



# **NAVIGATING STATE AND LOCAL TAX CHALLENGES FROM THE PANDEMIC**

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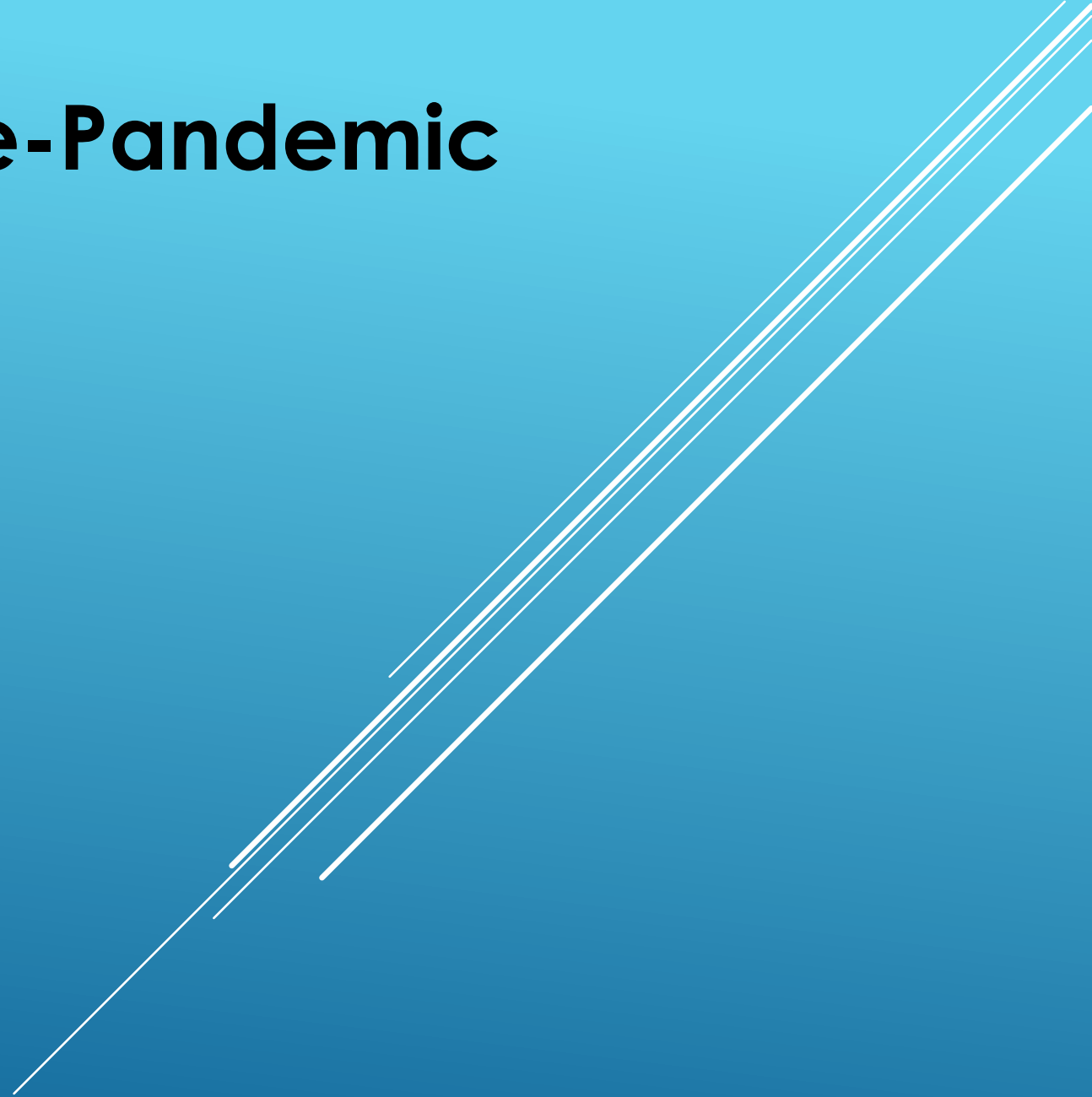
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# AGENDA

1. Tax Guidelines Pre-Pandemic
2. Current State and Local Tax Landscape
3. Future State and Local Tax Considerations
4. Obligations to the Payroll Professional
5. Available Resources
6. Questions

# Tax Guidelines Pre-Pandemic



# State Withholding Taxes

- Primary – Work State
- Secondary – Resident State
- Employer State Nexus
- Reciprocity



# State Unemployment Taxes

- Work Location is Primary
- Working in Multiple States
  - Localization of Services
  - Base of Operations
  - Place of Direction or Control
  - State Residence



# Local and/or County Taxes

- Work Location
- Resident Location
- Work and Resident Location
- Resident/Non-Resident Rates
- Multiple Taxes Possible



**LOCAL**  
**INCOME TAXES**

# Current State and Local Tax Landscape



# Beginning of Pandemic Changes

- Organizations forced to conduct business using different modes
- Work location changes
  - Full Telecommuting
  - Essential Onsite Workers Only
  - Move to Hybrid
- Few immediate changes to state and local tax administration

