

Multi-Jurisdictional Withholding

Employment tax spotlight



In today's increasingly mobile business environment, the prevalence of U.S. domestic cross-border business travelers is growing.

Consequently, it is becoming increasingly challenging for multi-state employers and their third-party providers to effectively manage these travelers and the overall compliance issues associated with their domestic, state-to-state, short-term travel. Add to this mix business and regulatory demands, which are continuously changing, as well as employees working remotely, and the issues become even more complex. Employers are challenged with the task of understanding in which jurisdictions their workforce is performing services, and in turn, satisfying the tax considerations of those jurisdictions. KPMG LLP's (KPMG) Employment Tax professionals can help companies identify payroll and unemployment tax issues related to their employment footprint and the underlying compliance requirements for maintaining a mobile workforce.



Exposure Identification:

Identify the footprint of where services are being performed

Determine where the employer will allow employees to perform services (i.e., limit employee remote work to specific locations)

Consider the applicability of de minimis thresholds, reciprocal agreements between states, and telecommuting/convenience of the employer regulations

Calculate estimated tax liabilities based upon historical travel data with specific emphasis on trailing liabilities for wages earned over multiple years based upon the physical presence of the employee during the earning period

Remediation Action Steps:

Identifying compliance gaps and methods of remediation, including the modification of the work state and resident state of each employee for payroll and HRIS coding

Implementing or updating policies specific to remote work prospectively, including a position on where and when employees can telecommute

Determining where and when to register for state and local income tax withholding/unemployment insurance accounts

Internal auditing of payroll registers, quarterly returns, and annual returns

Establishing a line of communication for employees to reach out with questions

Drafting guidance to employees with respect to policy requirements and frequently asked questions

Modifying travel and expense policies to incorporate remote work and telecommuting considerations

Contact us

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