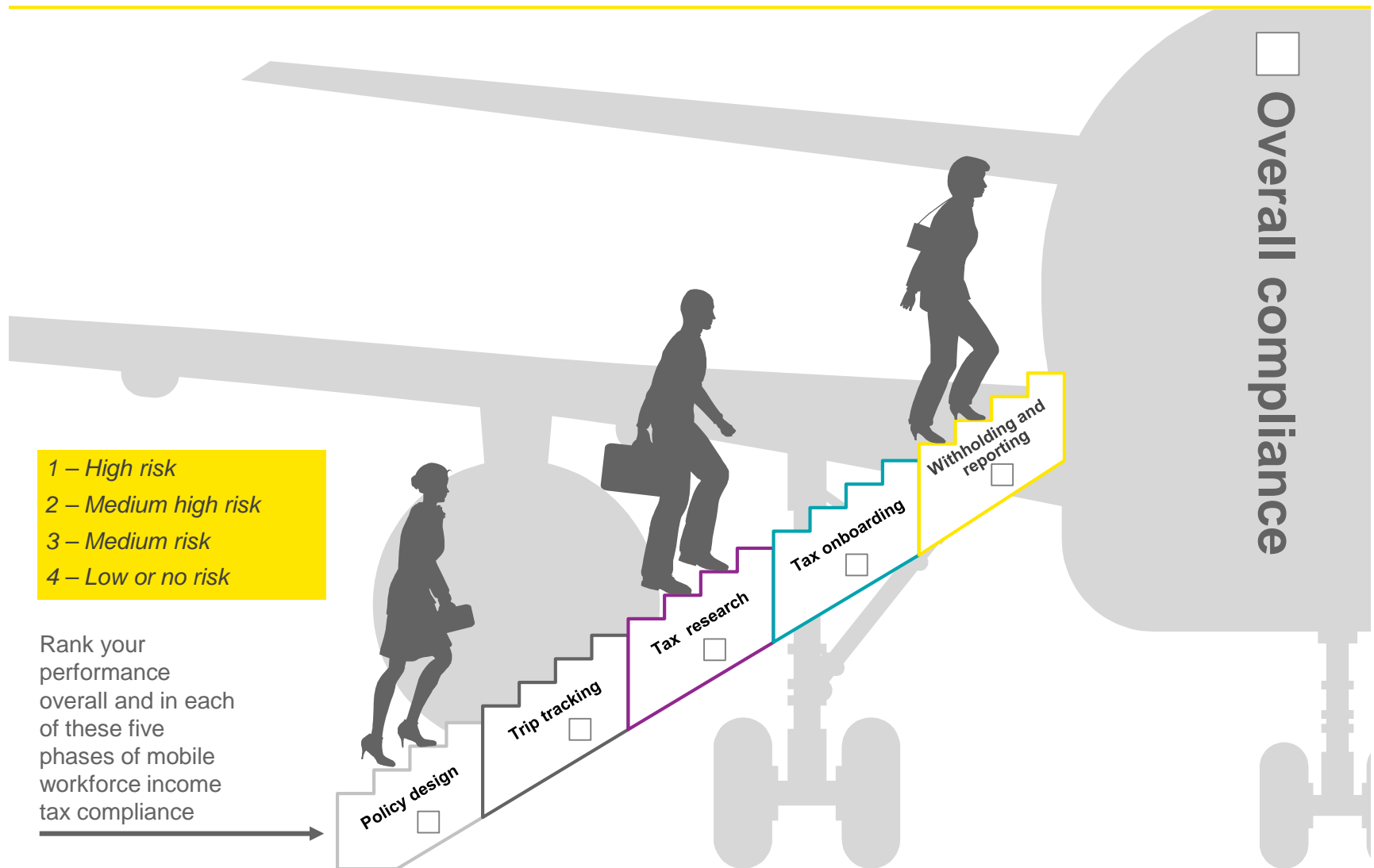


Are you on board?

- 
- Are you perpetually tracking employee movement and meeting the related wage tax liabilities across national, state and local borders?
 - For employees routinely living and working in different jurisdictions, do you have a system for apportioning wages and timely withholding taxes?
 - Is your mobile workforce tax policy adequately addressing your compliance and governance requirements?
 - When employees receive compensation for services provided in prior years, do you consider states/cities of employment during the period earned?
 - If your mobility workforce tax processes are not optimal, have you quantified the risks?
 - Are employees familiar with your mobile workforce tax policy and do you provide them with resources to address their questions and concerns?

