

EY Worksite Evaluator

Addressing state and local tax consequences of "work from anywhere"



In the wake of the COVID-19 pandemic, employers are mulling over ways to return to work

- U.S. employers, particularly their tax, human resources and payroll departments are evaluating their state and local tax implications associated with the "work-from-anywhere" concept.
- The new "work-from-anywhere" work force will now consist of: full work from home, hybrid work and office arrangements, business travelers, and a new executive nomad population enjoying the freedom to work in their desired location.
- However, under these new models, employers will need to put emphasis on managing their employee work site, location and frequency as it can directly impact an array of state and local taxes.

EY Worksite Evaluator solution benefits

The EY Worksite Evaluator solution helps manage employee work site, location, and frequency as it can directly impact an array of state and local taxes including but not limited to income tax withholding, corporate income and gross receipts, credits and incentives, sales and use, and property taxes. The other benefits include:

- Providing holistic employee experience with minimal administrative burden for program owners and employees
- Facilitating broader approach to identifiable population through indicative data
- Offering a systematic solution that offers a periodic standard cadence and automation
- Standardizing the payroll adjustment file and including flexibility to accommodate shifts in business-as-usual practices and return-to-office framework

Helping organizations to comply with employer state and local wage reporting and tax withholding requirements

The EY tax team has collaborated with the Microsoft alliance team to develop the EY Worksite Evaluator that will allow organizations to leverage enterprise-level information, capture indicative data for an employee's worksite and allow employees the opportunity to review their location data under a seamless and user-friendly Microsoft enterprise environment.

The EY Worksite Evaluator, together with the suite of EY State and Local Tax Tools and Services, provides an end-to-end offering that can allow organizations to comply with their state and local tax obligations, including, but not limited to employer withholding, sales and use tax, credit and incentives, corporate income and property tax.

The holistic approach of EY supports organizations in navigating the complex tax landscape governing the new "work-from-anywhere" model and adapts to each organization's unique business requirements.

Key functionality



Source: EY Worksite Validator and Domestic Mobility Services_pitch deck

EY Worksite Evaluator in action

The client is a financial services organization in the banking and capital markets sector. EY teams combined the EY Worksite Evaluator with EY Domestic Mobility Tool to help the client comply with all state and local wage reporting and tax withholding obligations.

Client challenges

The client was facing the following challenges:

- Multiple data points to manually identify and track the physical location of employees as required for compliance purposes
- Manual processes to comply with state income tax withholding for mobile/hybrid workforce
- Risk mitigation approach does not consider hybrid/remote employees (only known travelers)
- Client compliance requires multiple full-time equivalent (FTE) support

Client benefits

- Provide holistic employee experience with minimal administrative burden
- Offer a broader approach to identifiable population through indicative data
- Use a standardized payroll adjustment file
- Deploy a flexible model that accommodates shifts in business practices and return-to-office framework
- Avail indicative data to address multiple state and local tax disciplines, including state income tax, sales and use tax, credits and incentives, and gross receipts taxes

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