# Employer Work Location Differences



- Philosophy on Changes
  - Voluntarily
  - Involuntarily
- Reason for Changes
  - Closing of Offices
  - Reducing Office Size
  - Changing to Alternative Office Environments
- Notification

# State and Local Guideline Confusion

- Rapidly Changing Guidelines/Regulations
- Inconsistent Information at State and Local Levels
- Lack of Complete, Consistent, and Proper Communication



# New Challenges for Employers

- New Multi-State Environments
  - State Withholding
  - Local Withholding
  - Additional State Taxes
    - Disability
    - Family Leave
  - Unemployment Taxes
- New Employer Taxes
  - Payroll
    - Workers' Compensation
    - Transit Taxes
    - Local Tax Matching
  - Corporate
    - Income Tax
    - Sales and Use Tax
    - Local Assessments and Levies

# Implications to State Taxes

- States Battle over Withholding Taxes
  - Massachusetts/New Hampshire
- Convenience of the Employer Test
  - Connecticut, Delaware, Nebraska, New York, New Jersey, and Pennsylvania
  - Temporary – Arkansas, Massachusetts, New Hampshire
- Pandemic Related Nexus Establishment Holds

# Implications to Local Taxes

- Ohio - Restrictions on Triggering Income Tax and Employer Withholding
- Pennsylvania
- Convenience of the Employer Test Variations
  - Philadelphia – Nonresidents required by employer to work outside of Philadelphia are not subject to Wage Tax
  - Wilmington, DE – Unless certified by the employer as required to work outside of the city limits, telecommuting employees are still liable for Wilmington tax.

# Implications to Local Taxes

- Cincinnati, Ohio – Income Tax
  - 2020 Law allowed municipalities to tax remote workers as if they still worked there
  - Lower courts have ruled in favor of the city
  - Currently under review in the OH Supreme court
- St. Louis Missouri – Earnings tax
  - 2020, city stopped providing refunds for days spent working remotely
  - Circuit found that employees were due a refund for the remote work  
Specific workers NOT identified as a class of workers
  - Current State: Workers asked the MO supreme court to review without going to an appeals court first.
  - 07/21 Update MO Supreme Court upheld the decision.

# **Future State and Local Tax Considerations**



# Implications to Local Taxes

- Alabama
  - No tax withholding for residents working out of state
  - Tax withholding based on the work location only Resident and non-Residents
  - Taxability based on deductions

Alabama Local Withholding Tax Rate Table

Jurisdiction	Occupational License Fee/Tax	Maximum Tax	Notes
<b>Counties</b>			
Macon	1.00%		
<b>Cities</b>			
Attalla	2.00%		
Auburn	1.00%		
Bear Creek	1.00%		
Beaverton	1.00%		
Bessemer	1.00%		
Birmingham	1.00%		Section 125, Adoption Assistance Sec. 125, Dependent Care, and FSA amounts are exempt.
Brilliant	1.00%		
Fairfield	1.00%		
Gadsden	2.00%		
Glencoe	2.00%		
Goodwater	0.75%	150.00	
Guin	1.00%		
Hackleburg	1.00%		
Haleyville	1.00%		
Hamilton	1.00%		
Irondale	0.75%		
Leeds	1.00%		
Lynn	1.00%		
Midfield	1.00%		
Mosses	1.00%		
Notasulga (Macon Co.)	1.00%		When an employee works in this city, both county and city taxes are calculated.
Opelika	1.50%		
Rainbow City	2.00%		
Red Bay	0.50%		
Shorter (Macon Co.)	1.00%		When an employee works in this city, both county and city taxes are calculated.

Alabama Local Withholding Tax Rate Table

Jurisdiction	Occupational License Fee/Tax	Maximum Tax	Notes
Southside	2.00%		
Sulligent	1.00%		Section 125, Adoption Assistance Sec. 125, Dependent Care, and FSA amounts are exempt.
Tarrant	0.50%		
Tuskegee (Macon Co.)	3.00%		When an employee works in this city, both county and city taxes are calculated.
Wadley	1.00%		

# Implications to Local Taxes

- Colorado
  - Only one jurisdiction is withheld in any given month  
Determination is based on the greatest number of hours worked
  - There is a matching employer amount
  - No tax withholding for residents working out of state
  - Tax withholding based on the work location only Resident and non-Residents
  - Taxability based on deductions

<b>Colorado Local Employer Withholding Tax Rate Table</b>			
<b>City</b>	<b>Business Occupational Privilege Tax</b>	<b>Note</b>	<b>Tax Exempt Income Limit</b>
Aurora	2/month	The monthly Occupational Privilege Tax (OPT) is calculated only for employees who earned at least \$250 during the current month.	250/month
Denver	4/month	The monthly OPT is calculated only for employees who earned at least \$500 during the current month.	500/month I
Glendale	5/month	The monthly OPT is calculated only for employees who earned at least \$750 during the current month.	750/month
Greenwood Village	2/month	The monthly OPT is calculated only for employees who earned at least \$250 during the current month.	250/month
Sheridan	3/month	The monthly OPT is calculated only for employees who earned at least \$500 during the current month.	500/month