Who are your business partners? How are they integrated?
Are you performing an end-to-end review?

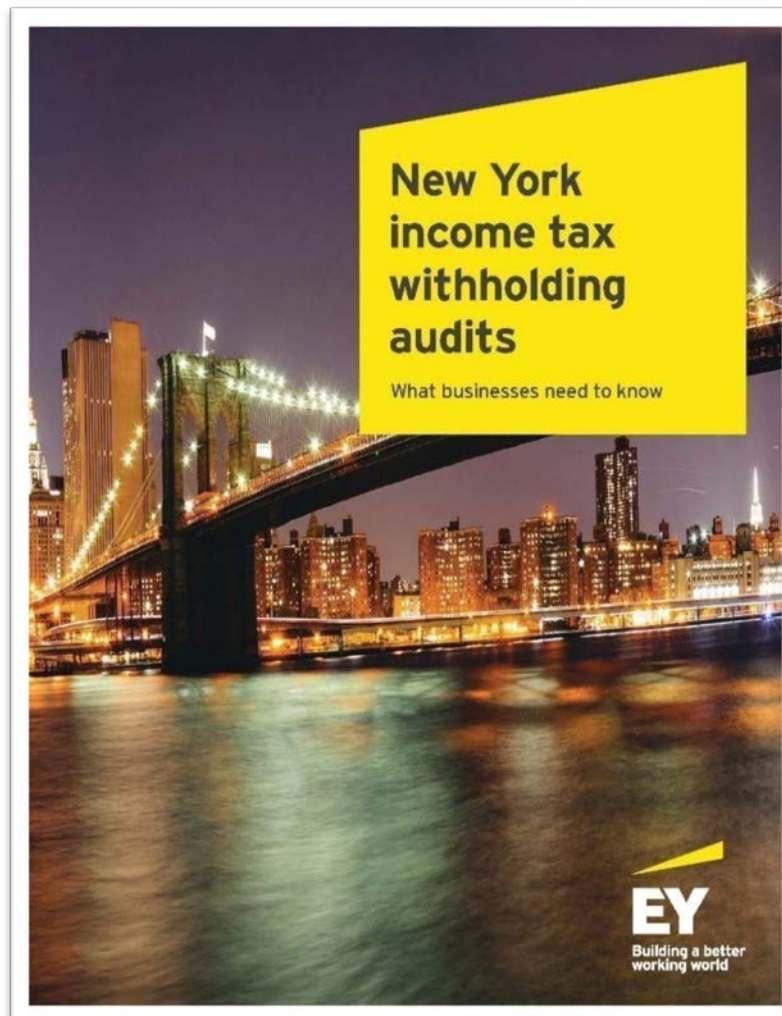
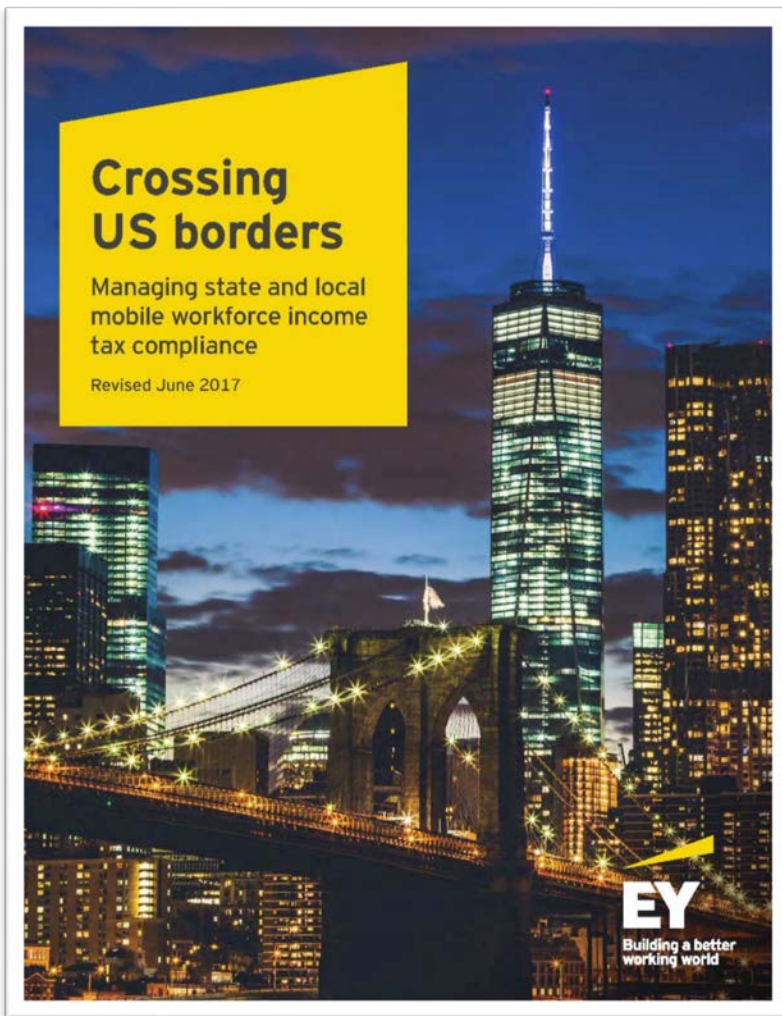
Take a one-minute risk assessment



