



# U.S. Domestic Wage Allocation



## Managing flexible work arrangements

### **KPMG and Workday offer a U.S. domestic business traveler/hybrid worker solution**

Does your organization offer your employees flexible work arrangements (e.g., hybrid and remote options)? Do you have employees who travel regularly for business? Are you struggling to manage the tax withholdings associated with those arrangements and activities? KPMG U.S. Domestic Wage Allocation is a structured solution to help manage tax and regulatory risks associated with domestic business travelers and hybrid workers. The solution streamlines the process of assessing multistate income tax withholding by providing an integrated online calendar and mobile app that enables employees to track their work locations and in order to prepare wage allocation reporting.

The U.S. Domestic Wage Allocation solution connects Workday HCM demographics data, KPMG LINK BusinessTraveler, and your third-party payroll system to accurately report payroll allocations based on your employees' actual work locations. If your organization uses Workday HCM, our U.S. Domestic Wage Allocation solution will help you ensure employee state tax reporting compliance. The solution is designed for employers with 50 or more U.S. domestic business travelers and/or hybrid workers and can be set up within weeks.

U.S. Domestic Wage Allocation is a Workday and KPMG joint solution that requires Workday HCM and KPMG LINK BusinessTraveler and is designed for employers with 50 or more U.S. domestic business travelers and/or hybrid workers."



When the pandemic hit, a Fortune 500 pharmaceutical company had to manage people working from home and elsewhere rather than from their usual office location, as new state tax rules continued to come out regularly (e.g., NY telecommuting rules). Luckily, the company already had a working solution leveraging Workday and KPMG's global mobility technology (KPMG LINK), which tracked employee travel and which incorporated the complex U.S. state tax and payroll rules for accurate reporting and withholding. The company was able to scale this existing

solution without additional development to include flexible work arrangements added for its workforce during and postpandemic. The solution tracks worked-in/lived-in locations for employees for business travel, remote work, and equity purposes, providing a greater level of tax precision and compliance.

"Accurate tracking and reporting was a priority for us from Day One eight years ago and continues today as their workforce changes and evolves. Workday and KPMG did it!"

– Fortune 500 pharmaceutical company

### Solution highlights

- Provides an intuitive online calendar and mobile app that can be used to track where employees are working
- Helps with assessing employee/employer multistate income tax withholding for domestic business travelers and hybrid workers
- Enables easy integration with Workday HCM and respective payroll providers
- Provides tax and regulatory logic maintained by KPMG
- Provides payroll allocations on compensation, variable compensation, and Nexus reporting

## U.S. Domestic Wage Allocation benefits

**Automated business processes** with email reminders, optional location-based tracking, and self-service, to streamline payroll tax withholding

**Reduced administrative burden** associated with the U.S. Domestic Wage Allocation solution via self-service, integrations with HR and payroll systems, and automation



**More accurate withholding** as employees are able to verify work locations via self-service and view their own U.S. Domestic Wage Allocation instructions to confirm state tax withholding on their pay slips

**Supports Nexus logic** for statutory reporting requirements. Wage allocation reporting can be imported directly to a third-party payroll provider

# Why partner with Workday and KPMG

KPMG has an exceptional working relationship with Workday. We continue to expand our long-standing alliance, partnering with our clients and Workday to enable an insights-driven future powered by Workday. We've been an experienced, longstanding partner with Workday since 2008.

## Additional resources

Learn more about KPMG and Workday at <https://kpmg.com/us/en/capabilities-services/alliances/kpmg-workday.html>

## Let's talk!

Contact us to learn how KPMG and Workday can help you increase efficiency and ensure tax compliance with our U.S. Domestic Wage Allocation solution for domestic travelers and hybrid workers.

## Contact us

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The Workday Approved Solution badge is awarded to partner-created solutions built leveraging foundational Workday products and technology that have been reviewed by Workday for consistency with Workday's best-practice design guidelines.



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