# Implications to Local Taxes

- Delaware
  - City of Wilmington
  - Withholding for residents regardless of where they are working
  - Withholding for residents working out of state
  - Tax withholding based on the work location only Resident and non-Residents
  - Taxability based on deductions
  - Address Coding Guide
  - <https://www.wilmingtonde.gov/home/showpublisheddocument/452/637036418686730000>

# Implications to Local Taxes

- Indiana
  - County of Residence withholding required for all Indiana Residents regardless of state or county of employment
  - Tax withholding based on the work location for Non-Residents and for residents who live in a county that does not collect a tax
  - Taxability based on deductions
  - Taxation is based on the WH-4 form as of 01/01 of each year

Indiana Local Withholding Tax Rate Table1					
County	Income Tax Rate		County	Income Tax Rate	
	County Residents	County Nonresidents		County Residents	County Nonresidents
Adams	1.624%	1.624%	Jay	2.45%	2.45%
Allen	1.48%	1.48%	Jefferson	0.90%	0.90%
Bartholomew	1.75%	1.75%	Jennings	2.50%	2.50%
Benton	1.79%	1.79%	Johnson	1.40%	1.40%
Blackford	1.50%	1.50%	Knox	1.70%	1.70%
Boone	1.70%	1.70%	Kosciusko	1.00%	1.00%
Brown	2.5234%	2.5234%	La Grange	1.65%	1.65%
Carroll	2.2733%	2.2733%	La Porte	1.45%	1.45%
Cass	2.95%	2.95%	Lake	1.50%	1.50%
Clark	2.00%	2.00%	Lawrence	1.75%	1.75%
Clay	2.35%	2.35%	Madison	2.25%	2.25%
Clinton	2.45%	2.45%	Marion	2.02%	2.02%
Crawford	1.00%	1.00%	Marshall	1.25%	1.25%
Daviess	1.50%	1.50%	Martin	2.50%	2.50%
De Kalb	2.13%	2.13%	Miami	2.54%	2.54%
Dearborn	1.20%	1.20%	Monroe	2.035%	2.035%
Decatur	2.50%	2.50%	Montgomery	2.65%	2.65%
Delaware	1.50%	1.50%	Morgan	2.72%	2.72%
Dubois	1.20%	1.20%	Newton	1.00%	1.00%
Elkhart	2.00%	2.00%	Noble	1.75%	1.75%
Fayette	2.57%	2.57%	Ohio	1.50%	1.50%
Floyd	1.35%	1.35%	Orange	1.75%	1.75%
Fountain	2.10%	2.10%	Owen	2.50%	2.50%
Franklin	1.50%	1.50%	Parke	2.65%	2.65%
Fulton	2.68%	2.68%	Perry	1.40%	1.40%
Gibson	0.90%	0.90%	Pike	0.75%	0.75%
Grant	2.55%	2.55%	Porter	0.50%	0.50%
Greene	2.15%	2.15%	Posey	1.25%	1.25%
Hamilton	1.10%	1.10%	Pulaski	2.85%	2.85%
Hancock	1.94%	1.94%	Putnam	2.10%	2.10%
Harrison	1.00%	1.00%	Randolph	3.00%	3.00%
Hendricks	1.70%	1.70%	Ripley	1.38%	1.38%
Henry	1.70%	1.70%	Rush	2.10%	2.10%
Howard	1.75%	1.75%	St. Joseph	1.75%	1.75%
Huntington	1.95%	1.95%	Scott	2.16%	2.16%
Jackson	2.10%	2.10%	Shelby	1.60%	1.60%
Jasper	2.864%	2.864%	Spencer	0.80%	0.80%

Indiana Local Withholding Tax Rate Table1					
County	Income Tax Rate		County	Income Tax Rate	
	County Residents	County Nonresidents		County Residents	County Nonresidents
Starke	1.71%	1.71%	Vigo	2.00%	2.00%
Steuben	1.79%	1.79%	Wabash	2.90%	2.90%
Sullivan	1.70%	1.70%	Warren	2.12%	2.12%
Switzerland	1.25%	1.25%	Warrick	1.00%	1.00%
Tippecanoe	1.28%	1.28%	Washington	2.00%	2.00%
Tipton	2.60%	2.60%	Wayne	1.25%	1.25%
Union	2.00%	2.00%	Wells	2.10%	2.10%
Vanderburgh	1.20%	1.20%	White	2.32%	2.32%
Vermillion	1.50%	1.50%	Whitley	1.6829%	1.6829%



**Form WH-4**  
State Form 48845  
(R8 / 9-22)

## State of Indiana Employee's Withholding Exemption and County Status Certificate

This form is for the employer's records. Do not send this form to the Department of Revenue.  
The completed form should be returned to your employer.