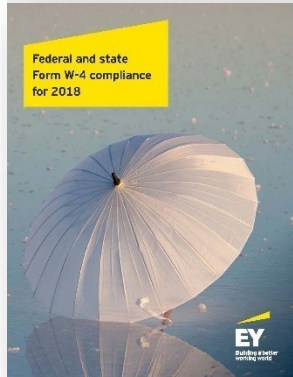
Resources

Check out these related publications

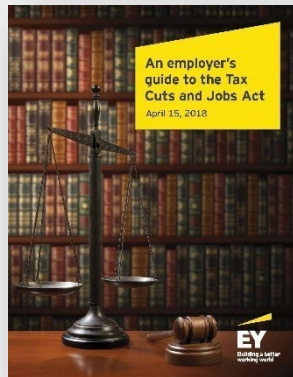
Click on the report covers to download



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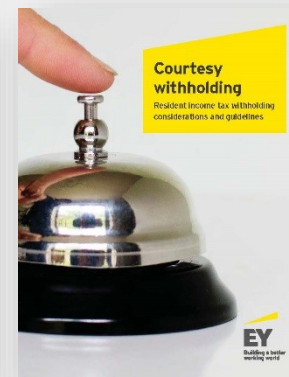
[Federal and state Form W-4 compliance for 2018](#)



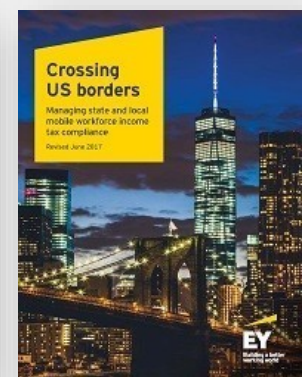
[An employer's guide to the Tax Cuts and Jobs Act](#)



[US employment tax rates and limits for 2018](#)



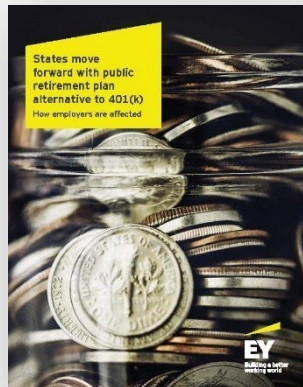
[Courtesy withholding](#)



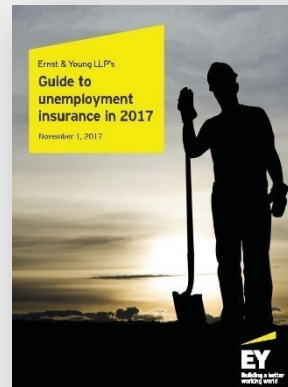
[Crossing US borders](#)



[Paid family leave](#)



[States move forward with public retirement plans](#)



[Guide to Unemployment insurance in 2017](#)



[Gross-ups](#)









[Transportation fringe benefits](#)

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-  EY get on board
-  Unemployment insurance FactFinder