

Remote work has created tax compliance risks for employers. Since the COVID-19 pandemic began, 28 percent of employees have worked outside their home state or country but only one-third reported all those days to HR, a 2021 survey shows. Consequently, their employers may have failed to withhold payroll taxes appropriately but didn't realize it.

As flexible work becomes a mainstay of business culture and talent strategy, HR and finance leaders must collaborate to make it work from a compliance perspective.

Compliance Blindspots

Despite increased support among employers for allowing remote work, many HR and finance departments are unprepared from a compliance standpoint.

Tips and Advice for Employers

- Manage remote-work policies once they've been implemented.
- Require employees to self-report their work locations using online platforms.
- Maintain the proper data regarding remote-work employees in the event of an audit.
- The term "nexus" in tax law describes a business's tax presence in a particular state or locality. As an employer, you may need to file a corporate income tax return in the state in which your employee is working.
- [In most cases](#), states are giving corporations a pass for employees who relocated due to the COVID-19 pandemic. In other words, state tax authorities are not requiring corporations to establish "nexus" in their state if an employee relocates there temporarily due to the

In short, as flexible work becomes a permanent part of our business culture, employers should consider whether new policies regarding where employees can work should be adopted, along with employing mechanisms to track employees' work locations and prepare for ongoing dispersed workforces.