Full Name \_\_\_\_\_ Social Security Number or ITIN \_\_\_\_\_

Home Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP Code \_\_\_\_\_

Indiana County of Residence as of January 1: \_\_\_\_\_ (See instructions)

Indiana County of Principal Employment as of January 1: \_\_\_\_\_ (See instructions)

I

### How to Claim Your Withholding Exemptions

1. You are entitled to one exemption. If you wish to claim the exemption, enter "1" ..... \_\_\_\_\_  
**Nonresident aliens** must skip lines 2 through 7. See instructions
2. If you are married and your spouse does not claim his/her exemption, you may claim it, enter "1" ..... \_\_\_\_\_
3. You are allowed one (1) exemption for each dependent. Enter number claimed ..... \_\_\_\_\_
4. Additional exemptions are allowed if: (a) you and/or your spouse are over the age of 65 and/or  
 (b) if you and/or your spouse are legally blind.  
 Check box(es) for additional exemptions: You are 65 or older  or blind  Spouse is 65 or older  or blind   
 Enter the total number of boxes checked ..... \_\_\_\_\_
5. Add lines 1, 2, 3, and 4. Enter the total here ..... ►
6. You are entitled to claim an additional exemption for each qualifying dependent (see instructions) ..... ►
7. You are entitled to claim an additional exemption for each adopted qualifying dependent (see instructions) ..... ►
8. Enter the amount of additional state withholding (if any) you want withheld each pay period ..... \$ \_\_\_\_\_
9. Enter the amount of additional county withholding (if any) you want withheld each pay period ..... \$ \_\_\_\_\_

I hereby declare that to the best of my knowledge the above statements are true.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

# Implications to Local Taxes

- Kentucky
  - Withholding of Applicable city and county tax based on where the employee is working
  - Tax withholding based on the work location for Non-Residents and for Residents
  - School District tax is only required for employees who work and reside in a taxing school district
  - Taxability based on deductions
  - 171 cities and 7 school districts and many counties

**Kentucky Local Withholding Tax Rate Table**

Jurisdiction by Municipality/ School District Code	Occupational License Fee	Mental Health Tax	Maximum Tax	General Notes
Adairville	1.50%			
Alexandria	1.50%		2,403.00	
Allen County	1.00%			
Ashland (Boyd Co.)	2.00%			When an employee works in this city, the county tax is eliminated.
Auburn	1.50%			
Augusta	1.30%			
Ballard County	1.00%			
Bardstown	1.00%			
Bardwell	0.50%			
Bath County	2.00%			
Beattyville	1.00%			
Bellevue	2.50%			
Benton	0.60%			
Berea (Madison Co.)	2.00%			When an employee works in this city, the county tax is eliminated.
Boone County	0.80%	0.15%	583.25	For the Mental Health tax: • Maximum amount is \$25. • 3rd Party LTD 125 and 3rd Party STD 125 Plans amounts are subject. • Agent LTD 125 and ER LTD 125 Plan amounts are taxable.  3rd Party LTD 125 Plan and 3rd Party STD 125 Plan amounts are taxable.
Boone County SD/2	0.50%			Must reside and work in school district.
Bourbon County	0.75%			
Bowling Green	1.85%			When an employee works in this city, the county tax is eliminated. 3rd Party LTD 125 Plan and 3rd Party STD 125 Plan amounts are taxable.
Boyd County	1.00%			This county tax may be eliminated when an employee is working in a taxing city. Please refer to the city.
Boyle County	1.25%			
Breathitt County	2.00%			

**Kentucky Local Withholding Tax Rate Table**

Jurisdiction by Municipality/ School District Code	Occupational License Fee	Mental Health Tax	Maximum Tax	General Notes
Bromley	1.00%			
Brooksville	1.75%		900.00	
Brownsville	1.00%			
Burkesville	2.00%		750.00	
Butler County	1.00%			
Cadiz	1.90%			
Caldwell County	1.50%			
Calvert City	0.50%			
Camargo (Montgomery Co.)	2.00%			When an employee works in this city, the county tax is eliminated.
Campbell County	1.05%		406.00	
Campbellsville (Taylor Co.)	1.00%			
Carlisle	1.00%			
Carroll County	1.00%		50,000.00	First \$5,000 of wages are exempt.
Carter County	1.00%			
Catlettsburg (Boyd Co.)	1.50%			When an employee works in this city, the county tax is eliminated.
Cave City	2.00%			
Clark County	1.50%			This county tax may be eliminated when an employee is working in a taxing city. Please refer to the city.
Clarkson	1.20%			
Clay City (Powell Co.)	1.00%			
Clay County	1.00%			
Clinton	0.50%		200.00	
Clinton County	1.25%			
Coal Run Village	1.00%			When an employee works in this city, the county tax is eliminated.
Cold Spring	1.00%		1,602.00	
Columbia	1.00%			
Corbin	1.00%			
Covington	2.45%		3,924.90	
Crab Orchard	1.00%			
Crescent Springs	1.00%			
Crestview Hills	1.15%		1,842.30	
Crittenden County	0.50%			
Cumberland County	1.25%		750.00	

