



Temporary Location Treatment by State for Work From Home Employees During COVID-19

In response to the stay-at-home orders issued by the states, many states are addressing their treatment of the temporary locations of employees throughout the country when it comes to withholding, as well as nexus. We've prepared a list of those treatments below.

Updated 5/26/20

Alabama – State will not consider temporary changes in an employee's physical location to impose nexus or alter apportionment of income for any business during the periods of telework requirements of the pandemic.

Arkansas – Under current law, an out of state business that conducts operations in Arkansas related to a declared emergency during a disaster response period is exempt from registering, filing, and remitting state and local taxes, including, without limitation: unemployment insurance; state and local occupational licensing fees and privilege taxes; state & local income tax; and state & local sales and use tax. Furthermore, an out of state employee is not required to file or pay Arkansas income tax, subject to income tax withholdings, or any other state & local tax or fee. However, these businesses and employees may still be subject to any ad valorem taxes. However, Arkansas has not issued guidance on how this law is applied to the COVID-19 pandemic.

District of Columbia – The District will not try to impose corporation tax or unincorporated business franchise tax nexus due to remote workers (including property being located) temporarily working from home inside the District when no nexus existed before the publicly declared emergency.

Georgia – State will not use the temporary relocation of employees due to COVID-19 pandemic to establish Georgia nexus or for exceeding protections of Public Law 86-272 for the employer. Income earned by employee temporarily working in Georgia will not be considered Georgia income. Income earned by nonresident employee that normally works in Georgia are considered Georgia wages and income taxes must continue to be withheld.

Indiana – Indiana will not try to impose income tax nexus due to remote workers (including property being located) temporarily working from home inside Indiana when no nexus existed before the publicly declared emergency. These temporary protections will

extend for periods where there is an official work-from-home order by the federal, state or local government or order of a physician due to diagnosis.

Maine – Revenue Services has determined that personal income tax does not apply to a nonresident’s income earned when conducting trade or business in Maine during a disaster period when the income is earned solely from performing services or conducting business during the COVID-19 disaster period at the request of the state, county, city, political subdivision, or a registered business. This applies to income earned beginning with the date of the governor’s proclamation of a state of emergency on March 15 and runs for until 30 days after the termination of the state of emergency.

Maryland – Regarding interim workplace modes and employee deployment in light of the current health emergency, the agency will not use these temporary measures to impose business nexus to alter business income sourcing or additional withholding requirements on employers.

Guidance issued on teleworking situations on withholding requirements due to COVID-19. Compensation paid to a nonresident teleworking in Maryland due to COVID-19 is subject to withholding. However, Maryland has reciprocal exemption agreement with bordering states of Virginia, District of Columbia, West Virginia, and Pennsylvania.

Massachusetts – Employees working remotely temporarily in Massachusetts due to COVID-19 will not establish corporate excise tax nexus solely based on that fact.

State adopted sourcing rules for income tax withholding from employees who telecommute during the COVID-19 pandemic. If employee was engaged in performing services in state prior to pandemic, employers must source their income withholding to Massachusetts. If employee is temporarily working in Massachusetts, state will not require withholding from employer if it must withhold income tax from employee in another state.

Employees working remotely temporarily in Massachusetts due to COVID-19 will not establish sales and use tax nexus solely based on that fact.

Minnesota – State will not seek to impose nexus for any business tax solely because an employee is temporarily working from home in Minnesota due to COVID-19.

Mississippi – Mississippi will not use the changes in temporary work locations due to the pandemic to impose income tax nexus or alter apportionment of income.

Missouri – Though the state has not provided guidance on these issues, the City of St Louis has decided to deny refund requests for the days and weeks employees were required to work from home outside the city due to the COVID-19 pandemic.

Nebraska – State has issued FAQs that addressed employers working from a temporary location in or outside Nebraska. The state has determined no change in withholding is needed for employees telecommuting during the COVID-19 pandemic.

New Jersey – State will not use the temporary relocation of employees due to COVID-19 pandemic to establish New Jersey nexus for the employer. Income earned during the temporary period of the COVID-19 pandemic will continue to be sourced as determined by the employer’s jurisdiction.

New York – State has stated it is in no position to waive individual income tax liability for nonresident medical workers when in the state for more than two weeks, per New York law.

North Dakota – If an employee is temporarily telecommuting in North Dakota due to COVID-19, income tax nexus will not be asserted on that basis alone.

Ohio – For Ohio municipal income tax purposes, employees who must report to a temporary worksite during the emergency period due to COVID-19, or 30 days thereafter are considered to be working from their principal place of work. The state has not specifically addressed if that principal place of work was in another state.

Pennsylvania – State will not seek to impose Corporate Net Income Tax nexus solely on the basis of employees temporarily working from home due to COVID-19. An employee working from home temporarily due to the COVID-19 pandemic, the department will not consider that a change to the sourcing of the employee’s compensation

- **City of Philadelphia** – Business income and receipts tax (“BIRT”), as well as the Net Profits Tax deadline for filing and payments has been extended to July 15, 2020. City will also temporarily waive the nexus threshold for the BIRT when employee works from home solely due to COVID-19 pandemic. However, if non-resident employees who were previously working in the city of Philadelphia will be deemed as performed within the city.
 - Nonresident employee is not subject to the Wage Tax when the employer requires him or her to work outside of Philadelphia while COVID-19 causes him or her to work from home.

Texas – Under Texas law, an out of state business is not engaged in business in this state if the entity’s physical presence in this state is solely from the entity’s performance of disaster or emergency related work during a disaster response period.

After the lockdown, should your employees want to continue to work remotely, many states will impose nexus, requiring you to file tax returns in those jurisdictions. If you have any questions, our [State and Local Tax](#) team is here to help. [Contact an Anders advisor](#) to

learn more about the COVID-19 extensions or assistance in performing a nexus review to determine where you have a filing responsibility. Visit our [COVID-19 Resource Center](#) for more news, tools and insights you need to know in these uncertain times.