Date: October 7, 2010

To: Agency Payroll, HR and Accounting Staff

From: Mary Muellner, Director
Statewide Payroll Services

Subject: State Employees Who Telecommute –
Accurate Resident State Withholding Procedure & Reporting

The Minnesota Department of Revenue has determined that work performed while telecommuting is attributed to the state in which the work is performed. Therefore, state taxes must be withheld on wages earned in the respective states. More information is available at:
http://taxes.state.mn.us/withholding/pages/tax_information_frequently_asked_questions_withholding_wisconsin_reciprocity_faq.aspx#Ihaveempl

An increasing number of employees telecommute part-time from a different state than where their state office is located (e.g. telecommute 4 days and in the office 6 days per pay period).

Example:
- Pay period ending: 8/17/2010
- Resident of Wisconsin
- State office in Saint Paul: 6 days x 8 hours/day x $15/hr = $720 (wages/taxes reported to Minnesota)
- Telecommuting from Wisconsin: 4 days x 8 hours/day x $15/hr = $480 (wages/taxes reported to Wisconsin)

Until further notice, employees telecommuting from a different state than the location of their state office must complete the Telecommuting Timesheet (included with this bulletin) for that pay period. Agency payroll staff must collect these timesheets each pay period and forward the completed timesheets to Statewide Payroll Services at the end of these 3 quarters: March 31, June 30 and September 30.

For tax year 2010 only, agencies must report telecommuting hours summarized for each pay period for the months of January through September using the Telecommuting Timesheet – January through September 2010 included with this bulletin. Completed timesheets must be received in Statewide Payroll Services no later than 10/22/2010.

Yearly, (including 2010) during the months of October, November and December agency payroll staff must collect and forward the telecommuting timesheets each pay period with final submission no later than 12/21/10.

Employees will see state taxes being taken on their paystub based on their permanent work location state. Periodically, Statewide Payroll Services will allocate their gross wages and taxes withheld to their telecommuting state based on the hours reported on the telecommuting timesheet. In addition, affected employees will have a W-2 for each state.
**Directions**
Each pay period, after mass time entry and all adjustments have been entered for the pay period, agency staff must complete the following:

1. Identify employees who telecommute from a state different than where their state office is located.
2. Employees identified in step 1 above complete, sign and forward the **Telecommuting Timesheet** to their supervisor for their review/approval.
3. Supervisors review/approve/sign the timesheet and forward the original to the agency’s payroll contact.

At Quarter End and each pay period ending in October through December:
4. Agency payroll staff email Telecommuting Timesheets to Statewide Payroll Service to Deductions.MMB@state.mn.us.
5. Retain a copy of the completed telecommuting timesheets.

**NOTE:** The **Telecommuting Timesheet** does NOT replace the employee’s current timesheet.

The attached **Telecommuting Timesheet – January through September 2010** should be used to record 2010 telecommuting hours ONLY for pay periods during which telecommuting occurred.

Agency payroll, HR and accounting staff should contact Sue Rosckes in Statewide Payroll Services at 651-201-8072 or sue.rosckes@state.mn.us if there are questions.
### Telecommuting Timesheet – January through September 2010

<table>
<thead>
<tr>
<th>Pay Period End Date</th>
<th>Telecommute Hours only</th>
<th>Pay Period End Date</th>
<th>Telecommute Hours only</th>
<th>Pay Period End Date</th>
<th>Telecommute Hours only</th>
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### Employee and Supervisor

<table>
<thead>
<tr>
<th>Employee ID</th>
<th>Department ID</th>
<th>Telecommute State</th>
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<tbody>
<tr>
<td>Employee Name:</td>
<td>Signature</td>
<td>Date</td>
</tr>
<tr>
<td>Supervisor Name</td>
<td>Signature</td>
<td>Date</td>
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### Agency Payroll Contact

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<tr>
<th>Name:</th>
<th>Phone:</th>
<th>Email:</th>
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### Employee Directions
1. Enter only telecommute hours for calendar year 2010 by each pay period
2. Enter employee ID, department ID (example: G100002) and telecommute state (example: Wisconsin).
3. Enter name, sign, date and forward to supervisor

### Supervisor Directions
1. Review employee’s information.
2. Work with employee to ensure accuracy of the information.
3. Enter name, sign and date.
4. Forward to agency’s payroll contact.

### Agency Payroll Contact Directions
1. Ensure all necessary information has been provided.
2. Enter name, phone number and email address.
3. Retain a copy for your records.
4. Email to Deductions.MMB@state.mn.us.
# Telecommuting Timesheet

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## Employee and Supervisor

<table>
<thead>
<tr>
<th>Employee Signature</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
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## Agency Payroll Contact

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<th>Name:</th>
<th>Phone:</th>
<th>Email:</th>
</tr>
</thead>
</table>

## Employee Directions

1. Enter name, employee ID, department ID (example: G100002) and telecommute state (example: Wisconsin).
2. Enter pay period end date (example: 11/9/2010).
3. Enter only telecommute hours for the pay period.
4. Sign, date and forward to supervisor.

## Supervisor Directions

1. Review employee’s information.
2. Work with employee to ensure accuracy of the information.
3. Enter name, sign, date and forward to the agency’s payroll contact.

## Agency Payroll Contact Directions

1. Ensure all necessary information has been provided.
2. Enter name, phone number and email address.
3. Retain a copy for your records.
4. Email completed timesheets to Deductions.MMB@state.mn.us at the end of these 3 quarters: March 31, June 30 and September 30 where each pay period October through December.