# Implications to Local Taxes

- Maryland
  - Withholding based on the county of residence as listed on the MW-507 form.
  - Nonresidents enter the county in which they are working
  - Baltimore City if employed there
  - There are unique situations for out of state workers
  - Tax is collected and combined with the Maryland state taxes
  - Taxability based on deductions

### Maryland Combined State and Local Withholding Tax Rate Table

County	Local Withholding Tax Rate Table (applies to regular pay)	Combined State and Local Supplemental Tax Rate (flat rate applies)
Allegany	3.05%	8.80%
Anne Arundel	2.85%	8.60%
Baltimore	3.20%	8.95%
Calvert	3.00%	8.75%
Caroline	3.20%	8.95%
Carroll	3.05%	8.80%
Cecil	2.85%	8.60%
Charles	3.05%	8.80%
Dorchester	3.20%	8.95%
Frederick	3.00%	8.75%
Garrett	2.65%	8.40%
Harford	3.10%	8.85%
Howard	3.20%	8.95%
Kent	3.20%	8.95%
Montgomery	3.20%	8.95%
Prince George's	3.20%	8.95%
Queen Anne's	3.20%	8.95%
St. Mary's	3.00%	8.75%
Somerset	3.20%	8.95%
Talbot	2.40%	8.15%
Washington	3.00%	8.75%
Wicomico	3.20%	8.95%
Worcester	2.25%	8.00%
<b>City</b>		
Baltimore	3.20%	8.95%

**Section 1 – Employee Information (Please complete form in black ink.)**

Payroll System (check one) <input type="checkbox"/> RG <input type="checkbox"/> CT <input type="checkbox"/> UM		Name of Employing Agency	
Agency Number	Social Security Number	Employee Name	
Home Address (number and street or rural route)		(apartment number, if any)	
City	State	Zip Code	County of Residence (required) <small>Nonresidents enter Maryland County or Baltimore City where you are employed</small>

**Section 2 – Maryland Withholding**

Maryland worksheet is available online at [https://www.marylandtaxes.gov/forms/21\\_forms/mw507.pdf](https://www.marylandtaxes.gov/forms/21_forms/mw507.pdf)

Single     Married (surviving spouse or unmarried Head of Household) Rate     Married, but withhold at Single Rate

- Total number of exemptions you are claiming not to exceed line f in Personal Exemption Worksheet on page 2. .... 1. \_\_\_\_\_
- Additional withholding per pay period under agreement with employer ..... 2. \_\_\_\_\_
- I claim exemption from withholding because I do not expect to owe Maryland tax. See instructions and check boxes that apply.
  - a. Last year I did not owe any Maryland income tax and had a right to a full refund of all income tax withheld and
  - b. This year I do not expect to owe any Maryland income tax and expect to have the right to a full refund of all income tax withheld. (This includes seasonal and student employees whose annual income will be below the minimum filing requirements).
 If both a and b apply, enter year applicable \_\_\_\_\_ (year effective) Enter "EXEMPT" here ..... 3. \_\_\_\_\_
- I claim exemption from withholding because I am domiciled in the following state.
  - Virginia  
I further certify that I do not maintain a place of abode in Maryland as described in the instructions. Enter "EXEMPT" here ..... 4. \_\_\_\_\_
- I claim exemption from Maryland state withholding because I am domiciled in the Commonwealth of Pennsylvania and I do not maintain a place of abode in Maryland as described in the instructions on Form MW507. Enter "EXEMPT" here ..... 5. \_\_\_\_\_
- I claim exemption from Maryland local tax because I live in a local Pennsylvania jurisdiction within York or Adams counties. Enter "EXEMPT" here and on line 4 of Form MW507. .... 6. \_\_\_\_\_
- I claim exemption from Maryland local tax because I live in a local Pennsylvania jurisdiction that does not impose an earnings or income tax on Maryland residents. Enter "EXEMPT" here and on line 4 of Form MW507. .... 7. \_\_\_\_\_
- I certify that I am a legal resident of the state of \_\_\_\_\_ and am not subject to Maryland withholding because I meet the requirements set forth under the Servicemembers Civil Relief Act, as amended by the Military spouses Residency Relief Act. Enter "EXEMPT" here ..... 8. \_\_\_\_\_

# Implications to Local Taxes

- Michigan
  - Withholding required from residents and nonresidents based on the city of employment
  - Michigan residents whose city of residence and city of employment collect a withholding tax reduce the residence tax by the lesser of :  $\text{Work tax or Resident Annualized wages} \times \text{the nonresident tax rate}$  divided by the number of pay periods.
  - 24 cities have a withholding tax and a resident and nonresident rate
  - Detroit residents working in other cities collect withholding tax for the work location less the resident Detroit tax amount
  - Taxability based on deductions

