

## July 2021 Client Profile

**My business is located in Michigan, but I'm considering hiring remote employees who live in other states. How will this impact my payroll taxes?**

You'll need to withhold federal payroll taxes just as you would for your in-state employees. But you'll also need to withhold state and possibly local payroll taxes in the state where your remote worker lives.

This will require you to register your business with that state's revenue department so you can follow their filing schedule and pay the tax on time. You'll also need to register your company with that state's unemployment department to pay unemployment tax.

It can get even more complicated. Now your company may also be subject to that state's sales tax laws. Each state has different rules for when you meet the minimum requirements of doing business there. And having an employee can be the trigger.

Similarly, having an employee in another state can trigger corporate income tax for your company.

*\*Client Profile is based on a hypothetical situation. The solutions we discuss may or may not be appropriate for you.*



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