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Employees Who Telework in a Different State in 2025 – Reminder

Overview

This memo represents guidance on timesheet reporting requirements for certain employees who work in a different state.

State agency employees are solely responsible for ensuring that they comply with their individual federal, state, and local tax requirements.

General Requirement

Employees working in a state other than Minnesota either as a teleworker (e.g., working from a home or other telework location in Wisconsin) or who temporarily work in a different state (e.g., traveling for business and conducting work duties from another state) **must** notify their supervisor and use a special earnings code to record time worked out-of-state if the state has state income tax and does not have reciprocity with the State of Minnesota. The use of these special earnings codes allows MMB to comply with employer tax withholding and reporting requirements.

Scope

This requirement and the specific instructions below apply to employees who telework from a different state or who temporarily work in a different state.

This requirement and the specific instructions below do **not** apply to employees who:

- Are remote workers and work from the state designated as their permanent work location.
- Work from a state that does not assess income tax. A full list of these states is contained below.
- Work from North Dakota or Michigan, which are states that have income tax reciprocity with Minnesota. See additional instructions below.
- Spend a de minimis amount of time temporarily conducting work duties from a different state.
- Attending professional conferences or workshops in a different state and spending a de minimis amount of time or no time at all conducting regular work duties in that state. **In other words, an employee does not need to use special earnings codes to record time spent attending professional conferences or workshops out-of-state.**

“De minimis amount of time” generally means an employee temporarily conducts work duties from a different state on a non-reoccurring basis and spends less than one day in a pay period conducting work duties from the state.

General Instructions

Employees using Self Service Time Entry enter the additional work state earnings code once the agency has setup the additional work state on the employee's Schedules page.

On the Self Service timesheet, employees add a row with the earnings code "\$" symbol and two letter state abbreviation (e.g., Wisconsin would be "\$WI") and then enter a 1 under each day worked outside of the permanent work location state. This row is in addition to the earnings code rows employees use to report hours worked (e.g., REG) or leave used (e.g., SIK).

Additionally, employees must submit state W-4 forms to their agency. These forms can be found on the website of the state's agency with jurisdiction over tax collections.

Special Instructions for Shifts Worked in Two States

Employees are not able to 'split' a day between two states on their time sheet. A validation error will occur if any value other than a 1 is entered. If an employee splits their shift between two states, they must combine the equivalent of a full day of work conducted in a different state under a day of the work week on their time sheet. For example, if a full-time employee works 4.0 hours from their telework location in Wisconsin and 4.0 hours from their work site in Minnesota every Tuesday and Thursday, the employee enters a 1 under \$W1 for either Tuesday or Thursday but not both.

Special Instructions When Using Paid Leave

Teleworkers who use paid leave (e.g., vacation; sick) on a day they would have otherwise worked in a different state had the leave not been taken must use the additional work state earnings code on the day the paid leave was used. For example, if an employee normally teleworks from Wisconsin on Mondays and instead uses vacation leave on that day, the employee enters a 1 under \$W1 on that Monday when completing their time sheet.

Special Instructions for Employees Working in Michigan and North Dakota

Teleworkers in Reciprocity States (MI or ND)

Minnesota has income tax reciprocity agreements with Michigan and North Dakota. Generally, reciprocity prevents both states from taxing the same wages. Under these reciprocity agreements, only the employee's home state will tax the wages.

Residents of Michigan or North Dakota who work in Minnesota are not required to use an additional special earnings code for Minnesota provided they have submitted an annual [Form MWR, Reciprocity Exemption/Affidavit of Residency](#) to remain exempt from MN withholding.

- Do not use \$MN code.
- Must still use \$XX codes for any work performed in non-reciprocity states where state income tax applies.

Residents of Minnesota who work in Michigan are not required to use an additional special earnings code for Michigan provided they have completed the annual [Form MI-W4, Michigan Withholding Exemption Certificate](#), claimed the exemption from withholding on the form, and have submitted the form to their agency's Human Resources or Payroll office.

- Must still use \$XX codes for any work performed in non-reciprocity states.

Residents of Minnesota who work in North Dakota are not required to use an additional special earnings code for North Dakota provided they have completed the annual [Form NDW-R, Reciprocity Exemption from Withholding in North Dakota](#), and have submitted the form to their agency's Human Resources or Payroll office.

- Must still use \$XX codes for any work performed in non-reciprocity states where state income tax applies.

Employees who seek reciprocity on a reoccurring basis must re-submit these forms to their agency's Human Resources or Payroll office between January 1 and the end of February every year.

List of States That Do Not Assess Income Tax

The following states do not assess a state income tax: Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming. Employees working in these states will have no state income tax withheld or wages reported for time worked in these states.

Questions?

If you have questions about this information, contact your Human Resources or Payroll office. You can obtain contact information from within Self Service. Under "Need Assistance?" select "Employee Contacts."