Local Withholding Tax Rate Table			
Municipality	Income Tax Rate		Exemption Amounts
	Residents	Nonresidents	
Albion	1.00%	0.50%	600.00
Battle Creek	1.00%	0.50%	750.00
Benton Harbor	1.00%	0.50%	750.00
Big Rapids	1.00%	0.50%	600.00
Detroit	2.40%	1.20%	600.00
East Lansing	1.00%	0.50%	600.00
Flint	1.00%	0.50%	600.00
Grand Rapids	1.50%	0.75%	600.00
Grayling	1.00%	0.50%	3,000.00
Hamtramck	1.00%	0.50%	600.00
Highland Park	2.00%	1.00%	600.00
Hudson	1.00%	0.50%	1,000.00
Ionia	1.00%	0.50%	700.00
Jackson	1.00%	0.50%	600.00
Lansing	1.00%	0.50%	600.00
Lapeer	1.00%	0.50%	600.00
Muskegon	1.00%	0.50%	600.00
Muskegon Heights	1.00%	0.50%	600.00
Pontiac	1.00%	0.50%	600.00
Port Huron	1.00%	0.50%	600.00
Portland	1.00%	0.50%	1,000.00
Saginaw	1.50%	0.75%	750.00
Springfield	1.00%	0.50%	750.00
Walker	1.00%	0.50%	600.00

# Implications to Local Taxes

- City Income Tax Forms
- <https://www.michigan.gov/taxes/iit-forms/city-income-tax-forms>
- Telecommuting

✘ **Are Wages earned by a resident of Detroit, who is working from home (telecommuting) for a company in another city, taxable by Detroit?**

Yes. If you are a Detroit resident, all of your income is subject to Detroit tax, no matter where it is earned.

See line-by-line Instructions for [Form 5118, 2021 City of Detroit Resident Income Tax Return](#).

✘ **What documentation is required for a nonresident to allocate telecommuting wages to nontaxable income?**

The employee should keep a work log of the days worked outside the city. Employers should provide employees with a letter, on company letter head, stating the dates that employees were directed to work from home. The employees are not required to submit the work log and employer letter with a city income tax return, but taxpayers should still retain the documents and may be required to furnish the documents upon request by a city tax administrator.

# Implications to Local Taxes

- Missouri
  - Kansas City Earnings Tax
  - Withholding on all employees, residents or nonresidents, working within the city limits
  - Nonresidents working in the city ONLY taxed for the time worked in the city
  - Kansas City residents have the withholding tax regardless of work location
  - Taxability based on deductions

# Implications to Local Taxes

- Missouri
  - St Louis Earnings Tax
  - Withholding on all employees, residents or nonresidents, working within the city limits
  - Nonresidents working in the city ONLY taxed for the time worked in the city
  - Taxability based on deductions

Local Withholding Tax Rate Table	
City	Earnings Tax Rate
Kansas City	1.00%
St. Louis	1.00%

# Implications to Local Taxes

- New York
  - New York City tax withholding is required from all residents of the city regardless of where they are working
  - Nonresidents who work in the city are NOT subject to the city withholding
  - Employees should complete Form IT-2104 to indicate how much New York State, New York City and Yonkers city tax withholding.
  - Taxability based on deductions



Department of Taxation and Finance

# Employee's Withholding Allowance Certificate

New York State • New York City • Yonkers

# IT-2104

First name and middle initial	Last name	Your Social Security number
Permanent home address (number and street or rural route)	Apartment number	Single or Head of household <input type="checkbox"/> Married <input type="checkbox"/>
City, village, or post office	State	ZIP code
		Married, but withhold at higher single rate <input type="checkbox"/>
Note: If married but legally separated, mark an X in the Single or Head of household box.		

Are you a resident of New York City? ..... Yes  No   
 Are you a resident of Yonkers? ..... Yes  No

**Complete the worksheet on page 4 before making any entries.**

1 Total number of allowances you are claiming for New York State and Yonkers, if applicable (from line 19) .....	1	
2 Total number of allowances for New York City (from line 31) .....	2	
<b>Use lines 3, 4, and 5 below to have additional withholding per pay period under special agreement with your employer.</b>		
3 New York State amount .....	3	
4 New York City amount .....	4	
5 Yonkers amount .....	5	

I certify that I am entitled to the number of withholding allowances claimed on this certificate.

Employee's signature	Date
----------------------	------

**Penalty** – A penalty of \$500 may be imposed for any false statement you make that decreases the amount of money you have withheld from your wages. You may also be subject to criminal penalties.

**Employee: detach this page and give it to your employer; keep a copy for your records.**

**Employer: Keep this certificate with your records.**

Mark an X in box A and/or box B to indicate why you are sending a copy of this form to New York State (see instructions):

A Employee claimed more than 14 exemption allowances for NYS ..... A

B Employee is a new hire or a rehire ... B  First date employee performed services for pay (mm-dd-yyyy) (see instr.):

Are dependent health insurance benefits available for this employee? ..... Yes  No

If Yes, enter the date the employee qualifies (mm-dd-yyyy):

Employer's name and address (Employer: complete this section only if you are sending a copy of this form to the NYS Tax Department.)	Employer identification number
--	--------------------------------

## Form W2 Reporting requirements:

### New York City

Box 18: Local wages, tips, etc.

These are the wages that are reported in Box 1.

