

Office of State Uniform Payroll

Procedure Title: Employees Living and/or Working in Another State or Country	Revision Date: 03/14/2022
Unit: Wage and Tax Administration	Issue Date: 11/18/2015
Contact: _DOA-OSUP-WTA@la.gov	Page Number: 1 of 2

Agencies are responsible for notifying the Office of State Uniform Payroll if they employ or are about to employ an employee who lives and/or works in a state other than Louisiana or in another country. This includes employees who telework and perform some of their duties from an alternate location in a state other than Louisiana. (NOTE: Agencies must contact OSUP BEFORE hiring/allowing an employee to perform work in another country. Research must be completed to determine tax and legal implications. This may require the agency to seek guidance from a tax attorney and tax accountant.) If agencies do not comply with the reporting and notification requirements, they will be responsible for any liabilities, fines, and/or penalties assessed for failure to properly withhold and report taxes.

OSUP is responsible for remitting the tax payments, reporting wage and tax information, registering with each state, and preparing change requests to program the LaGov HCM system for states that have not already been configured. It is very important that agencies relay information to OSUP as early as possible to allow sufficient time for the required system changes.

State Civil Service rules formally recognize telework as a flexible work arrangement. Per SCS, departments must maintain proper time and attendance records that record an employee's telework days. Attendance code ZTEL is available in LaGov HCM to timekeepers and to employees in LEO for this purpose. This attendance code provides flexibility as the employee's telework schedule changes. A "Telecommuter Indicator" is also available on the Planned Working Time Infotype (IT0007). Per OSUP policy, **agencies are required to use this indicator for all employees who work full-time or telework outside the state of Louisiana.** OSUP will use this information along with ZTEL data to identify teleworking employees and determine if taxes are being withheld for the appropriate state(s).

The employee's permanent address will also be used in OSUP audits to determine the location from where the employee teleworks. Employees who split their work location may require an additional Work Tax Area (IT0208) record in order to correctly withhold and report taxes for work performed in two states. OSUP's Wage and Tax Administration Unit will advise the agency regarding the appropriate percentage to apply on the IT0208 records. It is imperative that employees' IT0208 records be correct since this information determines how state taxes are withheld and reported.

Tax laws differ from state to state. The correct tax treatment will depend upon whether the employee works in another state, lives in another state, or both. The same is true for employees

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working in or living in another country. OSUP must analyze these employees to determine the appropriate state for tax withholding and reporting. **Agencies must contact the OSUP Wage and Tax Administration Unit as soon as the agency becomes aware of any of the following situations:**

- The employee lives in a state other than Louisiana and performs their work duties from home. These employees are “teleworkers” and are subject to taxation by the resident state.
- The employee lives in a state other than Louisiana and works in an office located in a state other than Louisiana.
- The employee is temporarily living in a state that is not the same state as their permanent address (e.g., due to a hurricane). The mailing address should be created/updated to reflect the employee’s temporary state of residence. An employee’s permanent address must reflect their permanent state of residence, not a temporary address in LaGov HCM.
- The employee is resigning or retiring, and their permanent address has been changed to a state other than Louisiana. The permanent address should not change until after their separation date and final payment is made; otherwise, taxes could be withheld incorrectly on their final payment. The mailing address may be changed to reflect the employee’s new residence address.
- The employee temporarily lives and works in Louisiana, but is a resident in another state.
- The employee lives in a state other than Louisiana, Mississippi, Texas, or Arkansas and commutes to work in Louisiana.
- The employee lives in a state other than Louisiana and works in the Gulf of Mexico.
- The employee’s residence tax area (IT0207) and employee’s state on the permanent address (IT0006) in LaGov HCM do not match.

Agencies **must** run LaGov HCM reports ZX02 Mismatch Report and ZP65 Employee Tax Report to identify possible problems with the employee residence tax area, work tax area, and permanent address.