Box 19A: Local income tax

This is the New York City tax withheld for the year

Box 19B: Local income tax

This is the Yonkers tax withheld for the year (for Yonkers Residents Only)

Box 20A: Locality name

New York City

Box 20B: Locality name

Yonkers (Yonkers resident only)

### Yonkers

Box 18: Local wages, tips, etc.

These are the wages that are reported in Box 1.

For an employee who was either a resident of Yonkers or who worked in Yonkers for any part of the year –the amount of wages reported on Form W-2 in Box 18, must be the same amount as the federal wages required to be reported in Box 1, and the state wages required to be reported in Box 16, *State wages, tips, etc.*

Box 19B: Local income tax

This is the Yonkers tax withheld for the year (for Yonkers Residents Only)

Box 20B: Locality name

Yonkers (Yonkers resident only)

# Implications to Local Taxes

- Ohio
  - Ohio city withholding is required from all residents and nonresidents based on the location of the work performed
  - School District Tax withholding is based on the resident location
  - Nonresidents are not required to pay school district withholding tax
  - Employees are required to complete IT-4 form
  - Credit the resident tax by the work tax withholding
  - Taxability based on deductions



### Employee's Withholding Exemption Certificate

Submit form IT 4 to your employer on or before the start date of employment so your employer will withhold and remit Ohio income tax from your compensation. If applicable, your employer will also withhold school district income tax. You must file an updated IT 4 when any of the information listed below changes (including your marital status or number of dependents). You should contact your employer for instructions on how to complete an updated IT 4. **Your employer may require you to complete this form electronically.**

#### Section I: Personal Information

Employee Name:	Employee SSN:
Address, city, state, ZIP code:	
School district of residence (See <i>The Finder</i> at tax.ohio.gov):	School district number (####):

#### Section II: Claiming Withholding Exemptions

1. Enter "0" if you are a dependent on another individual's Ohio return; otherwise enter "1" .....
2. Enter "0" if single or if your spouse files a separate Ohio return; otherwise enter "1" .....
3. Number of dependents .....
4. Total withholding exemptions (sum of line 1, 2, and 3) .....
5. Additional Ohio income tax withholding per pay period (optional) ..... \$

#### Section III: Withholding Waiver

I am **not** subject to Ohio or school district income tax withholding because (check all that apply):

- I am a full-year resident of Indiana, Kentucky, Michigan, Pennsylvania, or West Virginia.
- I am a resident military servicemember who is stationed outside Ohio on active duty military orders.
- I am a nonresident military servicemember who is stationed in Ohio due to military orders.
- I am a nonresident civilian spouse of a military servicemember and I am present in Ohio solely due to my spouse's military orders.
- I am exempt from Ohio withholding under R.C. 5747.06(A)(1) through (6).

- ▶ Municipal Legislation
- ▶ <https://codes.ohio.gov/ohio-revised-code/chapter-718>
- ▶ RITA
- ▶ <https://www.ritaohio.com/>
- ▶ CCA – Central Collection Agency
- ▶ <http://ccatax.ci.cleveland.oh.us/>
- ▶ Columbus Income tax Division
- ▶ <https://www.columbus.gov/incometaxdivision/>
- ▶ Columbus Tax Jurisdiction Search
- ▶ <https://crisp.columbus.gov/>
- ▶ Ohio Dept of Taxation School District
- ▶ <https://tax.ohio.gov/business/resources/employer-withholding>
- ▶ CSD – City School District
- ▶ LSD – Local School Districts
- ▶ EVSD – Exempted School Districts
- ▶ CESD – Cooperative Education School Districts
- ▶ JVSD – Joint Vocational School District/VSD - Vocational School District
- ▶ School District Code
- ▶ <https://codes.ohio.gov/ohio-revised-code/chapter-3311>
- ▶ The Finder - Ohio
- ▶ [https://thefinder.tax.ohio.gov/streamlinesalestaxweb/default\\_municipal.aspx](https://thefinder.tax.ohio.gov/streamlinesalestaxweb/default_municipal.aspx)

# Implications to Local Taxes

- Oregon
  - Withholding of the Statewide Transit Tax at the resident location is required for all Oregon residents working in other states
  - Withholding of the Statewide Transit Tax at the work location is required for all Oregon residents and nonresidents working in Oregon
  - Eugene Community Safety Payroll Tax
    - Withholding based on the work location within the city of Eugene
  - Metro Supportive Housing Services Income Tax
    - Withholding based on annualized wages earned in the Metro District
  - Multnomah County Preschool for All Income Tax
    - Tax based on annualized income on all county residents

# Implications to Local Taxes

- Pennsylvania
  - PA Act 32 Withholding based on the higher of resident and work location
  - Philadelphia City Wage Tax Governed by the Sterling Act
  - EIT and School District tax withholding on residents working in a taxing jurisdiction
  - Taxability based on same as state income tax
  - Residency Certificate required to be completed by all employees
  - LST based on pay frequency



# Implications to Local Taxes

- West Virginia
  - Withholding tax is based on the employee work location
  - 11 cities currently have a withholding tax
  - 3 cities only tax non residents
  - Withholding amount is based on a dollar amount per week
  - Taxability based on deductions

### West Virginia Local Withholding City Service Fees

City	City Service Fee (amount per week)	Notes
Charleston	3.00	
Fairmont	2.00	Non Resident Only
Huntington	5.00	
Madison	1.25	
Montgomery	2.00	Non Resident Only
Morgantown	3.00	
Parkersburg	2.50	
Rivesville	2.00	
Romney	1.00	Non Resident Only
Smithers	0.50	Non Resident Only
Wheeling	2.00	
Weirton	2.00	

# Mobile Workforce State Income Tax Simplification Act of 2021

- Introduced in Congress Annually Since 2006
- Supported by the PayrollOrg
- Establish a 30-Workday (per Calendar Year) Requirement Before Non-Resident State Withholding Begins
- Unlikely to Pass



# States Creating New Legislation

- State Temporary Presence Legislations

- Different Presence Thresholds
- Different Exceptions to the Rules
- Some States Require Resident State to have Similar Guidance or No State Income Tax

- Utah

- 20 days threshold
- Resident State Requirement
- Athletes, Entertainers, and “Key Employees” Excluded, Including
  - Employees making more than \$130k annually
  - Or 50 highest-paid employees
- Employers Without Prior Nexus Begin Withholding on 61<sup>st</sup> Day
- But Employees Owe Tax on Day 1

# Local Tax Watch

- Locals – Legislations sunset, but changes for the future?
- Local Tax Revenues
  - Changes due to work location

# Obligations to the Payroll Professional

The background is a solid blue gradient. In the bottom right corner, there are several white, parallel diagonal lines that create a sense of motion or a modern design element.

# Obligations to the Payroll Professional

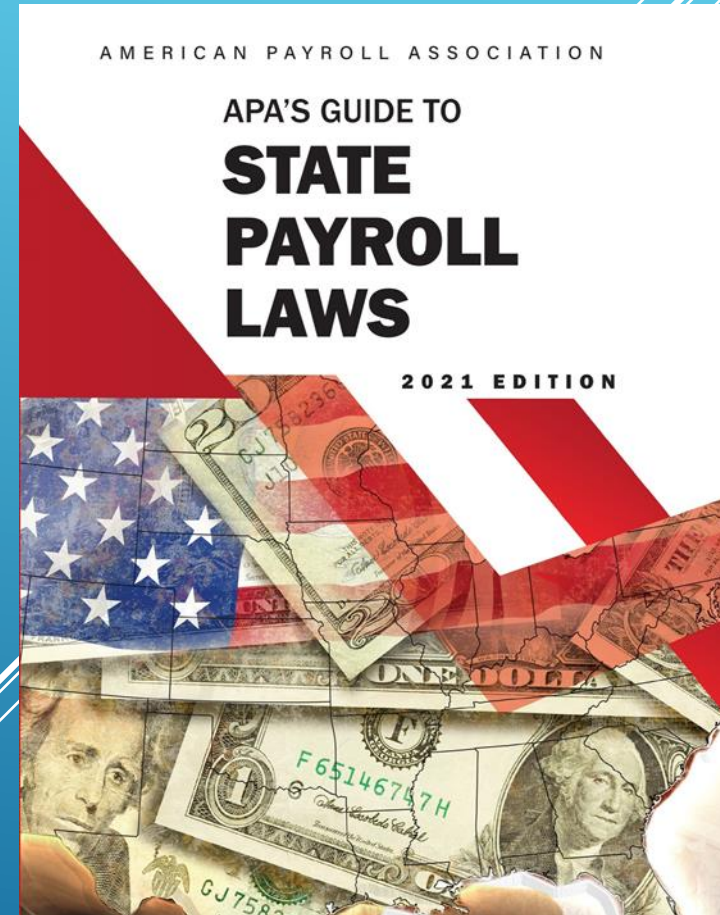
- Ensure Proper Setup of State and Local Taxes
- Complete and On-Going State Tax Requirement and Liability Research
- Work Location Verification and Update Initiatives
  - Establish Work Location Change Requirements
  - Establish Company Policy Related to Voluntary Changes
  - Continuous Review of Employee Resident Address Changes

# Obligations to the Payroll Professional

- Require a “Seat at the (Communication) Table”
  - Establish Organizational Communication Requirements
  - Work Location Changes (of any type) **MUST** be Communicated to Payroll
- Communicate Establishment of New States and Localities to Internal Partners
- Assist with Enforcing Organizational Guidelines Related to Work Location Changes

# Available Resources

- APA's Website and Publications
  - Payroll Currently
  - PayrollOrg Guide to State Payroll Laws
  - PayrollOrg Guide to Local Payroll Taxes
  - PayState Update



# Available Resources

- State and Local Websites and Publications
- Payroll Tax and Regulatory Services Organizations
- Additional Educational Seminars on State and Local Topics
- Your Network – Make Sure to Build
- PayrollOrg Volunteer Committees
  - GRTF – State and Local Topics
  - SPLTF Committees

# Questions



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